Prosper Canada

Prosperity Gateways

Cities for financial empowerment

Building the Case

PROSPERITY GATEWAYS – CITIES FOR FINANCIAL EMPOWERMENT

The Prosperity Gateways - Cities for Financial Empowerment (CFE) initiative helps city governments reduce poverty by building financial help into city services used by residents with low incomes.

WHY WE NEED COMMUNITY FINANCIAL HELP SERVICES

Financial vulnerability is a growing problem but there are currently few places low and modest income Canadians can turn to for expert hands-on help when urgent financial problems hit. People may need assistance building money management skills, accessing income benefits, tackling debt, or finding ways to save for emergencies. Additionally, being able to focus on longer- term goals, and accessing safe and affordable financial products is also imperative. Mainstream financial service providers tailor products and services for middle and higher income Canadians, while public and non-profit service providers often lack the mandate, funding and expertise to help clients with their financial problems.

WHY PROSPERITY GATEWAYS IS THE SOLUTION

Experience in U.S. cities suggests that expanding the number, scope and reach of financial empowerment supports through city-wide integration into key programs serving low-income residents can deliver even greater impact against cities' poverty reduction goals. Specifically, research evidence indicates that when financial empowerment supports (e.g. financial coaching and tax filing and benefit assistance) are integrated into other services, this produces a "*super vitamin*" effect – boosting program outcomes and success rates, as well as participant financial outcomes. This effect has been seen in employment, housing, homelessness, home ownership, health care, employment and training, family self- sufficiency and small business programs.

This U.S. evidence is reinforced by the success of 14 community pilots across Canada that boosted the incomes of over 85,000 Canadians with low incomes by over $142 million in 2018 alone, in addition to building their financial capability and generating other positive financial outcomes.

WHAT THE EVIDENCE SAYS

Financial counselling

1. **The Financial Empowerment Center (FEC) Initiative in New York City provides free, one-on-one financial counselling as a municipal service. The Cities for Financial Empowerment Fund (CFE Fund) partnered with five other U.S. cities to see how, and if, this model could be successfully replicated.[i]**

   The initiative sought to establish quality Financial Empowerment Center services *and* to sustain FECs as a public service through public funding. In each city, the local government contracted with a nonprofit partner (or partners) to deliver counseling services.

Counseling efforts and results – banking, credit, debt, and savings – were tracked:

- 22,000+ individuals sought financial counseling
- Average annual incomes were just over $21,000
- Participants were challenged by high housing costs and low savings
- 5,305 FEC clients achieved 14,493 financial outcomes over the 30 month evaluation period
- These participants reduced their personal debt by $22.5M and increased savings by $2.7M.

The study also examined participant psycho-social outcomes. FEC clients reported that:

- Opening a bank account, improving credit, reducing debt, or increasing savings made an important difference in their lives.
- They were able to improve their housing and business conditions, access more financial products, and stick to their budgets.
- Financial counseling and improving their financial situations:
  - Helped them discuss money more effectively with spouses and children
  - Reduced their stress and improved their emotional health
  - Built their confidence and self-efficacy
  - Enabled them to develop decision-making and negotiating skills.

Both counselors and focus group participants reported that FEC services gave them a "finances toolbox"—a variety of knowledge and skills that empowered them to navigate complex financial issues and solve financial problems.

The initiative also had important impacts on participating cities:

- All reported that the FEC initiative changed the way they approached anti-poverty programs.
- Each identified and committed public dollars to sustain FEC services beyond the CFE Fund grant
- Three of the five cities opened Offices of Financial Empowerment or similar municipal entities to support and oversee FEC and additional city-led financial empowerment efforts.

Financial coaching

Collins, Baker, and Gorey (2007)[ii] contains the earliest comprehensive description of financial coaching. The authors identified four fundamental elements of coaching: future-orientation, collaboration, ongoing practice of behaviors, and client-driven goal setting. Current evaluations and assessments of financial coaching suggest that:[iii]

- Participating in coaching is associated with increases in forming and achieving goals, along with increases in goal confidence (self-efficacy).
- Coaching is associated with increases in budgeting and savings for clients with goals in those areas.
- Coaching clients focused on paying down debt can successfully reduce their debt levels.
- Some coaching clients improve their credit scores.

1. **NeighborWorks America (2013) and the Citi Foundation partnered on the Financial Capability Demonstration Project, which involved 30 financial coaching programs. The**

project assessed the effectiveness of financial coaching and generated insights and recommendations for successful financial coaching delivery. The project started with course development and the training of practitioners, and later culminated with an evaluation of coaching offered by the participating community-based organizations. In a study of a subset of clients in the demonstration, more than one-half of clients who reported no savings at the start of services reported some savings after participating in coaching, resulting in median savings of $668. Additionally, clients experienced an average increase in their FICO scores of 59 points. Clients who participated in coaching for a longer period of time were more likely to see increases in their credit scores. Almost two-thirds of clients who reported feeling stressed about their financial situations when they began coaching no longer felt that way after participating in coaching and related programs offered through the project.[iv]

2. **The Center for Economic Progress (CEP) released a 2015 report highlighting early findings of its Progress Program. The 8-week pilot program launched in 2014 with 40 coaching clients paired with 40 trained volunteer coaches.** Clients met with their coaches once a week for 8 weeks. Clients were eligible for a match of up to $500 for savings- and debt-related goal achievement. Retention rates among both coaches and clients were strong, 93% and 95%, respectively. Comparisons of client savings and debt at baseline and after completing the program indicate that participants saved an average of $657 and paid down an average of $1,019 in debt. Changes in attitudes were also documented, with clients' confidence increasing in areas related to seven financial behaviors (e.g., using a checking account, tracking spending, saving money regularly). Clients reported engaging in positive financial behaviors more often following the program. These results held up on a follow-up survey administered six months after the program.[v]

3. **In the most rigorous evaluation of financial coaching to date, the Urban Institute evaluated coaching outcomes at two organizations, The Financial Clinic in New York City and Branches of Miami, FL** (Theodos, et al. 2015). This evaluation was the first randomized controlled trial of financial coaching. Clients were randomly assigned into treatment and control groups. Client populations varied between the two organizations. Given these differences and coaching's client-centered orientation, outcomes also differed between the two sites:[vi]

    - At the Financial Clinic, the treatment group accumulated $1,200 in savings, roughly two times that of the control group, and ended up with average debt in collections about two-thirds lower than that of the control group.

    - At Branches, total debt among the treatment group declined by $10,650 to a level about 20% lower than the control group.

    The study also documented statistically significant improvements in credit scores due to coaching. For example, Financial Clinic clients offered coaching experienced an average credit score increase of 21 points.

    The Urban Institute's report covers several other positive findings around financial behavior and stress levels.

Integration into primary health care services

1. **The Citizens Advice service in the UK comprises a network of local charities, the Citizens Advice consumer service and national charity Citizens Advice. Together, these help people resolve their money, legal and other problems by providing information and advice and by influencing policymakers**.

   Research conducted in 2016 found that 4 in 5 of Citizens Advice clients felt stressed, depressed or anxious and 3 in 5 clients felt their physical health had gotten worse as a result of their practical problem.[vii]

   There is a growing body of evidence which shows that tackling practical problems through advice improves health and wellbeing. National Citizens Advice Impact research reports that 70% of clients said they felt less stressed and 46% said their physical health improved after advice. Of Citizens Advice clients experiencing long-term conditions, 57% said they were better able to manage their condition.[viii]

   Citizens Advice has also investigated the impact that practical problems have on health professionals' time. Their research estimates that 19% of GP appointments are spent dealing with non-clinical problems.[ix] 98% of IAPT practitioners that responded to Citizens Advice research reported that they had dealt with a patient's non-health problems during an appointment in the past month and 57% reported the proportion of time they spend on non-health issues has increased compared to last year.[x]

   In 2016, Citizens Advice was appointed to the National Health and Wellbeing Alliance.[xi.] Working with the Department of Health, NHS England, Public Health England and the 23 members of the Alliance, Citizens Advice uses its data and evidence to reduce health inequalities, which is one of the key aims of the Alliance.

2. **Prosper Canada collaborated with health researchers from St. Michael's Hospital to develop an online Benefit Screening Tool and pilot it in 7 primary care clinics to boost patient incomes.** Application of the tool was found to be feasible and acceptable to physicians and patients, all patients gained new benefit information, and 17-18% of patients received a new benefit by the one month follow-up.[xii]

   St. Michael's researchers have received a subsequent $1M CIHR grant to conduct a larger randomized control study across 5 provinces. The SPARK study will work with 28 clinics to evaluate the comparative impact of a modest and an intensive benefit screening, referral and follow-up intervention to increase income. Prosper Canada is a partner in this study.

Integration into home ownership programs

Financial education and asset building programs in the US have been linked to improved homeownership outcomes, largely with respect to speeding the transition to home ownership and preventing or mitigating household financial crisis associated with mortgages and ownership:[xiii]

- A 10-year review of Individual Development Account (IDA) programs (where a financial savings incentive is combined with financial education) found no measurable long-term impacts on rates of homeownership among IDA participants compared to similar low-income Americans. However, the same review concluded that IDAs do seem to boost homeownership rates in the short-term (Gale et al, 2011), in other words, IDAs may help participants move more quickly into ownership.

- This finding is consistent with Canadian results (Leckie et al, 2010) that show low-income participants outside of the IDA program eventually catch up in rates of housing purchases. There is ongoing debate about the relative importance of financial incentives versus financial education in enhancing financial outcomes, but both may be contributing to changes through financial literacy as the mediating variable.

- Another survey of US IDA participants tracked 831 former IDA participants for a period of 4 to 12 years after they had finished the IDA program and purchased a home with their IDA savings (Rademacher, 2010). Compared to similar households that did not take part in IDA programs, the program participants experienced substantially better:

    - Outcomes in their mortgage rates with just 1.5% holding mortgages categorized as “high interest rate” versus 20% of the comparable sample
    - Housing stability with foreclosure rates 2-3% below that of the comparable sample.

- U.S. researchers have also found that financial literacy on its own, without a matching savings grant, can improve housing stability. Hirad and Zorn (2001) found that pre-purchase financial counselling substantially decreased mortgage default rates among low-income homebuyers with reductions in defaults of 20-34% in sub-groups. These results were confirmed by Hartanska and Gonzalez-Vega (2006) who also found that credit counselling reduces mortgage defaults.

Integration into housing services

1. **The Credit Builders Alliance worked with eight affordable housing providers to report rental payments to credit reporting agencies to help tenants increase their credit scores.** In this pilot:[xiv]

    Benefits to participants
    - 80% of tenants increased their credit scores by an average of 23 points due to rent reporting
    - Higher scores helped tenants access safer, lower-cost financing (e.g. for cars, homes)
    - Residents made deeper connections to financial coaching and counselling.

    Benefits to participating housing providers
    - Participating housing providers saw an increase in on-time rent payment

2. **The Family Self-Sufficiency (FSS) Program is a U.S. employment and savings incentive program for low-income families that have housing vouchers or live in public housing**. The program offers case management to help participants pursue employment and escrow accounts into which the public housing agency deposits the increased rental charges that a family pays as its earnings rise. Families that complete the program may withdraw funds from these accounts for any purpose after 5 years.

Benefits to participants[xv]
The primary benefit of FSS participation is asset accumulation. National FSS data over a one year period (1999-2000) showed:

- 48% of participants enrolled for **12+** months had positive escrow balances averaging $2,400
- These participants added an average of $300 per month to their accounts
- **45%** of families successfully completing the program received almost $5,000 on average in escrow funds.

National data also suggested an improvement in employment status and fulltime work but it wasn't possible to determine the extent to which these changes were attributable to FSS. However, data from some individual FSS programs indicated that a substantial proportion of families experienced a large increase in earnings while participating in FSS.

Benefits to participating public housing agencies[xvi]
- Improved relations with tenants, property-owners, and the local community
- Ability to provide better, more comprehensive services to residents – e.g. job training and child care referrals and facilitating purchase of their own homes.
- Ability to serve more families, as participants transitioned more quickly to market housing, freeing up subsidies for others.
- Increased standing with Housing and Urban Development and more funding opportunities.

3. **The Compass Working Capital FSS Program provided additional outreach, financial education classes and financial counseling to enrollees in 3 Massachusetts housing authorities**. This increased FSS enrolment, significantly increased enrollees' annual incomes, and led to improved debt and credit behaviour and the accumulation of assets for homeownership and education.[xvii]

Integration into homeless services

Financial exclusion and insecurity, and low financial literacy, all contribute to and exacerbate homelessness. Research by Prosper Canada shown that residents of transitional housing and users of rent banks:[xviii]

- Are often financially excluded from mainstream banking services.
- Often use high cost, high risk alternative or "fringe" financial services
- Express a strong demand for financial education and for opportunities to practice new financial patterns with real money, real financial goals, and real financial rewards when they succeed.

Housing service providers also recognize the importance of financial capability (literacy and inclusion) among the key life skills their clients are seeking.[xix] Financial Empowerment programs such as Independent Living Accounts (ILAs)[xx] have been shown to have positive effects on reducing homelessness or a positive return on investment.

- **In 2008, the Toronto Community Foundation sponsored Prosper Canada (then SEDI) to research the effectiveness of its Independent Living Account (ILA) Project, which offered transitional housing residents financial education and matched saving incentives to support their transition to independent living.** ILA participants were assisted to open a bank account and start saving, with SEDI offering $3 in matching credits for each $1 saved, up to a maximum personal savings of $400. Participants were also required to work with a case manager on a savings plan and attend approximately 12 hours of financial education workshops. Participants who met all of the program requirements were eligible to use their credits, combined with their own savings, to pay for first and last month's rent, utility hook up, moving expenses as well as employment supports.

  The study quantified the return on investment for ILA and gathered feedback from delivery partners on the strengths and weaknesses of the model to evaluate is scaling potential. It found that ILA generated (conservatively) a return of $2.19 for every dollar of project costs, within the first year following project graduation. The analysis of the base case (existing environment) estimated a negative return of nearly -$0.74 for each dollar invested in the system of support available to non-ILA participants moving through the housing continuum to exit homelessness. The six shelter/ transitional housing ILA partners were overwhelmingly positive about the program's benefits and supportive of future expansion of the program. There was consensus that the ILA is a useful tool to promote self-sufficiency and prepare individuals for independent living.[xxi]

Integration into training and employment services

Workforce development programs and financial capability services share similar goals – both focus on ensuring individuals have the tools to participate in, contribute to and benefit from the mainstream economy. These services are strongly inter-related and become less effective when siloed.[xxii] Many youth and adults come to workforce development programs not only struggling to find a job but also with other financial challenges. Financial capability services have a track record of increasing employment outcomes while addressing the other dimensions of an individual's financial life. Evaluations have shown that by integrating financial capability services into employment services, job placement rates, number of hours worked, wages and job retention all tend to increase. [xxiii]

- **The Capacity Building Initiative, launched by the New York City Office of Financial Empowerment found that financial counseling made a difference for participants in two city workforce development programs.** Clients who also received financial counseling, which included reviewing credit reports, establishing budgets, opening checking or savings accounts, or paying down debt, had higher job placement rates compared to individuals who only participated in the workforce development program.[xxiv]

- **The Center for Employment Opportunities, which serves formerly incarcerated adults, provides job training and links to full-time employment.** Research found that those who received financial counseling with employment services earned a higher average salary after one year of employment than comparison group clients. The counseling group was getting paid an average of $11.80 per hour, while the comparison group was getting paid an average of $10.72 per hour; after a year of employment, this would amount to more than $2,200 in increased yearly pay for the counseling group.[xxv,xxvi]

- **The Small Business Services program in New York City began offering new financial development strategies, such as pulling credit reports and opening bank accounts, with their core business services.** Participants who opened a checking account secured 12 additional hours of work per week compared to participants who did not complete any financial capability milestones.[xxvii,xxviii]

- **In 2008, the New York City's Department of Small Business Services, the agency responsible for the City's adult workforce services, hired The Financial Clinic to design and embed program elements that would improve financial security for low-wage earners.** Targeting its *Advance at Work* program, the Clinic created and calibrated a set of financial security milestones designed to promote customers' career advancement, assisting the career coaches with training and technical assistance.

  Customers who worked with a career coach but did not work on financial security secured, on average, nine more hours of employment each week, and earned an additional $173 each week. However, when the career coach incorporated financial security-building strategies into their work, average hours worked and average income increased significantly. Participants who achieved one financial security milestone secured, on average, 10 more hours of employment each week, while those who achieved two milestones worked 12 more hours. Participants who achieved three financial security milestones secured, on average, 15 more hours of employment each week, and earned an additional $219 each week – a 67% increase in hours worked and 27% increase in earnings.[xxix]

  Consistent saving is also a tool for high impact job advancement. Low-wage workers whose career coaches assisted them in establishing automatic savings demonstrated a 31% higher increase in weekly earnings than those who did not receive any financial coaching services.[xxx]

  Access to low-cost, mainstream banking facilitates job success. Job seekers whose career coaches helped them to open low-cost bank accounts had a 33% higher increase in their work hours than those who did not receive any financial coaching services.[xxxi]

- **The Annie E. Casey Foundation developed the Centers for Working Families (CWF) concept as a response to the challenges facing such low-income working adults and their families.** CWF offers a framework for delivering key services and financial supports to low-income families using a convenient and integrated approach – all designed to foster new economic opportunities.[xxxii] The CWF approach revolves around intentionally offering clients a set of focused services in three overlapping areas:[xxxiii]

  - *Employment* – including assistance with job readiness, job placement, occupational skills training, education and career advancement.

  - *Benefits and work supports* – helping clients gain access to public benefits, tax credits, financial aid and other benefits to improve their financial security.

  - *Financial services* – workshops, classes, one-on-one counseling and access to well-priced financial products and services to help clients improve their household finances and build assets.

As of early 2009, more than 20,000 participants had received CWF services, with approximately two-thirds receiving bundled services. In 2008 Abt Associates conducted an interim analysis of service and outcome results for three CWF sites. Abt's initial review of results showed that the sites were achieving promising results:[xxxiv]

- The three sites were providing bundled services (at least two of the three key CWF services) to a high percentage of clients – ranging from 56% to 88%.

- ***Clients who receive bundled services were three to four times more likely to achieve a major economic outcome*** (such as staying employed, earning a vocational certification or associate's degree or buying a car) than clients receiving only one type of service.

- Clients who received high-intensity bundled services (i.e., more intensive support services) were five times more likely to achieve a major economic outcome than clients who received non-bundled assistance.

❖ **To improve low-income families' financial well-being, the Local Initiatives Support Corporation (LISC) provides community organizations financial support and technical assistance to operate Financial Opportunity Centers (FOCs).** Based on the Center for Working Families model developed by the Annie E. Casey Foundation, FOCs seek to increase low-income families' financial prospects by providing integrated services in three core areas: financial counseling, employment assistance, and assistance accessing public benefits to supplement income from work.[xxxv]

In 2010, the Corporation for National and Community Service (CNCS) awarded LISC a Social Innovation Fund grant to expand and evaluate the FOC model. By September 2016, the model had expanded from 24 centers in 6 cities to over 75 centers in 30 U.S. cities.[xxxvi]

LISC contracted the Economic Mobility Corporation (Mobility) to conduct an independent evaluation of the effectiveness of five FOCs in Chicago. The study used a quasi-experimental design that compared program participants' outcomes to those of a similar group of job seekers. After collecting data for the FOC and comparison group members, Mobility used propensity score matching to select the final study sample. This approach produced a strong comparison group of individuals who were similar to FOC participants in their financial situations and motivation to find employment and in the labor market they faced.[xxxvii] Mobility' primary findings regarding program impacts included:[xxxviii]

- *The percent of FOC group members who were employed year-round increased almost 21-percentage points from the year before* to the second year after program entry—a change that was significantly greater than that among comparison group members. Both FOC and comparison group members experienced about a 15 percentage-point increase in the likelihood of being employed at all during the year and a $2,000 increase, on average, in annual earnings. The small differences between the groups in employment rates and earnings were not statistically significant.

- *The increased employment did not translate into positive impacts on participants' net income two years after program entry.* While participants' earnings from work increased, monetary support from family and friends decreased, as did reliance on unemployment insurance benefits. At the same time, participants' expenditures on basic living expenses, including rent, utilities, and food, increased.

- *The FOCs had significant positive impacts on participants' credit.* FOC participants were more likely to have positive activity on their credit reports in the form of on time payments on loans, credit cards, and other lines of credit, as well as trade accounts with positive ratings. Among individuals who lacked a credit score at program entry, FOC group members were significantly more likely than those in the comparison group to have a score after two years—a 9.3 percentage-point difference. Among those who had more-recent credit activity at program entry, FOC group members were significantly more likely than those in the comparison group to have prime credit scores after two years—a 13.8 percentage-point difference.

- *There were no significant impacts on participants' net worth. However, two years after program entry, FOC participants were less likely than comparison group members to have any debts unrelated to asset accumulation*, such as medical or legal debts, child support arrears, or back taxes.

- *37% of all study participants who sought assistance from the FOCs had at least two meetings with both the FOC financial and employment counselors. Among these participants, the FOC programs produced more consistently significant positive impacts.* On average, in the second year after program entry, FOC participants who had two or more meetings with the financial and employment counselors earned $436 more and worked 132 hours more than comparison group members. These FOC participants were also significantly more likely than comparison group members to have a prime credit score after two years—a 6.4 percentage-point difference.

In sum, relative to the comparison group, FOC participants were more likely to:[xxxix]

- Be employed year-round
- Have reduced certain types of debts
- Have built more positive credit histories as reported on their credit reports.

These advances had not translated into improvements in net income or net worth, which perhaps was not surprising given the FOC participants' limited recent attachment to the labor market, lack of assets, and level of debt when they entered the programs.

MAKING THE CASE IN CANADA

Financial empowerment champions: What the evidence says

National Financial Empowerment Champions Project

Description

The ESDC-funded **National Financial Empowerment Champions (FEC) Project** was established to pilot the delivery of financial empowerment services to **175,000+** vulnerable Canadians (living in or at high risk of poverty) from Jan 1 2016 – Oct 31 2020. Prosper Canada committed to matching ESDC's **$5.3M** investment. Services are delivered by **5** national Financial Empowerment Champion (FEC) organizations and local partners in Vancouver, Edmonton, Calgary, Winnipeg, and Montreal.

Outcomes

In under 39 months, this project has already exceeded its 5-year service target – reaching 236,000+ financially vulnerable Canadians:

- **101,328** individuals helped to tax file and access **$305M** in new income
- **112,133** individuals participated in financial education
- **31,429** individuals received one-on-one financial coaching
- **4,215** children from low-income families now have an RESP and Canada Learning Bond
- **2,772** individuals helped to set up direct deposit
- **523** individuals helped to open a bank account
- **3,785** new community financial educators trained
- **1,087** community RESP/CLB/CESG promoters trained

Impact

Evaluation not yet completed.

Cost-effectiveness

The National FEC Program is highly cost effective and has delivered real value for Canadians:

- Helping 236,000+ people improve their financial health for just $67 per person on average,[38] and a total cost to the federal government of just $14 per person[xl] to date
- Enabling low and modest income participants to access over $315 million in new income
- Mobilizing 3,098 service delivery volunteers to date
- Consistently exceeding most delivery targets.

Prosper Canada and FEC partners have raised over $12.6M to date in additional funding, significantly exceeding our goal of matching ESDC's $5.3M investment.

Ontario Financial Empowerment Champion Project

Description

Funded by the Ontario government, **Ontario Financial Empowerment Champions (FEC) Project** was established to pilot the delivery of financial empowerment services to **50,000+** low and modest income Ontarians from Sept 1 2016 – Mar 31 2021. Prosper Canada committed to matching Ontario's **$3M** investment. Services are delivered by **5** Financial Empowerment Champion (FEC) organizations and local partners in London, Ottawa, Sudbury, Thunder Bay and Toronto.

Outcomes

In just 28 months, a parallel provincially funded Ontario Financial Empowerment Champions (OFEC) Project enabled 33,566 Ontarians to access $107M+ in new income and improve their financial capability and health:

- **18,112** received **help to file their taxes**
- **9,133** received **financial coaching** and built a financial action plan
- **6,689** participated in **financial education**
- **3,600** **benefit applications** were submitted
- **2,297** set up **direct deposit**

Impact

The Ontario Ministry of Children, Community and Social Services (MCCSS) has commissioned an independent third party evaluation of the program which is currently underway.

Cost-effectiveness

At a cost of $2.4M or just $72/person[xli] to the Ontario government (at Dec 2018), the Ontario FEC Program is highly cost effective and delivers real value for Ontarians. Outcomes to date (at Dec 2018) include:

- Helping 33,566 Ontarians improve their financial health
- Enabling low and modest income participants to access over $107 million in new income
- Mobilizing 26,800 volunteer hours to date
- Consistently exceeding most delivery targets.

Ontario Financial Empowerment and Problem Solving (FEPS) Program

Description

Funded by the Ontario government, the **Ontario Financial Empowerment and Problem Solving (FEPS) Program** is a variant on the Financial Empowerment Champion model, offering individualized financial help, tax filing and benefit assistance, and financial education to low and modest income Ontarians with urgent financial problems.

FEPS was created in 2003 by West Neighbourhood House, a neighbourhood multi-service agency in Toronto's west end and then expanded to include Agincourt Community Services Association and Jane Finch Community and Family Centre. Based on the evaluated success of the program, the Ontario government funded Prosper Canada to help delivery sites formalize the program and expand it to two more communities (Ottawa and Kitchener) in 2015/6 and 2016/7. In 2017, the government invested **$3M** to renew support for Prosper Canada and **4** sites for **4** more years (Apr 1 2017 to Mar 31 2021). The Ottawa site transitioned to the Ontario FEC Program.

FEPS is now delivered by the Agincourt Community Services Association, Jane Finch Community and Family Centre and West Neighbourhood House in Toronto and by the Working Centre in Kitchener. Prosper Canada provides central training, collaboration support, financial management, administration, data management, and reporting.

Outcomes

Over the period Apr 1, 2015 to Mar 30, 2019, the FEPS program served 50,000+ financially vulnerable Ontarians:

- **29,044** received tax filing assistance enabling them to access **$164M** in new income
- **15,770** received one-on-one help with urgent financial problems
- **3,240** participated in financial education workshops
- **2,823** participated in other community financial education events
- **1,169** benefit applications were filed.

Impact

MCCSS commissioned an independent, third party evaluation to assess FEPS' impact over the period 2015-2017. The evaluation found:[xlii]

- A strong need and demand for the program
- That it complemented other more generic financial and tax filing services by providing tailored and individualized intervention for low-income Ontarians with complex financial problems
- The program has an important impact on participants' understanding of their financial situation
- Most participants accessed new benefits and entitlements (almost $42M over the study period)
- Participants with more attachment to the program also experienced greater readiness for and improved financial decision making and reduced distress and worry.

Individual case studies of 12 FEPS participants showed that all participants experienced a decrease in financial stress and a positive outcome – such as:

- less debt
- ability to effectively budget
- being able to save
- improved health
- eating more nutritious food
- reduced substance abuse
- visiting a mental health counselor.

Most had a greater awareness of their financial situation, improved confidence in their ability to make financial decisions, and recommended the service to friends and family members. Many said they now felt prepared to handle a future financial decision or crisis and had set a financial goal such as saving money, paying bills on time and/or avoiding debt. Half said they received new income from government tax credits and benefits. The majority could not identify any other program or initiative that duplicated the services offered.

Cost-effectiveness

The Ontario government's $2.8M investment to date (Apr 2015 – Mar 2019) in the FEPS program has delivered high value for Ontarians:

- Generating over $164M in income for low and modest income participants (Apr 2015 – Mar 2019)
- Costing just $55 per participant on average according to a third party evaluation[42] (Apr 2015-Mar 2017)
- Mobilizing 9,286 volunteer hours from over 488 volunteers (Apr 2015 – Mar 2019)
- Consistently exceeding all delivery targets

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[ii] J. M. Collins, C. Baker, and R. Gorey. *Financial Coaching: A New Approach for Asset Building?* PolicyLab Consulting. A Report for the Annie E. Casey Foundation. Baltimore, MD, 2007.

[iii] *Financial Coaching: Review of Existing Research*. Issue Brief 2015-10.1 Center for Financial Security, University of Wisconsin-Madison, October 2015.

[iv] Ibid, p.5

[v] *Ibid*

[vi] *Ibid*

[vii] J. Lane. *A debt effect? How is unmanageable debt related to other problems in people's lives?* Citizens Advice, July 2016.

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[x] *Ibid*

[xi] "NHS England » Voluntary, Community and Social Enterprise (VCSE) Health and Wellbeing Alliance"

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