

FINDINGS FROM THE EVALUATION OF LISC'S FINANCIAL OPPORTUNITY CENTERS



Economic Mobility Corporation
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Financial Opportunity Centers Model

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- Based on the Centers for Working Families model, the core components of the FOC model are:
 - ▣ Job readiness training and one-on-one job search assistance
 - ▣ Assistance with accessing public benefits
 - ▣ Financial counseling, including reviewing income, expenses, assets, and debts to develop a budget and balance sheet, and reviewing credit reports

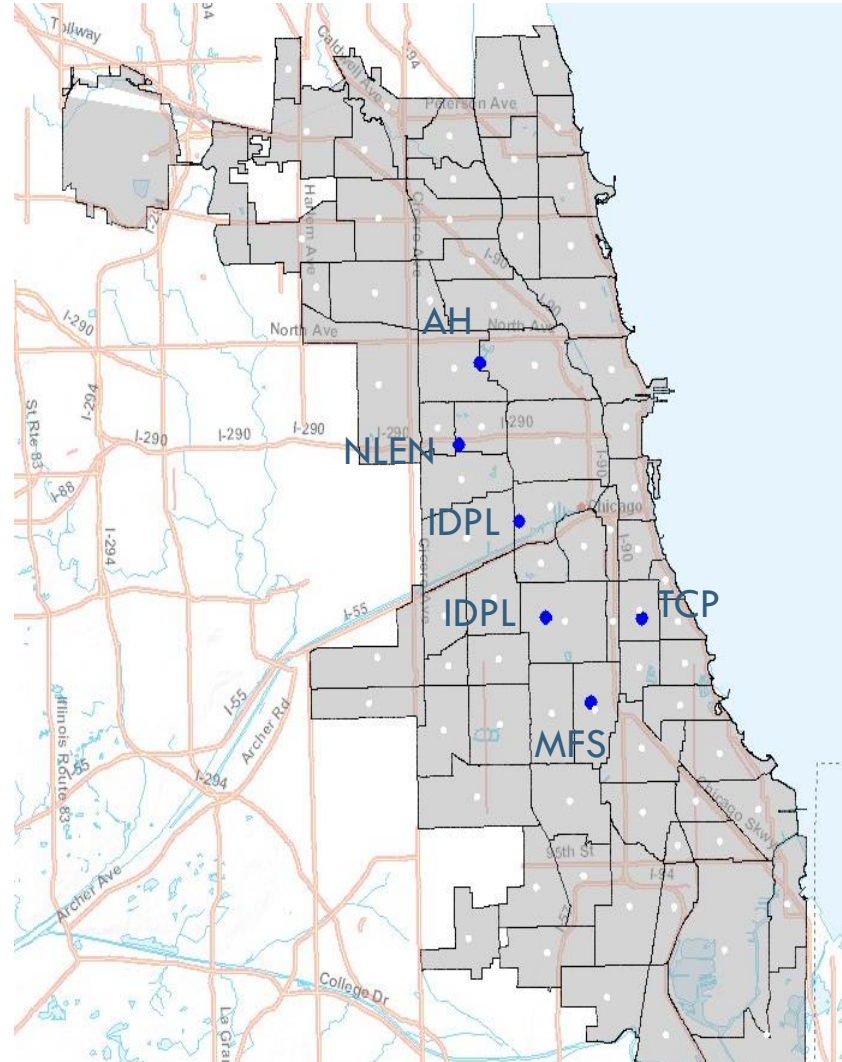
Financial Opportunity Centers Evaluation

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- Quasi-experimental design that compares FOC participants' outcomes to those of a similar group who sought assistance with employment and training from the city's workforce centers
- Five FOCs in Chicago: Association House, Instituto Del Progreso Latino, Metropolitan Family Services, North Lawndale Employment Network, and The Cara Program
- Enrollment took place between October 2011 and August 2012
- The evaluation examines program impacts on job seekers' employment, net income, credit, and net worth two years after program entry.
- The findings are based on 500 FOC group members and 649 comparison group members who completed a follow-up survey and were matched.
 - Employment, net income, and net worth measures come from the survey.
 - Credit outcomes come from TransUnion credit reports that Mobility pulled.

FOC Site Locations

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Demographic Characteristics of FOC Participants in the Final Study Sample

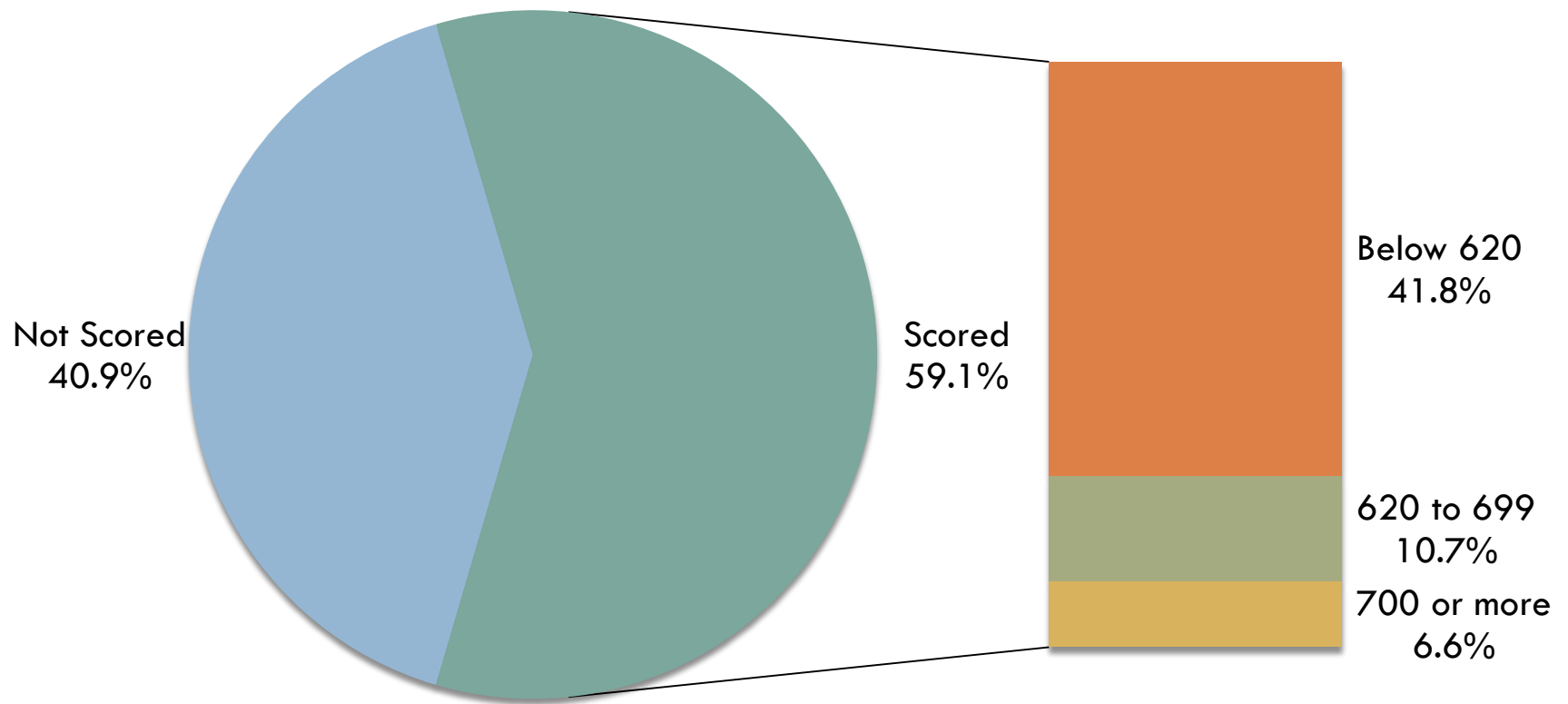
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Female	54.6%
African-American	71.6%
Latino	24.0%
Average age	38.3
Single, never married	62.0%
Had any children under age 18	48.6%
Did not have high school diploma or equivalent	23.0%
Had a college degree (Associate's or higher)	13.6%
Employed at any time during the past year	49.6%
Income in the past month below the poverty level	77.3%
Had net worth greater than zero	32.4%

Credit Scores of FOC Participants

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Credit Status



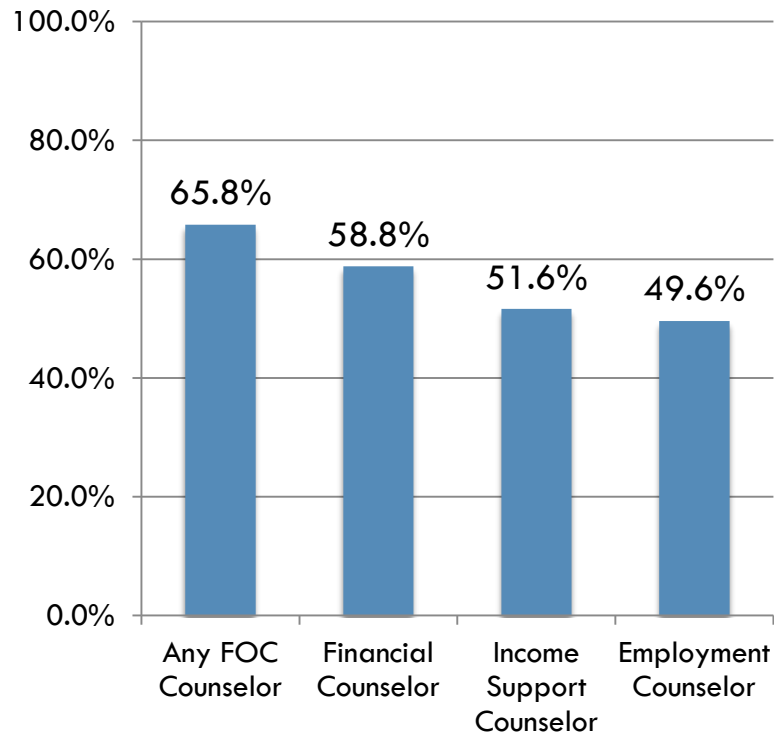
Ways Bad Credit Can Cost You \$\$

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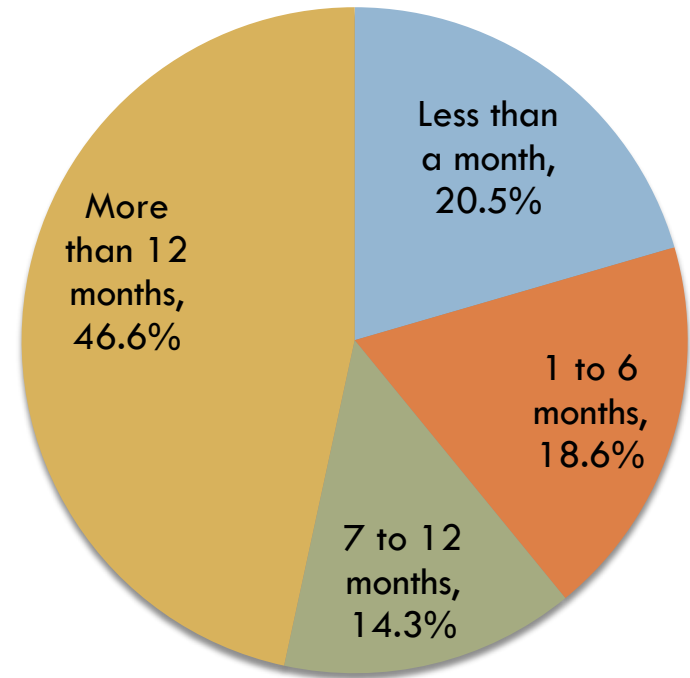
- ❑ Some employers screen using applicants' credit
- ❑ Mortgage and auto loan rates much higher
- ❑ Some landlords check renters' credit
- ❑ Cell phones and utilities can require large deposits
- ❑ Car insurance premiums are higher
- ❑ Private student loans have higher interest
- ❑ Credit cards are very expensive

FOC Participants' Receipt of Services

Percent of Study Participants Who Received Assistance from FOC Counselors

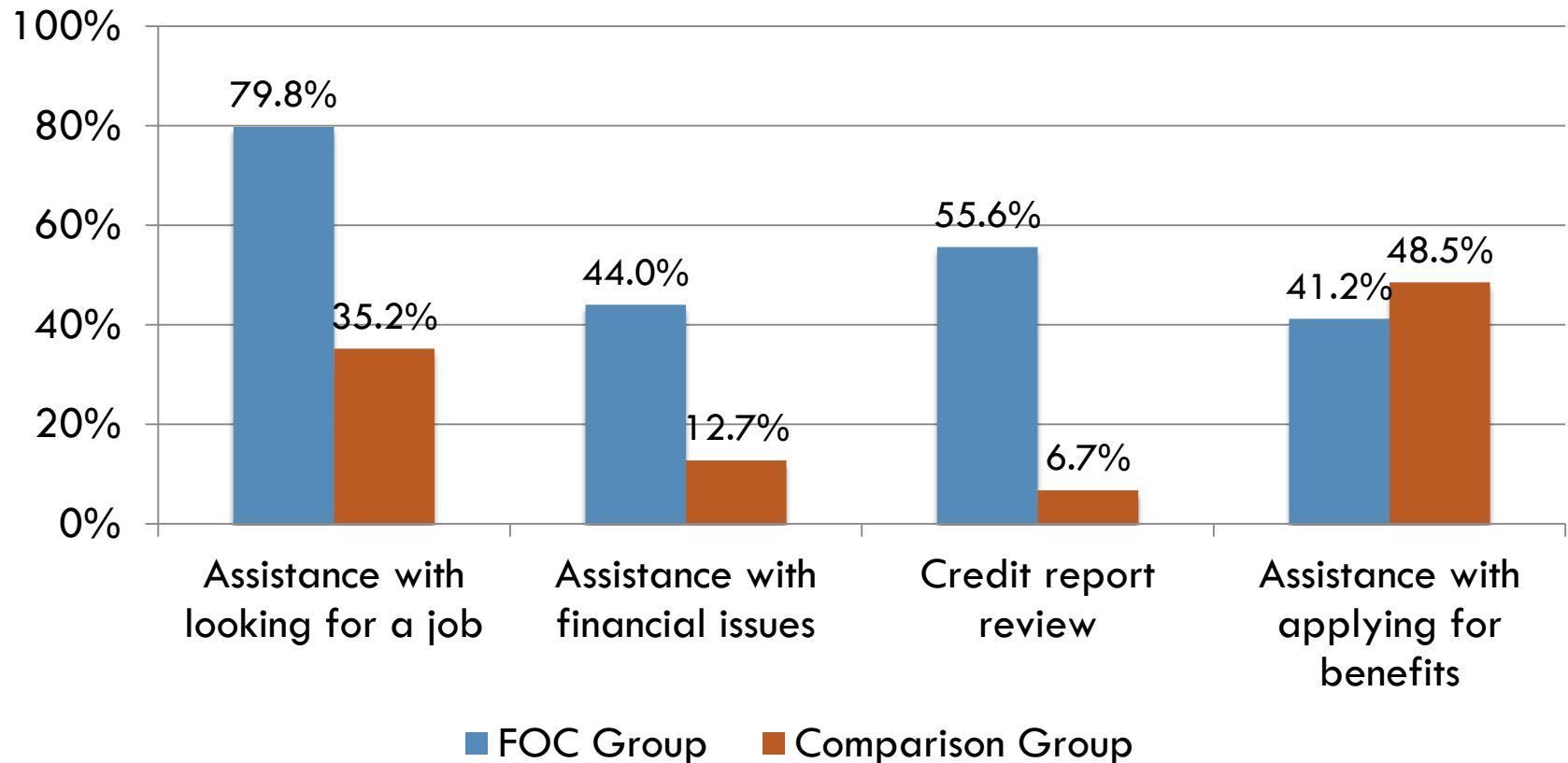


Duration of Contact with FOC Counselors Among Those Who Had Any



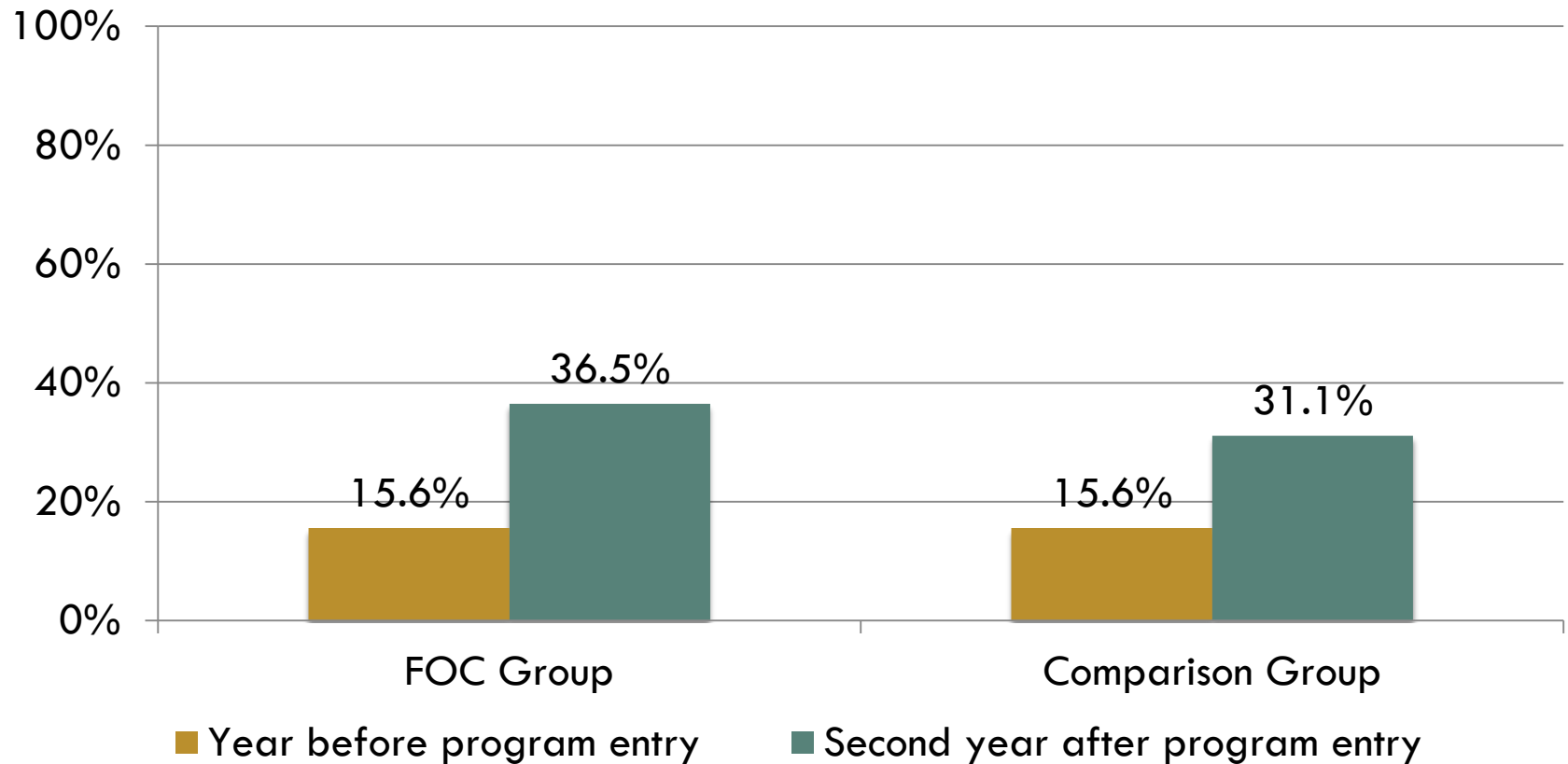
FOC participants were more likely than comparison group members to report receiving assistance with finding a job, financial issues, and reviewing their credit reports

Percent who reported receiving the assistance



FOC participants experienced a significantly greater increase in year-round employment than comparison group members

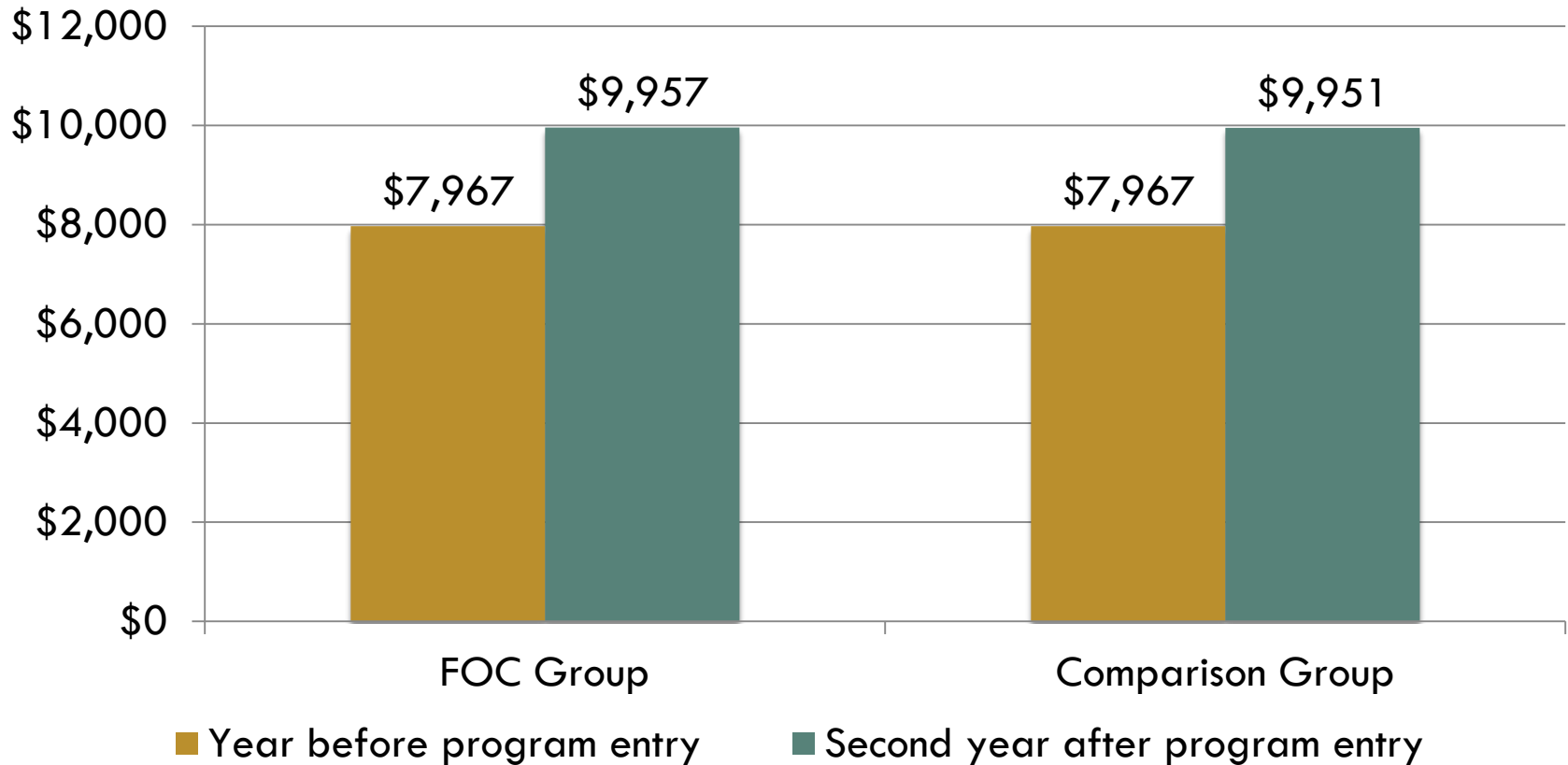
Percent employed year-round



Difference significant at $p < .10$

Average annual earnings increased by about \$2,000 for both the FOC and comparison group members

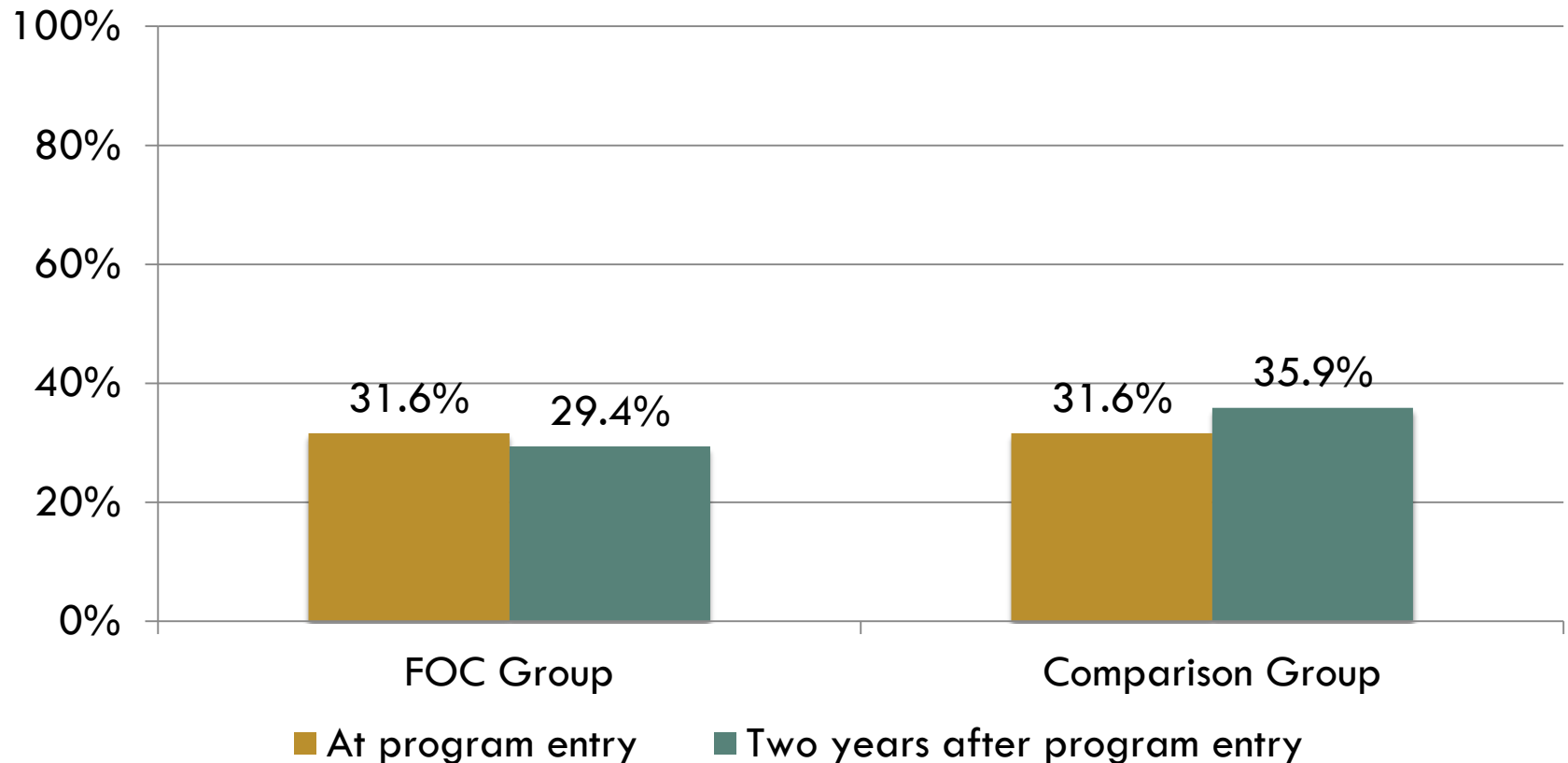
Average annual earnings



The increased employment did not translate into positive impacts on participants' net income (income minus expenses) two years after program entry

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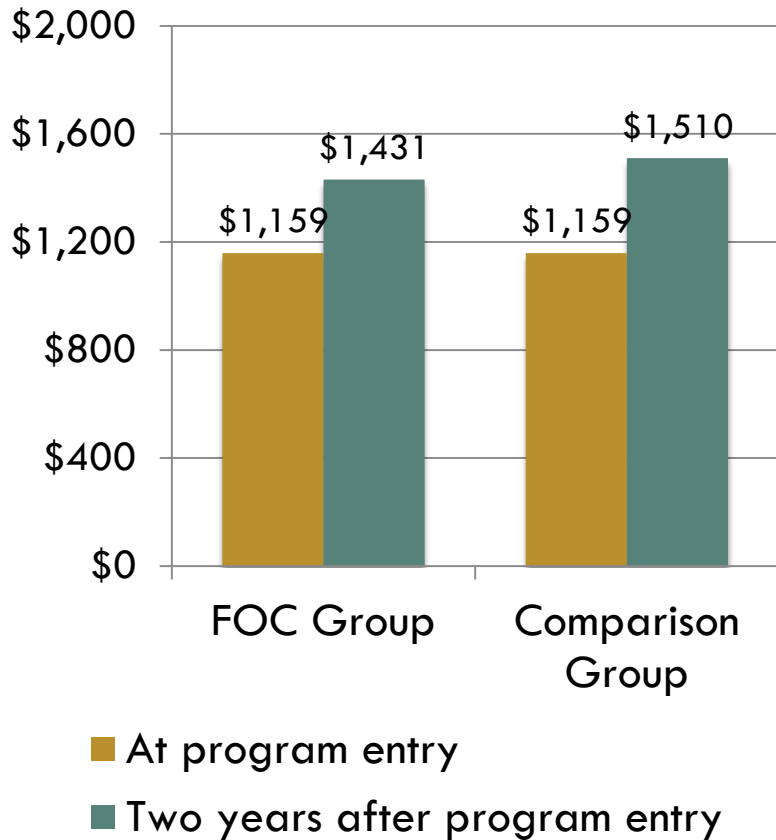
Percent who had net income greater than zero



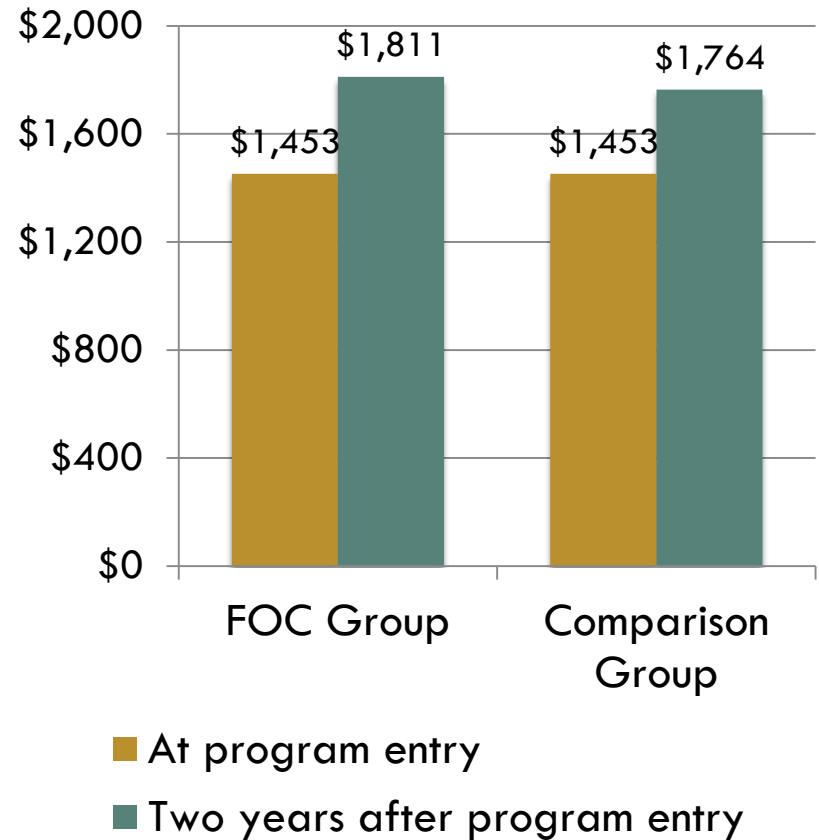
Difference significant at $p < .05$

While average monthly income from all sources increased, average monthly expenditures did as well

Average monthly income

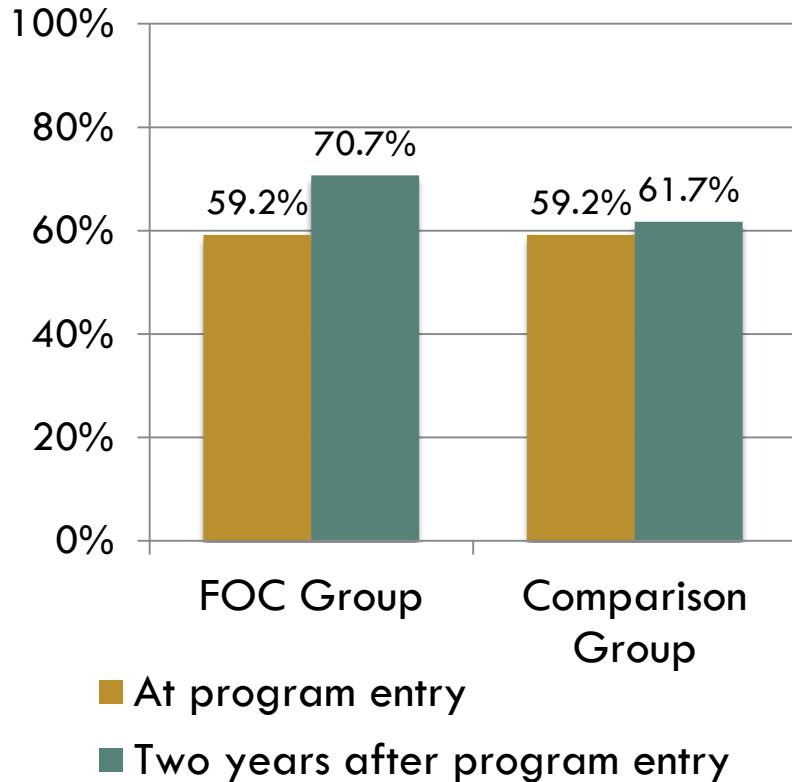


Average monthly expenses



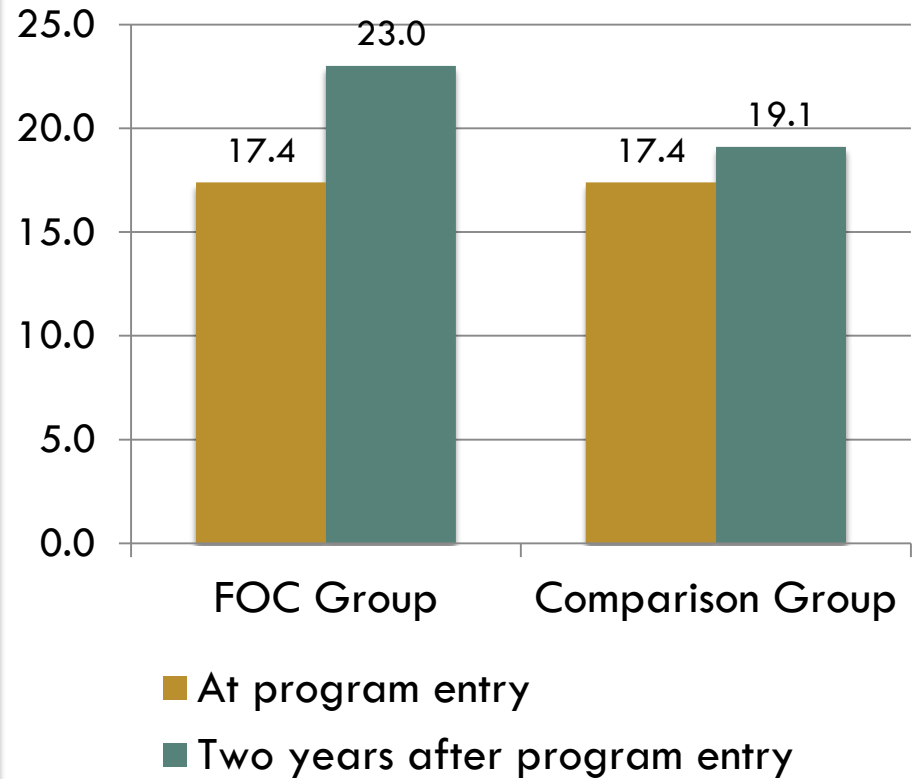
FOC participants were significantly more likely than comparison group members to have positive activity on their credit reports two years after program entry

Percent with any trade accounts paid as agreed



Difference significant at $p < .01$

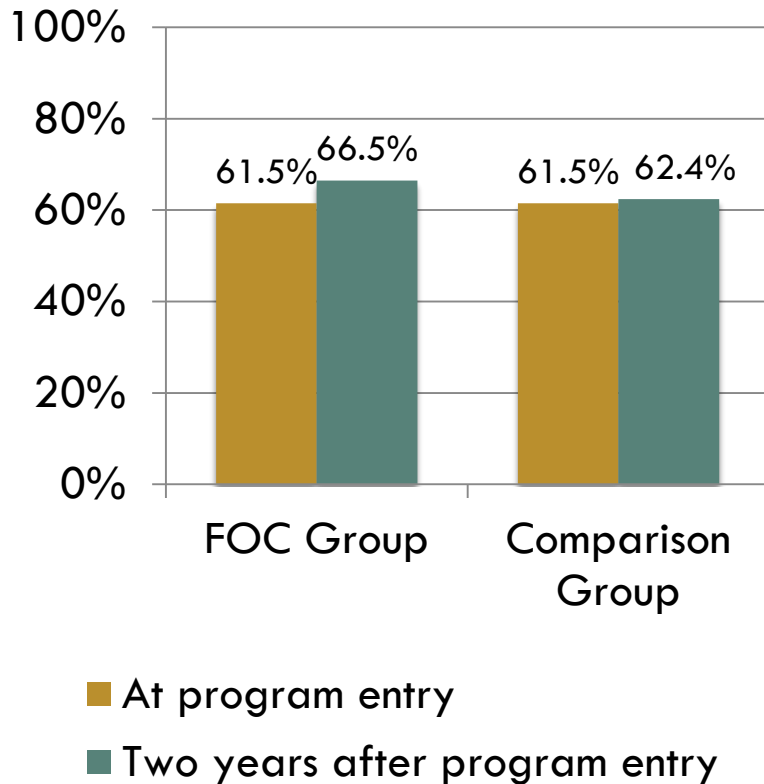
Average number of on-time payments made during the past year



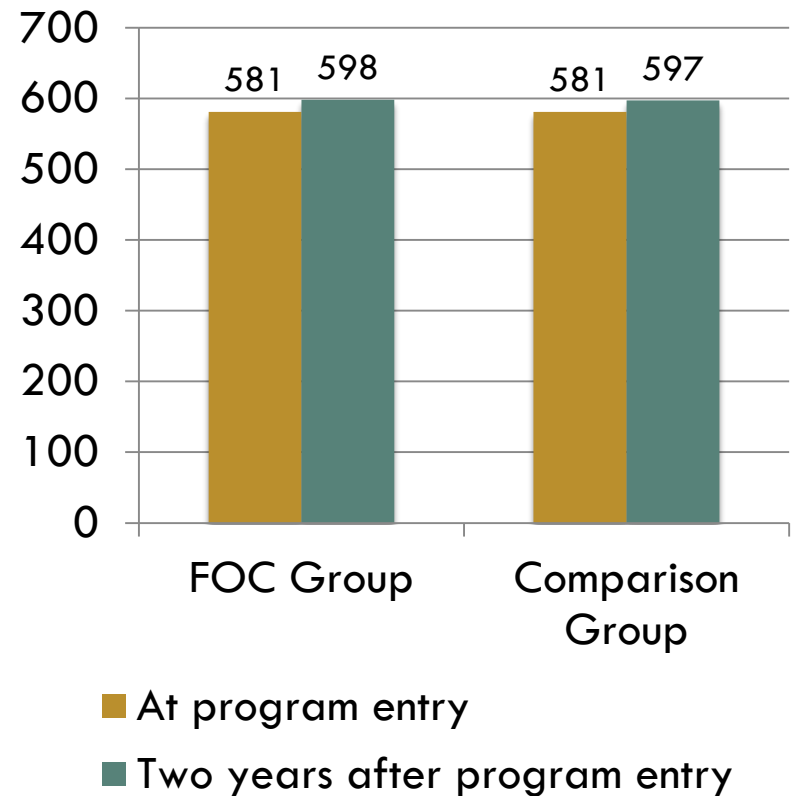
Difference significant at $p < .01$

Despite the progress made in building positive credit histories, there was no impact overall on the likelihood of having a credit score or on average credit scores

Percent who had a credit score

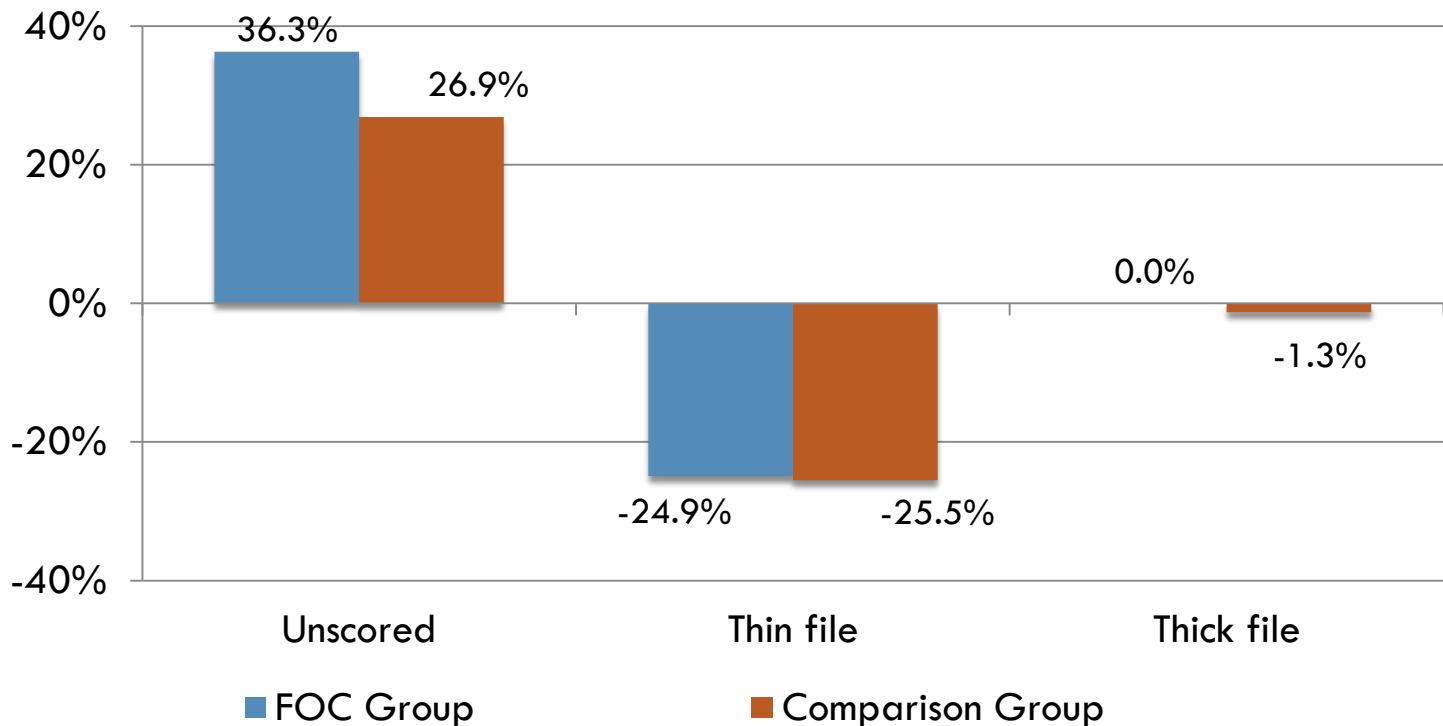


Average credit scores, among those with scores



FOCs helped participants who lacked credit scores at program entry to become scored

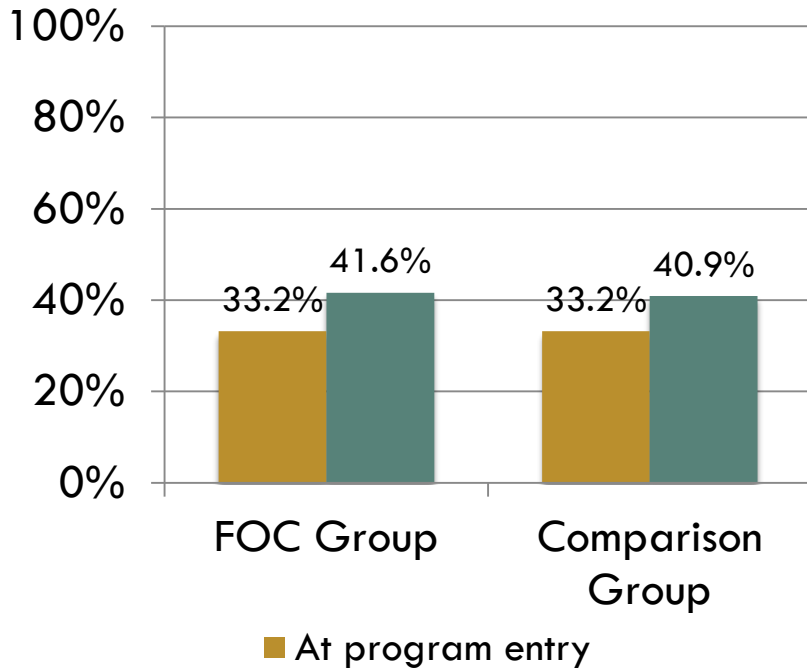
Change in percent who had a credit score after two years



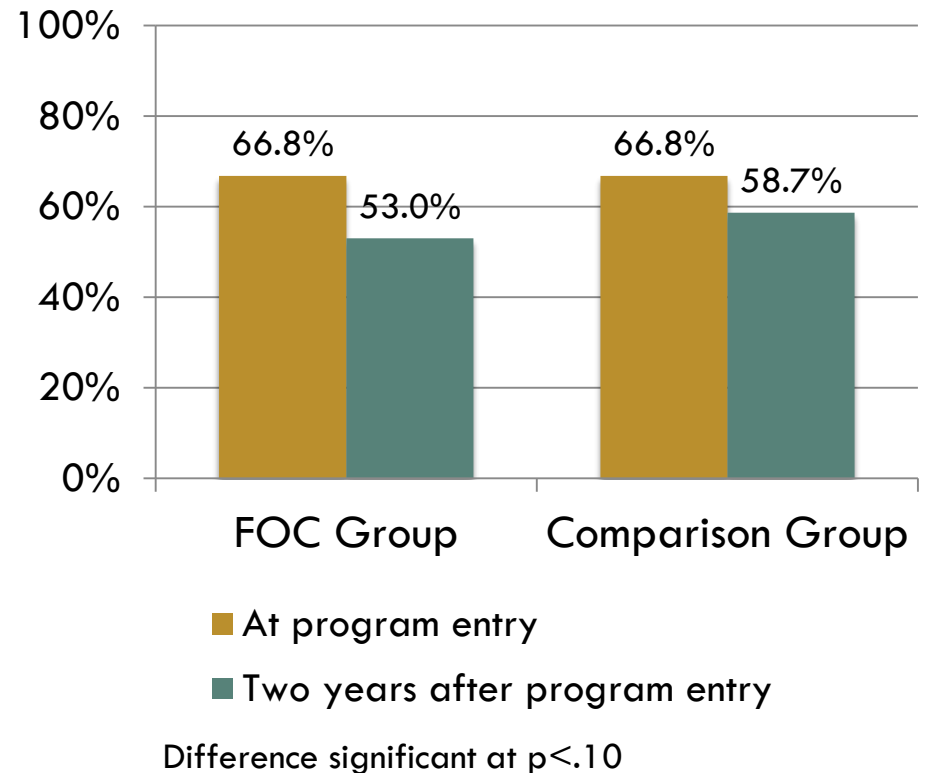
Difference for the unscored significant at $p < .10$

The FOCs did not have a significant impact on net worth, but FOC participants were less likely to have certain types of debt

Percent who had net worth greater than zero

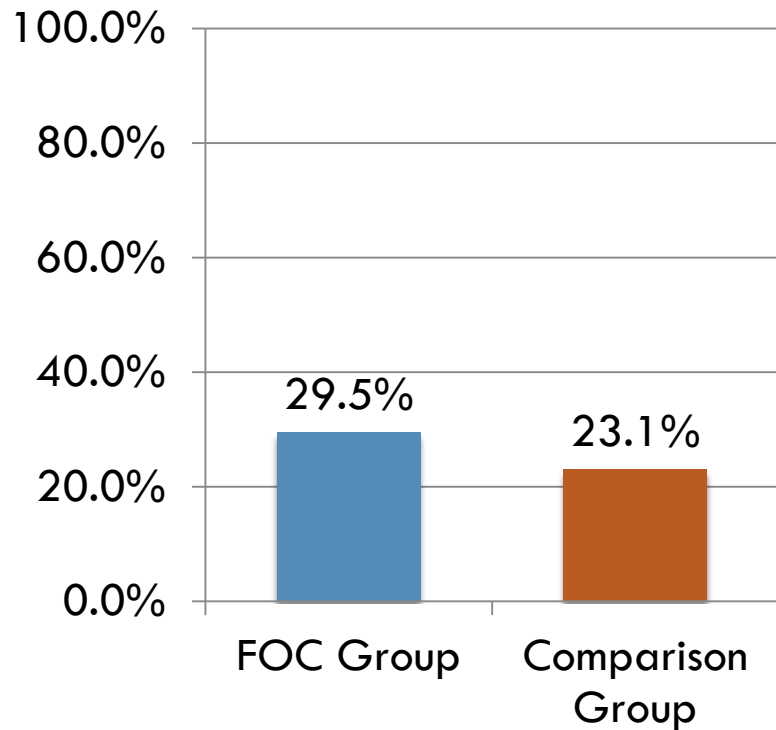


Percent who had debts unrelated to assets (e.g., medical or legal debt, child support arrears, back taxes)



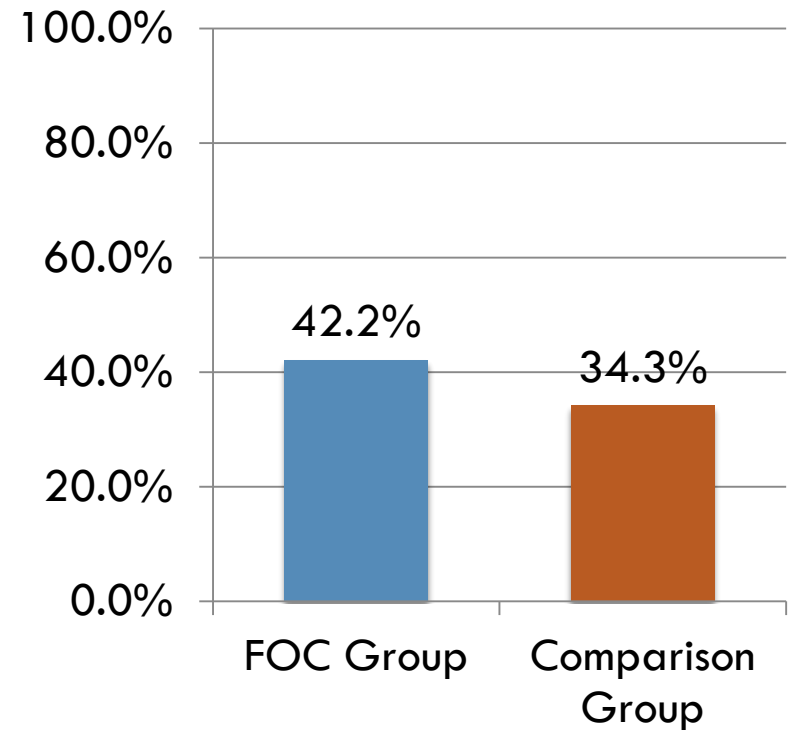
Program impacts on credit and employment were greater among the 37 percent of FOC group members who had at least two contacts with the financial counselor and the employment counselor

Percent who had a prime credit score 2 years after program entry



Difference significant at $p < .10$

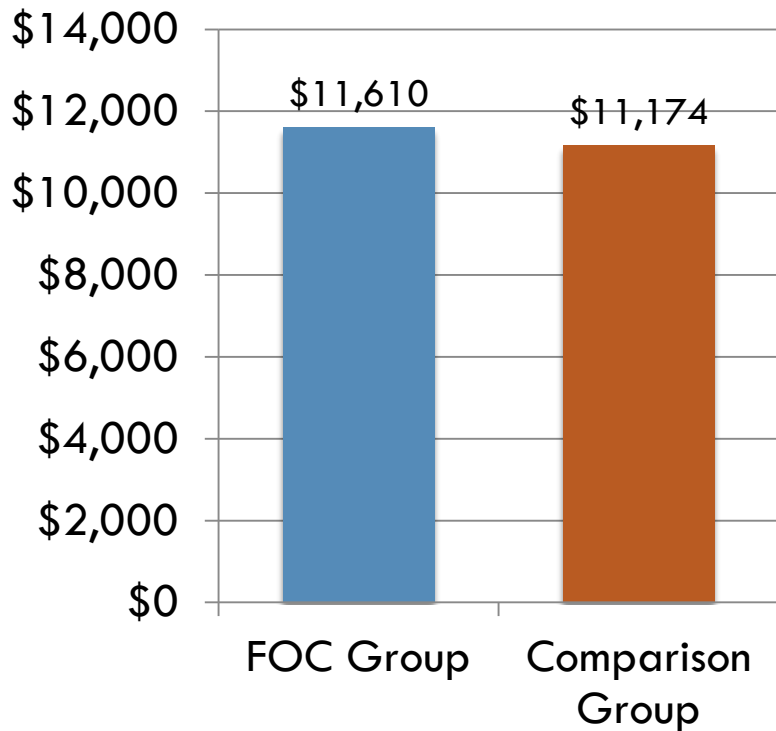
Percent employed year-round in the second year after program entry



Difference significant at $p < .10$

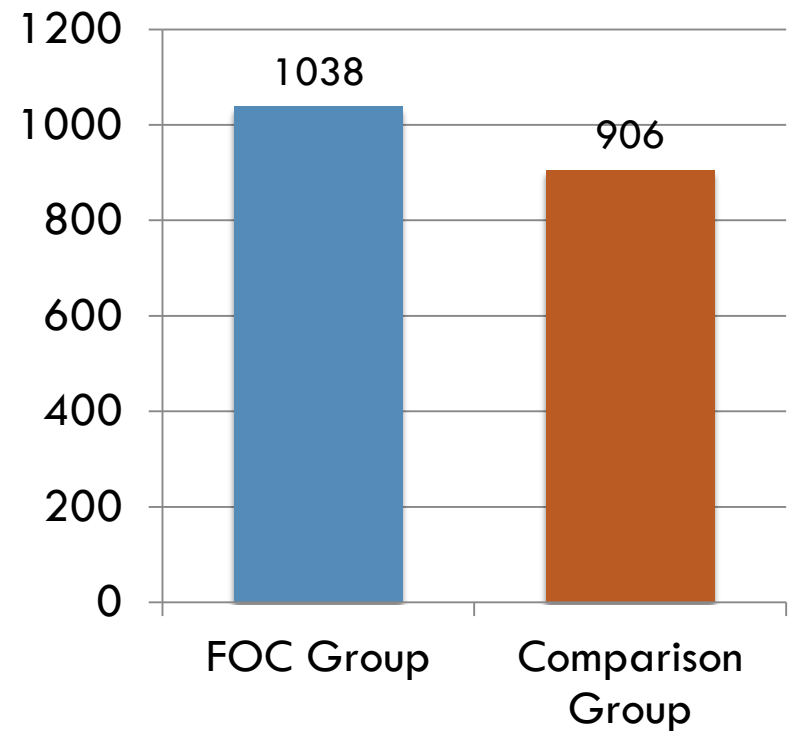
Annual earnings and hours worked were greater for the 37% of FOC group members who had at least two contacts with the financial counselor and the employment counselor

Average annual earnings in the second year after program entry



Difference significant at $p < .10$

Average hours worked in the second year after program entry



Difference significant at $p < .10$

Conclusions

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- Though we didn't find any overall impact on earnings or credit scores, we did find evidence of FOCs' potential.
- Earnings and credit scores did increase—but not more than the comparison group.
- FOC participants were more likely to pay bills on time and less likely to have certain types of debt.
- Unscored participants were more likely to have a score two years later.
- Most importantly (in my view) those that received a modest level of services showed significant increases in employment, earnings and credit.