

# Ladders to Success: Center-Based Strategies for Moving Working Families into the Middle Class



## Introduction

United Way of The Bay Area (UWBA) would like to acknowledge the contribution of our partners, Local Initiatives Support Corporation (LISC), MDC North Carolina, and United Way Worldwide, to compile this promising practice report which highlights local efforts to help families move into the middle class. The promising practice is the Center for Working Families (CWF) model that was incubated by The Annie E. Casey Foundation and is now being implemented across the country by leaders including United Way of the Bay Area and other United Ways, LISC and MDC in more than 90 sites.

## Overview

Challenging economic times highlight the need for low-income families to find a path toward economic stability. At the same time, it can be difficult for government, non-profits, and philanthropy to dedicate time, resources, and expertise to true solutions. Creating effective pathways of economic opportunity for lower income families into the middle class necessitates a multi-pronged approach, the long-term commitment of individuals, and the service structure to support this transition. The Center for Working Families (CWF) model detailed in this report demonstrates that an innovative service strategy, coupled with the support of national organizations and local service providers, is successfully helping individuals and families move up the ladder to the middle class.

The CWF model was piloted by The Annie E. Casey Foundation and is currently being implemented in communities across the country by United Way of the Bay Area SparkPoint Centers, Local Initiatives Support Corporation Financial Opportunity Centers, and community colleges in the MDC network. The model is a proven framework for delivering key services to low-income families using an integrated model designed to foster new economic opportunities. The cornerstone of this model is “bundling,” bringing together a variety of services in a single convenient location to help families build self-sufficiency, stabilize their finances, and move ahead. These services include: Employment and Career Development Programs; Benefits and Work Supports; Financial and Asset Services.



In 2011, over 90 CWF sites in communities across the country provided education, employment and financial services to nearly 13,000 clients. These individuals and their families are reaping the benefits of having access to all the resources they need to build their own economic potential.

- Overall, clients who received two or more bundled services, were **two to three times more likely to achieve their economic goals** (e.g. obtaining employment, increasing skills, improving credit, or starting savings), than those who only took advantage of a single service.
- **40-64%** of clients across the sites **saw their incomes increase**.
- **6-14%** decreased their debt.
- **26-61%** of clients increased their credit scores.
- **69-88%** of community college students **stayed in school**.
- **36%** of clients in select CWF locations increased their savings, and 42-52% of clients in others went from negative to positive net income.
- **53%** of community college students **completed a degree or vocational certificate**.

Early findings from the center-based model are very promising. This approach can be effectively adapted by very different communities across the country in their efforts to move families from lower income and into the middle class. Our current public systems place too much emphasis in stabilizing low-income families and not enough on helping them succeed. If we are serious as a nation about economic success, we need to create opportunities and incentives at the federal level to spread models like this.

### More than a Safety Net: Creating Ladders to the Middle Class

Moving families to the middle class requires a multi-pronged approach and long-term commitment to individuals by service providers and institutions to support this transition. The Center for Working Families approach is addressing three key challenges to helping low-income families move up the economic ladder:

**1 Families need to earn more and save more in order to achieve economic success and move into the middle class.** Individuals and families require assistance in building their financial assets as well as the “human capital” (i.e., education, skills, and experience) necessary to succeed in today’s economy. These are the traditional hallmarks to building a middle class family that are “compounded” generation after generation.

**2 Local community-based programs need effective service bundles and clear and compelling strategies to stay connected with their clients for the long-term.** Single service providers (e.g., tax preparation centers or job training programs) do good work but are not able to offer the full range of supports needed to address a family’s complex financial issues. In addition, single service providers may be “de-incentivized” to work with clients over time, after they have achieved that provider’s stand-alone basic milestone (e.g., filed their taxes, obtained a job).

**3 Policymakers and administrators are constrained by firewalls or silos among funding streams, complicating the integration of services at the local level.** Federal, state, and local funding for education, workforce development, and asset building have different eligibility requirements and client outcome goals, complicating clients’ ability to access and bundle the necessary services needed in their efforts to build economic success.



## The Solution

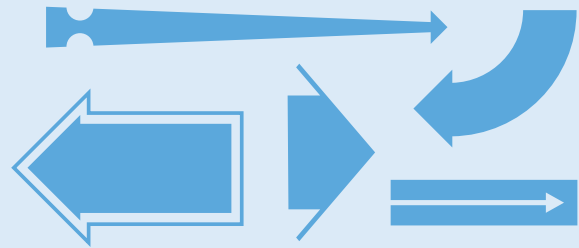
The CWF model employs a proven framework for helping individuals and families advance economically and create new opportunities for themselves by increasing their earnings and income; reducing their financial transaction costs; and building wealth for themselves and their communities.

The model revolves around “bundling”: bringing together a range of services in a single convenient location to help families build self-sufficiency, stabilize their finances, and move ahead. While these employment and financial service centers are operated by a variety of institutions (including workforce development programs, community colleges, neighborhood organizations, or a coalition of partners), each provides comprehensive services to help families increase earnings, decrease debt, and save for their futures. These services are focused in three overlapping areas:

**Employment and Career Development** – 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 programs to improve their financial security.

**Financial and Asset Services** – credit building and counseling; financial education; debt assistance; and access to well-priced financial products and services to help clients improve their household finances, such as matched-savings programs (e.g. Individual Development Accounts), and 1st time homebuyer and foreclosure assistance.



*Lower income people face multiple, inter-related challenges. For example, someone who does not earn enough may need training to land a better job. Like most working people, he or she likely also needs help dealing with debt, managing credit, or developing a savings plan. But accessing help isn't easy. Wading through confusing eligibility rules, scheduling multiple appointments, making trips to several offices, and filling out multiple forms all present major barriers to success. The result is people who are working hard to climb the economic ladder can't get the help they need. The Center for Working Families model is a game changer for clients looking to improve their economic prospects.*



**UWBA, LISC, and MDC have been on the leading edge of the movement to build and grow centers that bundle services following the CWF model.** While each of these centers is operated by a different organization or coalition of partners, each has bundled employment and education; work supports; financial coaching; financial services; and asset-building services. This creates long-term change for low-income families and helps them to achieve individual or household economic success by improving income, debt, credit and savings. They also serve a variety of populations, including the unemployed, the underemployed, recent immigrants, prison re-entry population, people leaving public assistance, and low-income college students.

Employment and education, work supports, and financial services are most effective when delivered as part of a package and when families need the services. As clients reduce expenses, obtain public benefits and remove barriers to employment, the net value of their earnings rises sharply, increasing their incentive to work longer and earn more. Client coaching, employment training, and work support access are ongoing. Outcomes are monitored, pitfalls reviewed, opportunities discussed, and plans adjusted to meet client needs. In effect, the Centers have taken a version of long-term financial planning that more affluent individuals have typically accessed and tailored it to the needs of low-income families.

Employment and Career Development	UWBA/Sparkpoint	LISC	MDC
Job Training	•	•	•
Job Search and Employee Placement Assistance	•	•	•
Skills Advancement Training	•		
Career Improvement		•	
Education			•
Benefits and Work Supports			
Public Benefits Screening and Enrollment	•	•	•
Free Tax Preparation (Earned Income Tax Credit)	•	•	•
Low Cost Utility Assistance	•		
Credit Improvement Counseling and Services	•		
Financial Services			
Match Savings Programs (Individual Development Accounts/IDA)	•		•
Micro-Enterprise and Small Business	•	•	
1st Time Homebuyer Assistance/Affordable Housing	•	•	
Foreclosure Assistance	•		
Financial Counseling and Coaching		•	•
Micro-lending Programs		•	
Financial Literacy Workshops/Classes		•	•
Access to Free and Low-cost Financial Products and Services	•		•

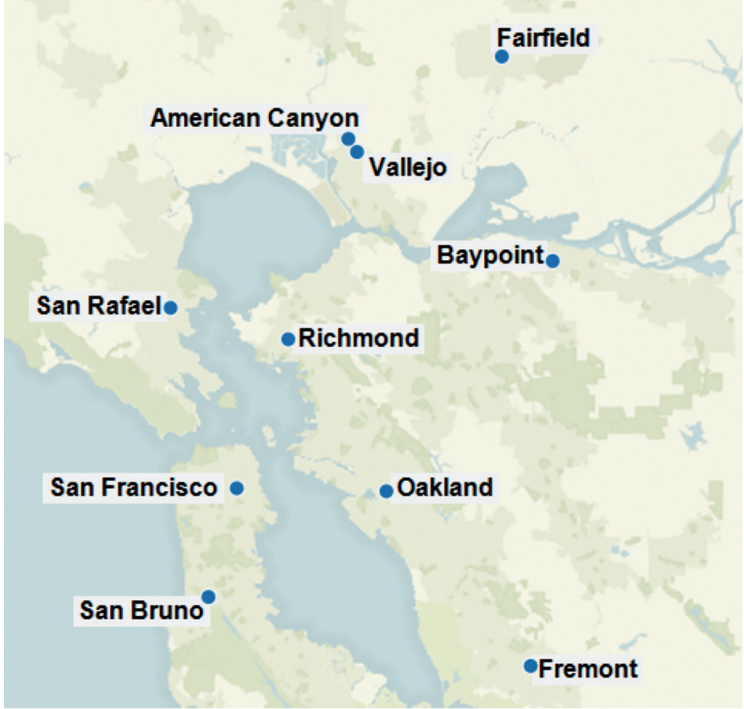


Local Communities Creating National Impact

The Center for Working Families Model has been expanded to over 90 sites and is active in more than 30 cities.



A closer look at West Coast cities

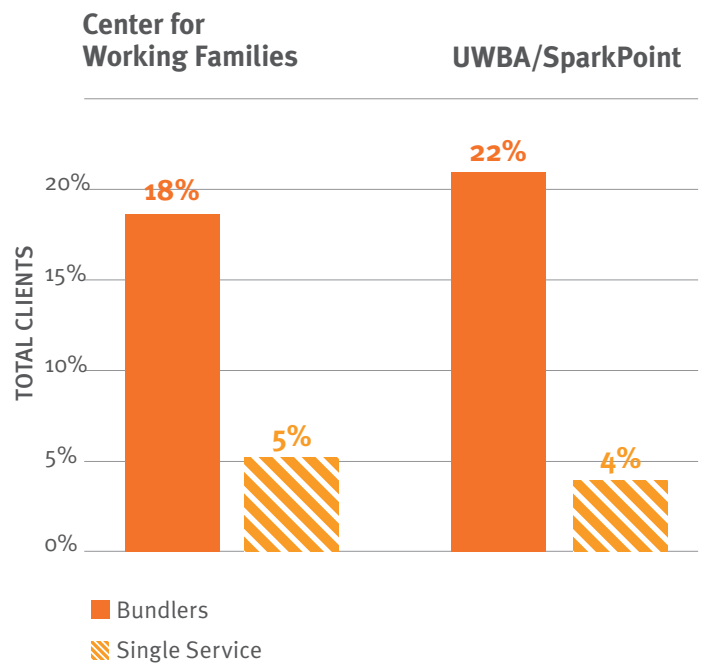




The Annie E. Casey Foundation engaged Abt Associates to conduct a national evaluation of Centers for Working Families. The evaluation focused on three sites (i.e., Central New Mexico Community College, The St. Louis MET Center, and Bon Secours of Maryland Foundation). Key findings include:

- “Bundling” made a significant difference on participant outcomes. Most CWF participants received bundled services: 56 percent at Bon Secours, 88 percent at CNM, and 67 percent at MET Center. In each of the three sites, the receipt of bundled services significantly improved the likelihood that a participant achieved a major economic outcome. **Those receiving bundled services were three to four times more likely to achieve a major economic outcome than those whose services were not bundled.**<sup>1</sup>
- **Receipt of high-intensity services made a significant difference on achievement of major economic outcomes.** “Bundlers” receiving these services were most likely to achieve a major economic outcome. **Those receiving high-intensity bundled services were five times more likely to achieve a major economic outcome than those whose services were low-intensity or were not bundled.** Examples of high-intensity services included multiple contacts with a participant for income/work supports services and financial one-on-one counseling; a financial literacy course that involved at least 20 hours of classroom time; and a job-readiness training that lasted at least 60 hours.
- Length of time in the CWF program influenced the likelihood of a participant receiving bundling at all three sites, indicating that **continued engagement with the CWF site is critical to participants’ gaining access to multiple services.**<sup>2</sup>

### Probability of Achieving a Major Economic Outcome



### On the Ground

United Way of the Bay Area (UWBA) SparkPoint Centers, LISC Financial Opportunity Centers, and MDC are seeing similarly positive outcomes for the sites they are operating and supporting. And while each of these sites is operated by different service providers and tailored to the needs of local communities and their unique populations, data shows that families are achieving economic success and building skills and assets to secure their futures.

<sup>1</sup>Burnett, K. St. George, A. Kaul, B. & Mills, G. (2009). Pathways to Success—An Interim Analysis of Services and Outcomes in Three Programs. The Annie E. Casey Foundation: Baltimore.  
<sup>2</sup>Ibid.

**SparkPoint Centers: Building Local Partnerships**

UWBA partners with local community organizations and social service agencies to operate 10 SparkPoint Centers in the San Francisco Bay Area. These Centers are family-friendly places where low-income adults can access a range of services to help them move out of poverty and achieve long-term economic success. Each Center brings together the most effective nonprofit and government partners to help clients build assets, increase income, and improve credit. SparkPoint clients work with a coach who helps create a step-by-step plan to set and achieve personal financial goals. Because change does not happen overnight, SparkPoint commits to working with clients for up to three years to achieve their financial goals. The Centers use a framework of personal empowerment to achieving economic success.

SparkPoint Centers provide these services in order to assist clients in achieving long-term financial goals. All Centers work with clients through the bundled services model to achieve economic success by building a credit score of 650 or higher, eliminating debt or achieving a debt to income ratio of 30% or less, having a livable income based on the Self-Sufficiency Standard for the local area, and maintaining three months of savings. Data from the SparkPoint Centers for fiscal year 11-12 shows that clients who bundle core services are overwhelmingly more successful in achieving economic milestones:



Benchmark Goals	% of Bundlers who Achieved Goal	% of Non-Bundlers who Achieved Goal
Increased income by at least 5%	40%	19%
Increased credit score by at least 5%	27%	21%
Reduced debt by at least 5%	12%	11%
Increased savings by at least 5%	36%	19%

SparkPoint clients who bundled services were more likely to achieve outcomes in employment, education, and financial literacy:



Outcome Achieved	% of Bundlers who Achieved Goal	% of Non-Bundlers who Achieved Goal
Improved Budgeting	74%	26%
Attained Degree or Certificate	79%	21%
Increased Job Skills	71%	29%
Obtained Benefits	59%	41%
Obtained Employment	69%	31%



Oakland, CA resident Jackie C. came to her local SparkPoint Center to get free tax filing help. Free tax help was just the first step for Jackie. Having worked for many years as a bookkeeper, Jackie was eager to improve her income. SparkPoint connected her to a subsidized 12-week green-diesel training program, which is offered through The Workforce Collaborative, one of the five partners that work together to serve clients at the SparkPoint Oakland Center. Jackie received training to secure her Class-A driver's license, which authorizes her to drive 18-wheel diesel trucks. She has done quite well in the program and received a certificate that makes her eligible to service and retrofit older, heavy diesel trucks with green- diesel filter systems. Further, Jackie will qualify to enroll in Alameda College's Diesel Mechanic Certificate program, where she can become qualified to make \$15 to \$20 per hour. "When I first came to SparkPoint, I just came to get my taxes done and to see if I could get help with my PG&E bill," said Jackie. "Before I knew it, I was enrolled in school, and now I'm driving a truck. It's awesome!"



### Financial Opportunity Centers: Increasing Scale, Increasing Impact

LISC launched its first Financial Opportunity Center (FOC) in 2004, and has built a national network of 65 centers. The Centers specialize in taking a holistic approach to people's employment and financial needs, linking job placement and career improvement with financial education and maximizing public benefits. The FOCs integrate work with established community organizations and public agencies to integrate financial counseling and employment support that specifically target the needs of low-income families. Local partners in the 25 communities across the country where the centers are operating include community development corporations, social service providers, workforce agencies, and local redevelopment programs. The local partnership ensures a keen understanding of community issues and particular populations. By serving as a national funding advocate and technical assistance provider, LISC provides the FOCs with the capacity-building support to become an integral part of a neighborhood's services infrastructure. This reinforces many of the other public and private community revitalization investments in the area. Last year alone, the LISC network of organizations helped more than 4,000 people obtain employment, and invested over \$10 million in local communities.



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Data from the LISC Financial Opportunity Centers for fiscal year 2011-12 indicates that clients in diverse communities across the country are seeing significant improvements in their economic outlook and reaping the financial rewards of their hard work:

Clients	Chicago FOCs	Indianapolis FOCs	Detroit FOCs
Increased net income through employment	64%	33%	44%
Moved negative to positive net income through FOC services	45%	52%	42%
Increased credit score	56%	54%	60%
Annualized dollar value of benefits client received	\$2,468,281	\$384,795	\$225,060

- 74% of the people who have been actively addressing and managing their budgets have shown improvements in their monthly cash flow/net income.
- 60% of people who are actively addressing their credit score have improved it.
- 44% of the individuals who have developed at least two balance sheets have an increase in net worth.
- 44% of the people who return more than once to the financial counselor have at least one major outcome.
- Clients receiving at least two out of three services are at least 3 times more likely to achieve a major outcome.

*LISC's most seasoned and extensive local network is in Chicago, where 12 Centers criss-cross the city and serve thousands of residents facing economic challenges. In recent years, Chicago-based Centers saw their number of clients more than double. They helped residents realize nearly \$12 million in tax refunds, \$1.4 million in income supports, and 900 new jobs in a market where new jobs were difficult to find.*

*The nonprofit Instituto del Progreso Latino is among the local providers operating on Chicago's southwest side for some 30 years. Its clients are people with low incomes, low education levels, and rates of unemployment as high as 15 percent. Instituto's Financial Opportunity Center has made a significant impact on the three communities it serves, as hundreds of clients have accessed financial coaching and more than one-third of its clients increased their net income, many through new jobs. The program is helping residents increase their credit scores so they can boost their chances of accessing high-quality affordable housing, widening their range of employment opportunities, and avoiding sky-high interest rates for loans and mortgages.*



### The Community College Network: Education Outside the Box

MDC, with support from The Annie E. Casey Foundation, manages a network of community colleges that are implementing the CWF strategies model. MDC provides technical assistance to the institutions; conducts both virtual and in-person joint learning events; and coordinates peer-learning among a diverse set of institutions. The colleges are utilizing the CWF model to integrate education and career training, income supports, and financial services for low-income students. These centers, located at 16 community colleges across the country, bring together access to a full range of essential economic supports in a convenient location to help families build self-sufficiency, stabilize their finances, and move ahead.

*Implementation of the Center for Working Families at Phillips Community College is closely aligned with the college’s Career Pathways program. Student Success coaches are there to help students access and use resources both at the college and in the community. Coaching helps students develop the soft skills that are requisite for developing and sustaining a career. Student Success coaches maintain an open-door policy with students, encouraging students to drop by outside of formal class time. This approach is essential for serving non-traditional students who likely are older, already have families, and may be working a job in addition to attending classes. The coaches also provide strategies and tools to help students become more efficient with balancing their coursework assignments with their responsibilities around child care and part-time employment. “We want students to succeed with their life goals,” said one administrator at PCCUA. “We want to help them decide what their own goals are. We realize there are multiple pathways. We just try to help them develop realistic expectations about what it takes to get there.”*

Data from the MDC network for fiscal year 11-12 shows significant retention and graduation rates for students enrolled in CWF services:

Outcomes Achieved	# of Students	% of Students
Students receiving at least 1 CWF service	8411	100%
Students receiving 2 out of 3 CWF services	5188	62%
Students receiving all 3 CWF services	2598	31%
Students receiving CWF services in the Fall semester who enrolled in the Spring semester	5769	69%



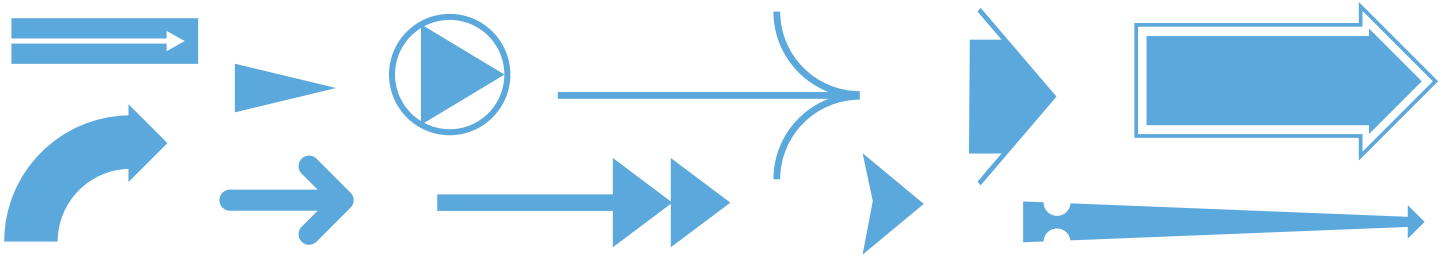


## United for Success

While each of the Center for Working Families sites – whether operated as a UWBA SparkPoint Center, LISC Financial Opportunity Center, or local Community College – offers a slightly different set of services tailored to the needs of the community and the families they serve, they are united in their approach to integrating and bundling services, and in their commitment to helping their clients achieve lasting economic success. Across the spectrum of client services, families are meeting key milestones on the ladder of self-sufficiency on their way to the middle class.

### Key Lessons from the Center for Working Families Model:

- Accessing multiple funding streams for high-impact services is critical to helping clients achieve significant financial stability outcomes, particularly services like budgeting, credit and debt counseling, employment training and placement, tax preparation, and savings counseling.
- Workforce development and financial counseling services are mutually reinforcing and work best when delivered in tandem. As individuals improve wages, reduce expenses, and build credit, the net value of their earnings rise, increasing their incentive to earn more and save more.
- The utilization of a data tracking system helps financial coaches and case managers more easily perform their role, helps program managers improve performance, and allows funders to track results.
- Changing the focus of organizations from short-term services to longer term results, including more complex measures of financial stability, has spurred innovation which has led to more client achievement.
- Colleges have greater success when they bundle financial services with other related services (e.g., offering financial education to financial aid applicants).
- Some CWF colleges are leveraging federal dollars to support CWF-related activities, chiefly through making strategic use of complementary programs that already exist at their institutions.
- Many colleges are able to integrate CWF services into the college mainstream and their ongoing budgets. Colleges are also taking on a new role by providing public benefits eligibility screening and application to their students, increasing their financial assistance overall.
- When working with multiple partners, it is critical to have buy-in from everyone prior to implementation. Shared goals are essential in focusing the work and creating a culture of learning, transparency, and accountability.
- Integrated service delivery (the bundling approach) and coaching, coupled with client engagement for up to three years, is critical to the success of clients.
- Building capacity makes CWF Centers more effective. This includes providing technical assistance and resources, establishing and setting goals and measurements of success, and incorporating best practices from other CWF sites nationally.



### What's Next?

Significant progress has been made in the growth of the CWF model, and impressive outcomes have been achieved for individuals and families enrolled in local Centers. There is real interest on the part of policymakers, community organizations, and philanthropy in expanding the scale and impact even further. Reaching more families and encouraging more local organizations and agencies to adopt this model will necessitate removing structural impediments and working creatively to support the programmatic and systems change needed to increase economic opportunity for lower-income individuals and families to move into the middle class.

### Conclusion

The Center for Working Families model developed by The Annie E. Casey Foundation, and currently being implemented by UWBA, LISC, and MDC at sites across the country, is building momentum and creating change in the economic lives of families and the communities in which they live. These organizations and their partners at the local, state and federal levels are continuing to draw lessons from the centers and creating new opportunities for growth and impact. The future success of the CWF model will be based on increasing the scale, accessibility, and ease with which local organizations and agencies are able to implement this model, and whether it becomes standard operating procedure for all those dedicated to improving the economic potential of low-income families and communities.

