CSW
Corporation for a Skilled Workforce
Good Jobs. Thriving Communities.

THE FINANCIAL CLINIC℠ Creators of Change Machine

When Is More Not Extra?
Effective Strategies for Financial Security

ISSUE BRIEF 2 ▸ How can you do it?

How workforce development organizations actually integrate financial security practices

Through a four-part Issue Brief series, Corporation for a Skilled Workforce (CSW) and The Financial Clinic (the Clinic) have partnered to better understand the impacts of financial security services on workforce development programs. Each Issue Brief explores a distinct theme on why and how integrating financial security services into workforce development programs can achieve more impact without requiring significantly extra cost and time. In this Issue Brief, we delve into how organizations can determine the range of financial security practices that other peers have adopted and emerging best practices.

In April 2017, the Clinic and Corporation for a Skilled Workforce conducted a special survey of programs in CSW's Benchmarking dataset offering some kind of financial services to most participants. The majority of responding organizations said they used career coaches or dedicated staff members to tackle financial security issues with customers. Some organizations also utilized external partnerships including local banks, other social service providers, and individual volunteers to offer financial security services.

What Are Integration Options?

Co-location

Several services (e.g. financial education workshops, free tax preparation services) across different partners offered at a single location. Participants often select the supports they are interested in. This method leverages foot traffic to improve efficiency and convenience. This approach may require a single coordinating person or support to manage schedules and services. Existing scope of supports may shift with different partners.

Bundled Services

Programs bundle and sequence services rather than offering just one component, or leaving it up to participants to seek out additional services. It is a framework put in place to decide the strongest connection between supports. Participants commit to participating in all services offered in the bundled approach.

Financial Security Ecosystem

In an ecosystem, financial security strategies become part of workforce development programming. In the first step of a two-pronged approach, financial security is embedded into the existing activities workforce development organizations already perform. Then financial coaching is offered to the participants with intractable financial insecurity. An experienced financial coach is also a key player in building the capacity of the organization. For example, they often teach frontline staff how to coach participants rather than "case manage" them, thus sustaining the ecosystem.

WHAT DOES INTEGRATION LOOK LIKE PRIOR TO JOB PLACEMENT?

In the early stages of workforce development programming, participants and career counselors can work together to address existing financial problems and set the job seeker up for success upon job placement.

To understand different financial security services and approaches, we reviewed a sample of organizations surveyed by CSW and the Clinic in April 2017. Fifty percent of this sample reported that they had provided financial security services for 10 years or more. These organizations varied widely in the ways they executed their financial security services, but these are the most common types of financial security strategies that workforce development programs have integrated in order to maximize workforce outcomes:

ANNE has recently graduated from high school and enrolled part-time in community college; she lives with her mother and two younger brothers. She is looking for a job to help pay for her student expenses. She is a good candidate for a few clerical positions, but she is "credit invisible," never having applied for a credit card before. She is unsure of how a job might affect her mother's eligibility for food stamps, subsidized-housing eligibility, or her family's tax refund when her mother files next year. Anne knows that her job will allow her to contribute to the household expenses, and will allow her to save for next year's transition to a four-year college, but she wants to be sure she is not harming her family's net financial situation in the process.

- **Identify financial goals:** Participants can identify meaningful financial goals by selecting the financial milestones that are most important to them. Goals are a powerful motivating force, regardless of a person's income or employment status. By contextualizing a job and its benefits as a means to achieve their financial goals, a participant is more likely to focus on what's needed to succeed in all phases of their workforce program, such as program completion, job placement, and retention.
- **Review credit reports:** Using free online tools, programs can pull credit reports to help participants learn how to evaluate their credit score and debts. By understanding the information on their credit report, a job seeker is empowered to take control over their financial situation. Reviewing credit reports can also expose identity theft and other unknown debts and loans.

JOŚE felt his ongoing job search was becoming futile. He grew more optimistic when he was referred to a nonprofit for their four-day job readiness and placement program. On the third day, a job developer ran his credit report—a standard protocol once the program had assessed the volume of participants with debt or credit barriers to employment—and discovered his identity had been stolen. José called the fraud department of a large store he had previously shopped, and he found that someone had transferred his account to another person's address in Florida and made nearly $7,500 in fraudulent charges. These charges were later disputed, and José opened a new account to prevent future fraud. José was better equipped to job search after his credit fraud issues were resolved, and he could search with the peace of mind that poor credit would not prevent a prospective employer from hiring him.

- **Manage debt:** A staff member or coach can work with a participant to calculate and organize his or her debts. These activities inform a participant of how their debts will impact their future earnings and budgets, which, in turn, motivates them to achieve repayment. Credit reports typically reveal all of an individual's debts. There are many free debt-management resources online, such as calculators and spreadsheets, intended to help job seekers create and manage a debt repayment schedule. Furthermore, reviewing debts can flag the possibility of wage garnishments.
- **Budget development:** Participant counseling helps them create a financial plan that regularly allocates assets towards expenses, savings, and debt repayment, to ensure that they better their finances consistently over time. Similar to debt management tools, there are many free and helpful resources online, such as spreadsheets and "financial technology" applications, that can be used to create a budget. Budgeting activities help a participant achieve program completion and navigate lengthy time periods during which they are unemployed. Budgeting also helps a participant anticipate their new financial reality after they have found a job, and to be realistic about where higher wages or new sources of income will need to be directed in addition to meeting basic needs (e.g., addressing debts that have accrued while unemployed).
- **Understand financial transaction costs and open accounts:** Financial transaction costs include costs related to opening, maintaining, and withdrawing from financial products, such as bank accounts. A participant can receive counseling on how to open a bank account and why opening one is necessary, which can in turn reduce needless costs and encourage better saving habits. Banking tip sheets, like those on the Clinic's Change Machine, can help participants avoid fees. Staff can help participants navigate the processes required to open an account and become "credit visible."

WHAT DOES INTEGRATION LOOK LIKE AFTER EMPLOYMENT?

Many job seekers think that a job offer leads to a certain path of financial security; however, a job offer alone is not a guarantee. There are challenges within the first few months on a job that can be especially daunting for low-income workers, and being able to navigate these challenges is critical to their long-term success. Previous financial insecurities may now lead to significant costs that must be addressed quickly—whether it is a dormant debt that can now be collected through paycheck garnishment, or the impact of new income on continued eligibility for public benefits, such as subsidized housing or child care.

Some strategies for strengthening a participant's financial security after employment are described below:

- **Leverage and manage work supports:** As job seekers obtain employment, they may find themselves eligible for new tax credits, such as the Earned Income Credit or the Child Tax Credit. At the same time, they may also lose opportunities to access benefits programs, such as the Supplemental Nutrition Assistance Program (SNAP). Being aware of these eligibility changes will help participants more wisely budget, spend, and save. In Anne's story, for example, staff can provide state-specific benefits information to help her better understand the ways in which her new employment might impact her family's benefits and net income.
- **Continue Budgeting:** As discussed in the "Prior to Job Placement" section, participants should continue to execute a financial plan after job placement. Free online financial services tools can help individuals budget long-term and will automatically update when linked to financial accounts. Stronger budgeting skills and these types of tools help job seekers prepare for different budget stages as their income increases and their benefits decrease.

- **Establish and improve credit score:** Upon achieving job placement, individuals may receive access to credit and other new financial products. It is critical that they leverage this time to strengthen their credit and make sound financial decisions. In José's example, frontline staff provided information that equipped José to build his score up post-identity theft and protect himself from future theft.
- **Consistently save:** Savings refers to any income that is not spent. Saving should be viewed as an activity, rather than an amount, and consistent saving propels job seekers toward achieving their financial goals. Furthermore, accumulating savings can provide an emergency "cushion," and lessens the impact of possible future income dips caused by unanticipated events such as unemployment, an accident that incurs high medical expenses, or other financial emergencies.

Next Issue Brief: "What about roadblocks?" *How workforce development organizations have overcome challenges of integration*

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Corporation for a Skilled Workforce is a nonprofit organization that partners with government, business, and community leaders nationwide to develop good jobs and the skilled workers to fill them. Specifically, CSW's Workforce Benchmarking Network initiative collects data from community-based organizations around the country that provide workforce development services, to understand the outcomes of programs that offer different types of services or serve various populations. The current Benchmarking dataset includes information from 259 programs; additional Benchmarking activities include strengthening workforce programs' use of data for continuous improvement, sharing a framework of effective practices (called the "Success Drivers"), and helping funders work toward shared outcome measures. **For more info, see http://benchmarking.skilledwork.org**

The Financial Clinic has demonstrated a "gold standard" model for building financial security for working poor families. A high-performing organization with a focus on results, the Clinic has put over $70 million back in the pockets of more than 47,000 customers, supported more than 420 organizations in 38 states and districts embed financial security actions into their program models, and successfully launched several policy campaigns in support of working poor families. **For more info, visit thefinancialclinic.org**