Implementing Financial Coaching in Workforce Centers: Lessons for State and Local Practitioners

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Introduction

Financial coaching is an increasingly popular approach to support the progress of people from financial insecurity toward stability. In response, several initiatives have been carried out across the country to help low-income individuals and families strengthen their personal finances and credit, get jobs and employable skills, and improve their overall economic situation through a variety of workforce training and coaching approaches.[i] A 2016 survey by the University of Wisconsin reached 453 organizations that were serving over 18,000 clients a month—a demonstration of how popular financial coaching has become.[ii]

Despite this, there is still not a lot known about the impact of financial coaching within workforce settings. The Virginia Financial Success Network (VFSN) was the first attempt to implement a financial coaching model to scale in workforce centers. Through a rigorous study of the VFSN over its duration, much was learned about how this can be done. Other efforts in recent years have also added to the understanding of what it takes to deliver financial coaching.

Virginia Financial Success Network
BUILDING CAREERS. GROWING CREDIT. DECREASING DEBT

The Virginia Financial Success Network (VFSN), a project adapted from the Working Families Success Network concept developed by the Annie E. Casey Foundation, was implemented in eight Local Workforce Investment Areas (LWIAs) in Virginia, each with multiple job centers serving customers. The VFSN expanded income supports and added financial coaching to the usual employment and training services provided to Workforce Innovation and Opportunity Act (WIOA) participants. The VFSN served participants between October 2015 and June 2019 under a grant from the U.S. Department of Labor Workforce Innovation Fund. Public Policy Associates, Inc. conducted the evaluation of the program.

Program Design

Financial coaching focuses on understanding a client's current financial circumstances and mindset around money and spending, setting short- and long-term goals, and teaching skills based on client needs for behavioral change. Issues with debt, lack of emergency reserves, and limited experience with budgeting are common among low-income customers of the workforce system, community colleges, and community-based programs. Design considerations for programs in workforce development settings include:

- ***Research.*** The available research about existing approaches and talking to others who have implemented the programs can help in selecting the best model for a given situation. Before applying a model, overlay its elements and processes with the new context and determine what adaptions might be required. For instance, the average service timeline and points of interaction at workforce centers differ from that of community colleges.
- ***Demand***. Using available data about the local economy, job center traffic volume, and customer demographics helps in estimating how many clients may access services. Participation has led to some positive results,[iii] though many potential program participants decline to enroll in and/or use available coaching services.[iv] A rough guideline is that 40%-50% of clients will voluntarily enroll in financial coaching, and about the same portion will actually engage.[v]
- ***Participant Perspective***. Identifying those resources, incentives, messaging, and other program approaches that will resonate best with participants can be done through client focus groups and program pilots prior to final decisions about these details.
- ***Staff Perspective***. As with participants, involving staff in the process of design can contribute to identifying potential challenges, surface concerns about increased workloads, and pinpoint other information that could guide the program implementation approach.
- ***Partner Perspective***. Financial coaching with workforce customers often includes discussions about public benefits and services offered through partner organizations. Talking early with partners about how the model will connect with existing programs and community resources could help avoid issues later with referrals and other needed support. Many potential partners for financial coaching programs are mandated partners under the Workforce Innovation and Opportunity Act (WIOA), but financial institutions are also important assets.
- ***Policy***. Policy at the local, state, or federal levels may intersect with the financial coaching model. With the VFSN, a training spending requirement and local differences in policies around supportive services had influences on staffing capacity, decision-making, and customer experience. Agencies should identify

where existing policies may influence the program's design and operation. In addition, new policies could be necessary to promote cohesion and clarity.

- ***Tools and Resources***. Online and print materials from national, state, and local organizations, such as worksheet-type handouts and prompts, are prevalent. Gaps in resources or a need to make materials more culturally relevant could require partnerships or in-house development.
- ***Protocols***. The initial introduction to the service and basic data collection might be done through a form, a group presentation, or a one-on-one conversation, or more likely, some combination of all of these. Exits might occur at several points. Determining the details of how and when program steps occur will avoid confusion later.
- ***Data Tracking***. Financial coaching and its outcomes are not WIOA Adult and Dislocated Worker performance measures, so program implementers will need to establish their own indicators of success and process for gathering supporting data. Additional modules or other alterations to existing data systems are likely necessary for a financial coaching program. This involves investment in creating new fields and queries, testing functionality, and documenting data entry requirements for field staff and supervisors.

Staff Preparation

As the implementers of programming, staff enthusiasm for and support of any financial coaching is critical to a strong program start. The coach is central to delivery, of course, but front-desk personnel, eligibility specialists, case managers, and supervisors all potentially have important roles to play connecting customers to services and supporting success, if like the VFSN program, financial coaching is bundled with standard education and employment services.

- ***Coach Qualifications and Training.*** Financial coaching requires both knowledge of financial issues and strong human interaction skills. Coaches will most likely require training to ensure they are prepared to discuss with clients a diverse set of financial issues, such as bankruptcy, entrepreneurship, public benefits, and medical bills, in addition to having an understanding the effects of poverty, privacy protections, and holding discussions with clients about sensitive topics.
- ***Other Staff Training.*** All staff who work directly with customers or will otherwise have some connection to the program can benefit from training about the program. Showing how the program will operate for customers and its potential benefits to clients can help to build buy-in. Training on documentation requirements and processes, what each staff role will contribute, where to direct questions, and how

staff will be recognized for supporting the program are important preparatory steps. A plan should also be made early for orienting new staff when turnover occurs.

Recruitment and Enrollment

For the Virginia LWIAs participating in the VFSN, recruitment and enrollment was a challenging process. The demand was much lower than they had expected and it took trial and error to work out how to best reach potential participants and establish a smooth enrollment process involving multiple staff. From a staff point of view, the opportunity offered by the program was obvious, but over a one-year period, just 38% of eligible customers opted in. This is consistent with other similar financial coaching programs. Key lessons on financial coaching recruitment and enrollment include:

- ***Outreach.*** Multiple, repeated steps to reach customers and offer the program may be necessary. Tables at job fairs, personalized letters, flyers, videos, and so on, in additional to in-person presentations and discussions, were used in the VFSN to try to bring people into the program. Word of mouth among customers and the sharing of success stories by staff was also effective.
- ***Expectations.*** Being clear about what is expected of participants and the scope of services ensures clients are well-informed before deciding to participate and positioned to follow-through after enrollment. Sharing of confidential financial information is often also a major consideration for customers, so data security and use should be discussed and explained in program-overview materials.
- ***Participant Motivation.*** The reasons for non-enrollment (and later non-participation) have a lot to do with individual motivation to change one's financial circumstances. Stage-based change models and other motivational research may provide guidance in workforce customers' readiness to change financial behaviors while pursuing employment.[vi] For instance, measuring an individual's motivational stage could be a valuable step prior to enrollment in financial coaching.

  The reluctance to enroll in financial coaching may also be grounded in scarcity[vii] and poverty mindsets,[viii] which theorize that people tend to focus on filling their most pressing needs first. Financial coaching and budgeting services may not be seen as priorities for those who are out of work. Urgent needs can also cloud decision-making.[ix] Customers in the VFSN showed the most appreciation for the supportive services that the program provided and many did not see the relevance of a budget when they had little to no wage income.
- ***Integration.*** Inserting additional questions on intake forms and discussing the program when reviewing what brought customers to the workforce center embed the program opportunity as part of the regular flow of the center's operations,

helping to establish it more firmly as a regular service for customers and staff. Connecting topics across services could also help, such as marrying discussions about career paths, earning potential, and individual financial goals.

- ***Follow-Up.*** Customers may not opt into financial coaching immediately, necessitating follow-up contacts by staff. Rarely are customers likely to revisit the service without prompting by staff. In addition, tracking the number of WIOA participants who were offered the opportunity to participate provides a means of monitoring activity and determining uptake.

Program Engagement and Delivery

Adult and Dislocated Workers can face numerous challenges as they seek to upgrade their skills and secure employment. As with engagement in WIOA services, transportation, family demands, time, and other factors were realities for VFSN participants. The VFSN offered these insights into what was required to promote strong engagement:

- The importance of hiring and training (both for financial services and people skills) for the coaching positions cannot be underestimated. Successful enrollment in and higher levels of satisfaction with the VFSN were associated, in part, with personable, knowledgeable coaches.
- Given the sensitive nature of financial discussions, coaching programs should intentionally plan to establish trust between participant and coach early. In the VFSN, this occurred best through in-person introductions; using the initial meeting to get to know the individual and identify personal goals; calls, e-mails, and text communication between meetings; and providing quality information and resources to help the individual make progress.
- Customizing the coaching to the participant's goals and current financial situation resonated with customers' desire to make progress on issues of concern to them.
- Flexible and variable meeting options (e.g., telephone, after-hours appointments, off-site locations) increase accessibility to the coaching services.
- Supports like gas cards and bus passes to get to coaching appointments address a common issue for low-income participants: transportation.
- Set short- and medium-term milestones with customers and celebrate when these are reached. Such milestones should reflect customer action and progress toward larger goals: creating a budget, clearing an error on a credit report, opening a bank account and making deposits, paying down a credit card, etc.

- Collaboration among coaches and other staff around shared customers leverages communication and integrated case management opportunities. Ideally, staff are co-located to promote regular contact and the opportunity to schedule back-to-back meetings with customers.
- Agencies should build in regular monitoring and troubleshooting of program engagement with staff. Customers may also have ideas for how to remove barriers to participation.
- Experiencing financial distress can be an isolating experience. Program planners and staff should consider program designs that offer prospective participants a choice of individual or group sessions conducted in community or organizational settings,[x] acknowledging that not everyone will be induced to participate in the same ways. The potential for peer-to-peer support can be very powerful, and many of the behaviorally informed practices for effective financial capability interventions work well when delivered in group as well as individual sessions.[xi]

Conclusion

Workforce professionals should consider a range of strategies when designing financial coaching programs and developing implementation plans. Doing so can contribute to improved program designs and implementation efforts that are more reflective of the needs of the targeted populations and sensitive to the issues that challenge local communities. Financial coaching has the potential to complement other workforce services, but must be brought into existing processes thoughtfully.

The goal of financial coaching in workforce settings is not just to increase participants' financial well-being but also to improve their long-term self-efficacy—that is, the ability to bring more stability to their lives. Focusing on what prospective participants need and when, and tailoring how services are delivered, position future coaching programs in workforce settings be as successful as possible.

End Notes

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[iii] Ibid.

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[v] Colleen Graber, David McConnell, Nathan Burroughs, Daniel Quinn, and Zachary Shapiro, *The Virginia Financial Success Network: Final Evaluation Report* (Lansing, MI: Public Policy Associates, Inc., September 2019) and Brett Theodos et al, *An Evaluation of the Impacts and Implementation of Financial Coaching Programs* (Washington, D.C.: Urban Institute, October 2015), 93 and 148.

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[viii] Eldar Shafir, "Decisions in Poverty Contexts," *Current Opinion in Psychology* 18 (2017): 131-136.

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