Strategies for Investing In Financial Coaching: A Grantmaker Briefing and Roundtable

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Community Science

Funder Briefing: New Insights in Financial Coaching Programs, Outcomes, and Replication

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COACHING PROGRAMS
PURPOSE OF SCAN

- **Desired Result:** Develop recommendations for the field for operational norms to standardize and to foster replication of promising financial coaching practices associated with improved outcomes.
SCAN OF CURRENT PRACTICES

- Online survey distributed to 89 financial coaching programs (including both AECF grantees and non-grantees)
  - 48% (or 43 programs) completed the survey
- Comparison between subsets of high performers ($n=15$) and low performers ($n=10$)
  - Disclaimer: The terms “high/low performers” used in the presentation are relative terms based on the survey responses. We use the terms in order to provide a framework for assessing the practices of those programs who appear to be high performers.
SCAN OF CURRENT PRACTICES (CONT.)

- 10 high performer programs selected for additional inquiry through site visits or phone interviews
  - Selections made based on:
    - Performance *(number of people served, types of outcomes tracked, outcomes reported [e.g., % of success rates]*)
    - Variations in client population and program settings *(demographics/types of clients served; types of institutional settings [e.g., community college, state-wide, non-profit]*)
### Key Program Philosophy
Based on Site Visits/Phone Interviews (High Performers)

<table>
<thead>
<tr>
<th>Common Themes</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Empowerment</strong> <em>(n=8)</em></td>
<td>Walking clients through a self-discovery and learning process that ultimately enables clients to take the lead in managing the security of their financial future.</td>
</tr>
<tr>
<td><strong>Client-Driven</strong> <em>(n=8)</em></td>
<td>Coaching sessions are shaped by what clients define as goals and coaches then serve a role in guiding the action planning clients use towards attaining the goals they set for themselves.</td>
</tr>
<tr>
<td><strong>Understanding Client Values/Context</strong> <em>(n=7)</em></td>
<td>Recognizing that clients’ perception of financial capabilities, responsibilities, attitudes and behaviors are connected to how their families and communities approach such matters.</td>
</tr>
<tr>
<td><strong>Relationship &amp; Trust Building</strong> <em>(n=5)</em></td>
<td>Building relationships and trust with clients as the crux of the financial coaching style.</td>
</tr>
<tr>
<td><strong>Strength-Based</strong> <em>(n=3)</em></td>
<td>From the start, clients are deemed resourceful individuals who already have the skills to achieve their goals (rather than they are at a deficit and need to be built up) and coaches serve as guides through the journey.</td>
</tr>
</tbody>
</table>
PROGRAM & PRACTICE FEATURES
BASED ON SURVEY RESPONSES

- Common elements of high-performing programs
  - Generally, low financial coach turnover
  - All coaches had completed formal coaching training
  - Coaching clients able to access additional related services
  - Fairly frequent client contact (typically, at least once a month)

- Compared to low-performing programs, high-performers:
  - More likely to screen individuals at enrollment
  - Generally, smaller client caseloads
  - Greater emphasis on one-on-one coaching
  - Active listening and promoting client self-reflection and self-efficacy given greater emphasis than imparting substantive info and technical advice
KEY FACTORS CONTRIBUTING TO PERFORMANCE & CLIENT OUTCOMES
BASED ON SITE VISITS/PHONE INTERVIEWS (HIGH PERFORMERS)

- Emphasis on meeting clients/families “where they are at”; coaching customized based on client circumstances & competencies
- Qualities of the coaching staff
- Focusing on short- & long-term goals and actions
- Accessible locations and flexible (and synchronized) scheduling
- Management support; coaching approach part of culture of organization and partners
- Most frequently named: strong links to other services (with integrated/bundled services approach)
Alignment of Themes and Best Practices

• Client-centered, goal-focused, emphasis on self-awareness, monitoring and accountability
• Regular meetings with goals and progress documented
• Clarity of expectations of relationship between client and coach
• Safe, secure, and trusted location/environment for coaching sessions
• High quality training and subsequent supervision of coaches
• Selective referrals to resources for clients
• Responsibility for searching and selecting financial products rests with client
EVALUATION & OUTCOMES
Center for Financial Security
Outcome Measures for
Community-based Financial Coaching Programs
Goals of Financial Coaching Outcome Measures Project

• Develop a set of measures that satisfy social science standards and coaching/counseling agency needs alike
• Test the set of standardized measures
• Encourage agencies to adopt use of the measures
• Increase collective understanding of how and why financial capability programs work
Building Financial Capability

• Goal is to develop our capability to solve problems on our own
  • We are all creative and resourceful
  • We want to improve our performance
  • We need a structure to develop own solutions

• Coaching Offers:
  – Focus of attention
  – Exercising self-control/accountability
  – Building adaptable skills
  – Facilitating empowered consumers in marketplace
    • not about “a product” or any one decision
  – Recognizing that we all struggle to change behaviors
An Evidence-Based Model

– Positive psychology
  • Focus on achieving personal happiness
  • Use strengths to attain goals
  • Solution or outcome focused
    – Not therapy
– Coaching Psychology
– Behavioral Economics
  • Self-monitoring and Adherence
Key Measurements

- Financial behaviors
- Confidence/self-efficacy
- Emergency savings
- Commitment to saving
- Planning ahead
- Late payments
What else to measure?

• Credit scores and credit report data
• Demographic information
• Other self reported information
  – How would you rate your current credit record?
  – Do you currently have at least one
    – financial goal?
# Most Frequently Tracked Outcomes Based on Survey Responses

<table>
<thead>
<tr>
<th>Outcome Being Tracked</th>
<th>Freq.</th>
<th>%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Δ in clients' credit scores</td>
<td>33</td>
<td>77%</td>
</tr>
<tr>
<td>Δ in clients' debt levels</td>
<td>32</td>
<td>74%</td>
</tr>
<tr>
<td>Δ in clients' budgeting and payment behaviors</td>
<td>28</td>
<td>65%</td>
</tr>
<tr>
<td>Δ in clients' savings levels</td>
<td>28</td>
<td>65%</td>
</tr>
<tr>
<td>Δ in clients' savings behaviors</td>
<td>28</td>
<td>65%</td>
</tr>
<tr>
<td>Δ in clients' attitudes on managing their finances</td>
<td>21</td>
<td>49%</td>
</tr>
<tr>
<td>Achievement by clients of a longer-term financial goal</td>
<td>21</td>
<td>49%</td>
</tr>
<tr>
<td>Δ in clients' borrowing behaviors</td>
<td>19</td>
<td>44%</td>
</tr>
<tr>
<td>Δ in clients' attitudes regarding credit and debt</td>
<td>15</td>
<td>35%</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>30%</td>
</tr>
<tr>
<td>Client outcomes are not tracked</td>
<td>1</td>
<td>2%</td>
</tr>
</tbody>
</table>
### MOST FREQUENTLY TRACKED & REPORTED OUTCOMES
**BASED ON SITE VISITS/PHONE INTERVIEWS (HIGH PERFORMERS)**

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit Scores</strong> <em>(n=8)</em></td>
<td>Establishment of credit score; changes in credit score</td>
</tr>
<tr>
<td><strong>Debt</strong> <em>(n=5)</em></td>
<td>Changes in debt amount</td>
</tr>
<tr>
<td><strong>Income</strong> <em>(n=5)</em></td>
<td>Net income, which includes public benefits</td>
</tr>
<tr>
<td><strong>Savings</strong> <em>(n=5)</em></td>
<td>Savings behaviors (consistent contribution to savings)</td>
</tr>
<tr>
<td><strong>Assets</strong> <em>(n=4)</em></td>
<td>Increase in savings levels (including tax refunds)</td>
</tr>
<tr>
<td><strong>Employment</strong> <em>(n=3)</em></td>
<td>Placement into employment, retention, hours worked</td>
</tr>
</tbody>
</table>
Efficacy of Financial Coaching as Part of Bundled Services

- Research conducted on bundled services delivery at LISC’s Financial Opportunity Centers (FOCs) and United Way of the Bay Area’s SparkPoint sites.
- Statistically-significant findings relative to a positive association between receipt of the combination of financial coaching and employment counseling services and better client outcomes.
  - UWBA labeled this service combination the “magic bundle.”
- Stanford research team study of SparkPoint sites found receipt of “magic bundle” a strong predictor of clients achieving **progress toward self-sufficient income**.
EFFICACY OF FINANCIAL COACHING AS PART OF BUNDLED SERVICES (CONT.)

- LISC research on FOCs focused on client receipt of Employment Counseling (EC), Financial Coaching (FC), and Income Supports Counseling (ISC).

- Statistically significant findings:
  - Clients’ job placement and employment retention success greater with combination of FC + EC, then with just receipt of EC or with the combination of EC + ISC.
  - The combination of all three services (FC + EC + ISC) had the highest rates of success.
  - Although a substantial % of clients with FC alone realized net income gains, the success rates increased significantly for clients accessing additional services (EC, or EC+ISC).
Caveat regarding the UWBA/SparkPoint and LISC/FOC in-program analyses
- Association versus causation

Social Innovations Fund (SIF) evaluation of some LISC FOC sites using external comparison groups is underway
- Final report from Economic Mobility Corporation - expected mid- to late-2015
- Some early findings indicate FOC participants more likely to pay bills on time than comparison group members
TRAINING & SCALE
Center for Financial Security
Financial Coaching Training
Field Scan
Summary of Training Field

- At least 12 organizations offering financial coaching training
- All offer “basic” financial coaching course
- Almost all programs covered both financial content and coaching skills content
- Approximately half offer CEU’s
- Three fourths of the programs charge tuition at an average of $750 per individual
- On average half of the programs train over 100 individuals per year
- All 12 of the programs are less than 10 years old
Characteristics of Quality Training Programs

- Inclusion of some financial content applied to coaching process
- Inclusion of in-depth coaching skills content
- Inclusion of behavioral psychology component
- Extensive opportunities for coaching practice
COACH REQUIREMENTS
BASED ON SURVEY RESPONSES

- Some form of financial coaching training (completed or will complete after hiring)
  - 89% of high performers
  - 78% of low performers

- 1+ years experience in the financial field
  - 50% of high performers
  - 78% of low performers

- A minimum academic / qualification
  - 72% of high performers
  - 100% of low performers
INSIGHTS RE SCALE
BASED ON SURVEY RESPONSES

- Range of numbers of individuals served over 12 months by the financial coaching programs:
  - All programs: 12 to 4,430* individuals per year

- Median of number of clients/program annually
  - High performers: 274
  - Low performers: 399

- Median case loads/coach
  - High performers: 30
  - Low performers: 60