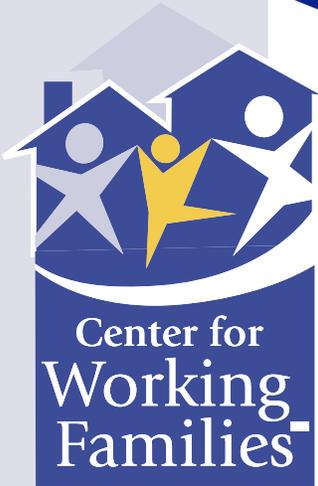


A How-To Guide

Written by Ann Woodward



What Are They and How Do They Work?

The Center for Working Families® (CWF) is a new framework for neighborhood service delivery designed to help low-income families increase their earnings and income, reduce their financial transaction costs, and generate new wealth for themselves and their communities. Simply stated, CWF is about moving people to work and to wealth. The CWF provides a point of entry to a broad range of employment services, income supports, and financial and asset building services. The CWF seeks to fill vocational, educational and financial service gaps, and in doing so, help families to earn more, keep more of what they earn, begin to build savings and assets, and move up the economic ladder.

The CWF concept was developed by The Annie E. Casey Foundation and has been prototyped in communities across the United States. It is aligned with the Foundation's framework for Family Economic Success (FES) – that families should be able to meet their basic needs and participate in some level of planning for the future – with its simple theme of “Earn It, Keep It, Grow It.” The CWF is built around a trusted neighborhood service provider – often but not always a workforce development program – and it expands families' vision of what is possible, and encourages the practice of financial planning, budgeting and careful choices.

It takes a “stretch” for a typical local program to become a CWF. While some community-based organizations or institutions such as community colleges may be able to take on the effort as a single entity, the Casey Foundation has found significant added value in working with intermediary organizations that provide program guidance, infrastructure, training and technical assistance to a network of providers. These intermediaries play a critical role in establishing and maintaining quality standards of service, holding programs accountable for results, opening doors for advocacy for local systems change, and searching for local funding. The goal of achieving scale – meant here as the ability to reach a significant number of residents in a targeted community or city – is facilitated by networks of community-based organizations (CBOs) supported by an intermediary, or through institutions with a citywide or regional reach.

Key assumptions

The concept of a Center for Working Families® assumes that many community residents have dreams of financial well-being but do not have access to supports and services to help them achieve their aspirations. They may need job training, skill enhancement, or job placement, or they may be working but not making ends meet. A job—or a better job—is critical to their ability to reach self sufficiency or financial stability.

Sample services at the Center for Working Families®

Employment Services:

- Skills assessment
- Job training
- Job search
- Job placement
- Retention supports

Income and Work Supports

- Benefit screening
- Assistance with benefit applications and submission
- Provide or refer to tax assistance and EITC

Financial Services

- Financial education
 - How to create a budget
 - How to understand and improve credit
- Computerized self-tracking system to monitor
 - Ability to manage spending
 - Changes in credit score over time
 - Participation in savings programs
- Access to well priced financial products
 - Flexible checking accounts or alternative check cashing services
 - Low cost loans for those without a credit card
 - Savings accounts
 - First time homebuyer financing

A burden of debt – whether it is through child support, school loans, or medical bills – can make people wonder if work pays. Feeling overwhelmed, and seeing no way out, they may continue behaviors that exacerbate earlier poor financial choices, such as “turning over” payday loans until the balance due is insurmountable.

A typical customer also experiences environmental barriers to well-priced goods and services. Many lower income communities have lost the bank branches that once were a steady presence. Now, living paycheck to paycheck, workers who are faced with an unexpected car repair bill may have nowhere to turn but to a payday loan provider. With poor credit rating, customers also may have no alternative to predatory rates when they seek furniture, car or home loans.

A positive assumption is that in lower income communities there usually is a trusted provider for social and/or financial services that is also a source of community connections. This organization can provide a platform for the development of a Center for Working Families®.

The CWF provides a main point of entry and access to “bundled” services that can support the economic realities and aspirations of its customers and their families.

Core elements

The Center for Working Families® is designed to be a family-friendly venue that provides bundled services leading to increased economic well being.

There are three core service elements in the CWF framework:

- Workforce and career services to produce quality jobs with benefits.
- Work supports and access to publicly available resources such as cash benefits, child care subsidies for low-wage earners, the Earned Income Tax Credit, and more.
- Financial services and products geared to community and individual needs.

Customers may arrive seeking any of the above. The customer may have an immediate financial need, for instance, needing a job to pay the rent; or a longer term goal, such as wanting to buy a home; or both; or a combination of short- and long-term financial goals.

The CWF is expected to provide all families with access to the three core components, with the anticipation that families will use all the services as needed—over a period of time. Many CWFs offer a wider range of services; for example, the CWF at the Central New Mexico Community College in

Albuquerque serves a student population whose priorities include access to financial aid and the ability to repay student loans, and is focused on increasing students' educational and skill levels.

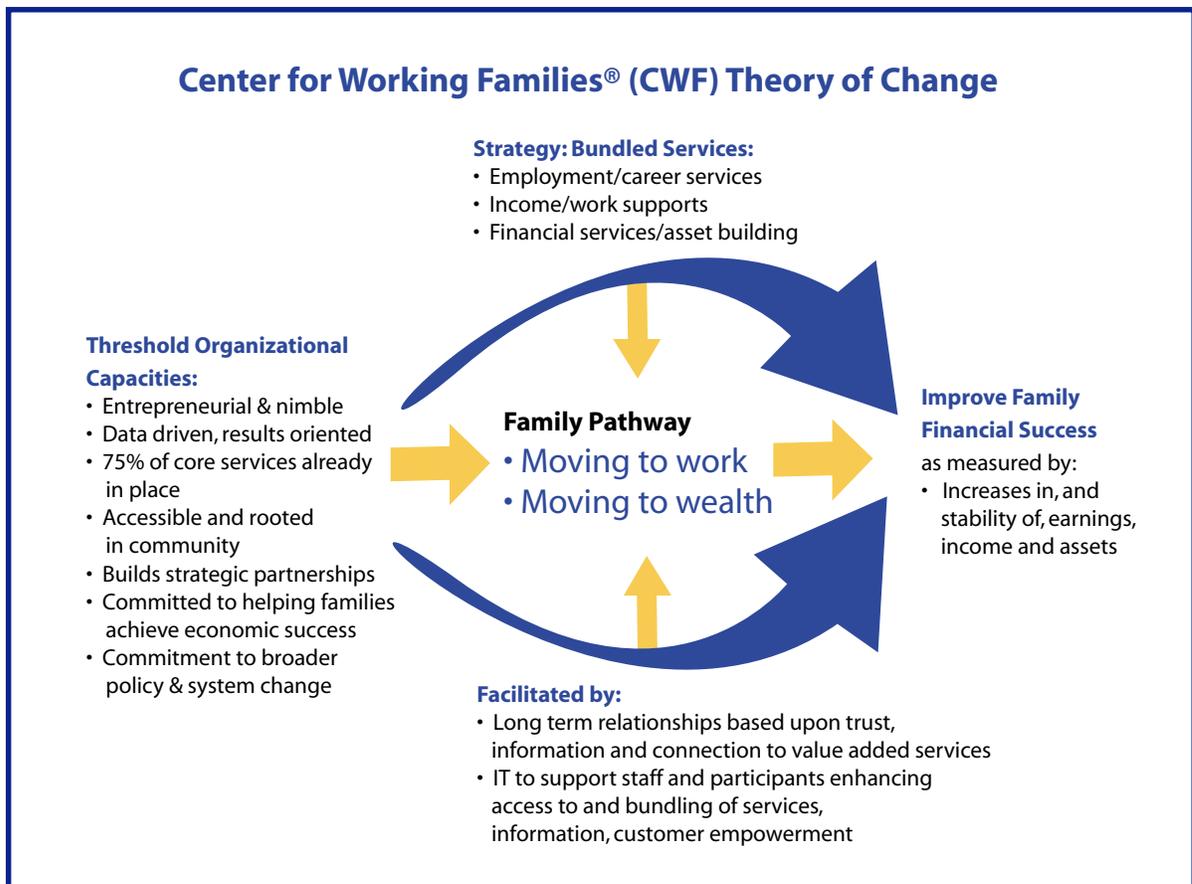
The attraction of the CWF framework is that its mix of services and supports align with the vision and motivation of a customer who is “moving up.” It makes visible each of the next steps on the journey to economic well-being.

The diagram below summarizes the CWF theory of change, with its centerpiece being moving families to work and to wealth.

Assessing a community's potential for a CWF

What does it take to launch a successful Center for Working Families®? Prospective sponsors should assess the prospects for success in a targeted community:

- Is there a **platform** – a viable, respected provider deeply rooted in the community? For example, is there already a successful workforce development organization to which community members turn for employment



services? Is there a community organization that is embedded in the neighborhood that is already the “go to” place for low-income families and is committed to helping families move toward economic success? If so, is that organization open to shifting or expanding its approach, developing new skills or partnerships to deliver the other CWF components?

- Is there an **entrepreneur** who understands the concept and is able to lead an organization or partnership toward a new way of providing services, using and managing data, and engaging families over time?
- Are there likely **partners**? If a workforce provider wants to expand its services to include alternative financial services, is there a potential financial services partner? Since the CWF model, with its focus on financial education and financial products, represents a hybrid of traditional non-profit and for-profit systems, most CWFs have found strong local partners whose expertise complements their own work. For instance, Our Money Place in Baltimore is a partnership of the Bon Secours Foundation, Goodwill Industries, and the SSA Credit Union.
- Is there an **intermediary** with the ability to open doors to funders and policy makers, provide technical assistance, and help take the project to scale? Many of the most successful CWFs operate under the umbrella of an intermediary organization. This arrangement offers a variety of benefits such as: startup funding, training and technical assistance in the CWF model, expertise in technology and standard procedures that increase efficiency; and advocacy with public agencies, funders and private sector partners.

The scale and scope of the network served by an intermediary can attract a financial partner who seeks a broad base of customers for its services and products, and prefers to negotiate terms with a single entity on behalf of its members. This aspect of CWFs mirrors private sector examples such as purchasing cooperatives that reach economies of scale unavailable to small businesses, and that provide additional business development supports in marketing, new product development or facility design.

- Are local **funders** interested in CWF goals? Even if funding for existing activities is guaranteed, there are significant costs to starting up a new initiative in staffing, training and technology investments, as well as the operational and facilities costs of providing more customers with more services. It is essential to identify one or more funders who will commit to the startup and implementation phases of the CWF, and who share with the sponsor a commitment to CWF results.

Early implementation experience suggests that bundling several types of FES services and engaging customers over time is much more challenging than providing services in any one strand. And, it requires a different way of doing business. It is critical that

potential implementing organizations have the following capacities:

- Entrepreneurial, able to take measured risks, innovate and adapt, based upon experience
- Data-driven, with an emphasis on learning and continuous improvement
- Seventy-five percent of core services already in place, or available through partner organizations, so that the CWF can focus on bundling them for families
- Rooted in community and seen as credible and trusted partner and service provider
- Willing and able to provide sustained personal connections for clients through engaged and trusted staff who can “coach” their clients
- Organizational commitment to helping families move toward economic success and wealth
- Commitment to broader policy and systems change on behalf of low-wage workers

Getting Up and Running

If your feasibility assessment is positive, the next step is to engage in community-specific planning and engagement strategies.

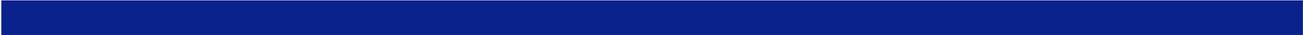
Community assessment and planning

How will the potential CWF be perceived and utilized by its community? Local planning efforts typically include **interviews or focus groups** to inform the community about the idea of a CWF, and to provide feedback on what services are considered desirable. This effort produces invaluable information about the customers likely to use the CWF, the services and products most needed, and it builds buy-in from community members.

Research also should provide information about how these potential customers currently get and use their money. What is the **earned income profile** of the neighborhood? Due to their density, many lower income communities have greater buying power than is first apparent from statistics on unemployment or average household income.

An objective review of **available banking and alternative financial services** in the neighborhood, including check cashers or payday loan providers, is essential. It is important to pay attention if customers place a higher value on the convenience, friendliness or spoken language of the local check casher than on the services local banks are offering in the neighborhood. By implication, the local banking services will need to change if customers are to be drawn to mainstream banking.

An assessment of the local **policy environment** will reveal further opportunities and challenges. Maryland regulates check cashers, but few other states have taken this step.



Fifteen states and the District of Columbia offer a state earned income credit that can be marketed to community residents.

Competency and capacity assessment

What will it take to expand the services of a community program to cover the three core elements of the CWF? Successful **partnerships** lend expertise and efficiency when they are based on the identification and establishment of common values, common language, and long-term commitment to the community.

Because the CWF has goals and objectives different from most existing programs, implementing organizations will need **systems** technology, support and monitoring to track program enrollment, services received, and advancement towards goals.

Tools

Implementing organizations will want to utilize tools such as:

- **Memoranda of understanding** between partners that specify roles and relationships, define deliverables, codify any financial expectations and establish ground rules for communications and resolution of disagreements.
- **Benefits screening tools** currently in use by CWFs. These include the Real Benefits tool developed and supported by Community Catalyst (used by Chicago CWFs) and the EarnBenefits tool developed and supported by Seedco (used in NYC, Atlanta and Baltimore CWFs).
- **Data collection and reporting tools** currently in use by CWFs. These include that of Project MATCH (Chang) and Efforts to Outcomes (ETO) developed and supported by Social Solutions. Both are designed to support site management and to collect and report on client outcomes.
- **A Family Budgeting Tool**, being designed in partnership with One Economy. This tool uses the Beehive as an interactive space, where CWF participants can keep track of their income, expenses, assets, and debts.
- All CWFs also gather initial information through **assessment tools** that measure real life financial behaviors such as paying rent and utility bills on time, and maintaining a checking account.

How funders support the “getting started” phase

While the Casey Foundation has invested in developing the approach and providing site support to a core group of organizations willing to pioneer development of CWFs, local public and private funders are key to growing these early initiatives. Because Casey’s goal is to provide less philanthropic support over time, CWFs are expected to begin exploring options for fee-for-service, government contracts or other avenues of support to build their sustainability.

In one example, Centers for Working Families® were launched in Chicago by an intermediary – the Local Initiatives Support Corporation (LISC/Chicago) – as part of its

New Communities Program (NCP), a comprehensive neighborhood development initiative supported by multiple philanthropic partners. The MacArthur Foundation plays the lead funding role, for the New Community Program, and the Casey Foundation applies its grant dollars to support CWF as one key strategy of the NCP initiative.

Typical start-up costs for a CWF intermediary (supporting multiple organizations) might include:

- \$5,000 to \$10,000 for IT training costs related to new client tracking systems
- \$10,000 to \$25,000 coaching training for front-line workers (across multiple organizations)
- \$200,000 for a community-wide, web-based public benefits access tool
- \$50,000 per organization to add new staff support in areas such as financial or employment counseling or to connect existing core services
- \$75,000 to \$100,000 for existing intermediary to support a network of CBOs (data collection and analysis, peer learning, creating partnerships with financial institutions, fund-raising).

The Casey Foundation provides additional support by developing new tools and innovations related to CWF, holding an Efforts to Outcomes database license (so that the sites only pay user fees and initial training); bringing intermediaries and program implementers together to learn from one another, and maintaining the focus on reaching measurable results for participants.

Building CWF capacity

Building the capacity of a new CWF requires a combination of testing out new approaches, training, systems development, technical support and network-building to support best practices.

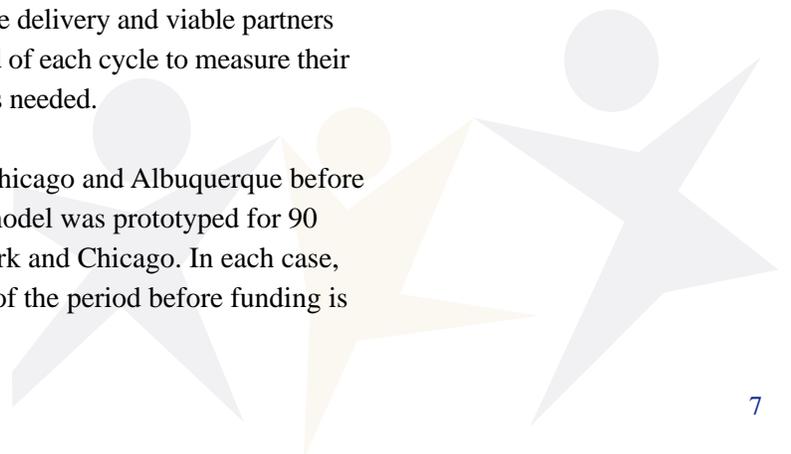
Prototyping

When the Casey Foundation decided to initiate the CWF concept, it chose to use a prototyping approach to test out new design features. Prototyping is a disciplined strategy that assumes much can be learned in a fairly short time period if one starts small, tests ideas, sees what works and then grows. The CWF in Atlanta began operating in three six-month cycles in which service delivery and viable partners were tested. The leadership team stopped at the end of each cycle to measure their results against expectations and realign the effort as needed.

An online budgeting tool is being prototyped in Chicago and Albuquerque before making it available more broadly. The coaching model was prototyped for 90 days in Baltimore before being piloted in New York and Chicago. In each case, the Foundation requires an assessment at the end of the period before funding is extended for fuller implementation.

“So many families judge themselves by the money they have. They may be afraid to reveal the truth of their financial lives. My work is to support a healthy, positive attitude so they can take advantage of the opportunities that are available right now. I tell them bad credit is better than no credit, because at one time it was good credit and it can be again. Different people have different amounts of money, but we all get the same amount of time to do something with what we have.”

O.S. Owen, director of Financial Programs, Center for Economic Progress.



Staff training

Introducing the CWF Design

The framework for the CWF design - that there is synergy between peoples' need for income through work and their need for economic well-being through gaining and holding assets - is intuitively clear. One useful model for peoples' financial lives is that we progress from being spenders to borrowers to savers to investors; and that for each stage there are appropriate services and products that should be readily available. By adding financial education and financial services to employment services and income supports, CWFs begin to address customers' need for income and to ensure their income exceeds their expenses.

Cross training

Front-line staff is usually trained to deliver specific services to meet employer and public funder specifications, for instance, to place clients in jobs in specific wage brackets. The CWF model asks staff to make a conceptual shift, to view the organization's work as not just about job placement, but rather about economic well being. This requires training about service expectations, client follow-up and tracking of results. Frequently it also requires additional staff capacity to deliver new services. Cross-training and some version of case conferencing are needed to create a climate of support and ensure the customer receives full advantage of the available services.

Motivational coaching

Motivational coaching is based on the assumption that individuals have strengths that can be supported and encouraged and for many working families this may be a more appropriate relationship than the traditional case management delivered by social service agencies. While a case manager might tell a client what she needs to do and when it must be done, a coach elicits what a person wants, what she believes she needs to do, asks her how she will do it, and who she'll need to involve in making change occur. Early coaching experience suggests that it may be a more effective approach to uncovering and changing financial behaviors than teaching or case managing. Equally important, it relieves the staff of needing to "know better" than the customer. It holds the promise that by placing more responsibility for progress on the customer, staff can better balance workload demands.

Developing Systems

CWFs have introduced participant tracking databases that are generally much more detailed and sophisticated than the systems run by most community providers. Defining fields for reporting and training staff to enter data consistently and promptly; learning report writing; troubleshooting the inevitable glitches and making sense of initial reports require considerable effort in the early stages. Local partners must jointly agree to the point at which a customer is considered "enrolled" in the CWF and who will take responsibility for tracking customers. While single point-of-access or multi-door access can be successful, effective implementation depends on agreeing about roles and responsibilities related to following customer progress.

Measuring individual results

Longitudinal tracking of participant results is essential to ensure that the CWF's services are achieving the desired results. These include:

- Obtaining employment and steady employment
- Attaining a vocational credential or AA degree
- Receiving additional public benefits
- Improving credit rating
- Opening savings or checking accounts
- Reducing debt
- Contributing to savings every month
- Buying a car
- Buying a home
- Saving for retirement or children's education

Designing the program for community impact and sustainability

The mix of services, and the intensity of those services, largely determine the number of participants who can be served and the ability to take the work to scale. Two illustrations follow:

Delivery of group and/or individual financial education and services

A classroom setting is appropriate for teaching basic budgeting or an introduction to credit reports, but is not suitable for one-on-one financial counseling. This type of service requires a private setting and a counselor/consultant with a depth and breadth of practical knowledge that can be applied immediately to a customer's financial situation. The number of individuals who can be served by a financial counselor will be smaller, although the time taken for the service will be greater, as may be the impact on the individual customer. Providing one or the other—or both—of these approaches will require different resources and staffing. These types of decisions are critical in predicting costs and realistic outcomes for each type of service, and they play a major role in determining what it means to “go to scale.”

The decision to reach out to a broader economic spectrum of customers

An organization that previously has served the community's lowest income residents will now need to meet the expectations of a broader economic spectrum of customers. At the most basic level, their services will need to be available evenings and weekends to accommodate working people with “day jobs.” These employed customers will expect high quality services that fit the needs of working families.

Services needed by working people may include career advancement, with access to educational and skill enhancement, advice on employment benefits such as pre-tax savings accounts or free tax preparation, and information on the earned income tax credit. Money management issues may shift from controlling spending towards building assets, such as creating a savings plan for the purchase of a home. As income goes up, so should expectations that one must pay for quality services. Serving this market builds in the

Three examples in Chicago:

- The North Side Community Federal Credit Union has created an alternative low-cost payday loan product.
- LaSalle Bank created a low-cost loan product specifically for CWF participants.
- CWF customers from the Near West Side CDC can access starter accounts from MidAmerica Bank with lower minimum balance requirements, more flexible checking and more lenient overdraft rules.

potential for fee-for-service work that can begin to subsidize this and other aspects of the CWF.

Some CWFs have prioritized being able to offer these services—for a modest fee—to their own employees, in part to break down stereotypes about who can be helped by financial education and well-priced financial services.

Partnering to provide expertise and the right service mix

Credit unions and commercial banks are partnering with CWFs to provide alternative financial products to the CWFs' targeted population. For example: The SSA Credit Union in Baltimore is a key partner for the Bon Secours Foundation's CWF. The credit union needed to expand its charter by serving a low-income population and was willing to collaborate. The storefront location of Our Money Place provided the opportunity to locate the only ATM within four miles. By placing an alternative (low-cost, "friendly") check cashing service in the storefront without (expensive) depository services, the Credit Union reached positive cash flow, provided essential financial services where none were available, and agreed to proactively market the employment services of Bon Secours' employment services partner, Goodwill Industries.

How long does it take for a CWF to be fully operational?

If a CWF is built upon an ongoing employment services program with existing services related to public benefits access and if it can add financial counseling through a relationship with experienced debt counselors, it can be operating in six to nine months. The assistance of an intermediary organization can also speed up the start-up. It may take several years to get the service mix right, to work through partner relationships to determine what works best for all parties, and to scale up the effort.

Lessons Learned - Opportunities and Challenges

The inherent appeal of the CWF concept is that it addresses the reality that for many low-income workers, there's "more month than money." The CWF can focus on both the income and expense side of economic well-being and deal with the personal and environmental factors that keep people poor. Community organizations that take up the work of a CWF, have found the addition of financial services to be powerful in engaging customers and achieving measurable outcomes.

CWFs are diverse, each reflecting the existing community organizations on which they are built. Since each site is unique, a CWF represents less a model



and more a powerful set of ideas and approaches. Its work, however, is framed by a uniform set of expectations and reporting requirements that result in measurable outcomes. This encourages innovation. For example, one Chicago CWF is using the customer's credit score and report to help the participant through the job placement process. (Employers increasingly pull applicant credit scores as a proxy for assessing character.) Working together on understanding a credit report can be a fast and effective engagement tool for staff or coaches to use with customers.

Early evidence points to positive results. Most sites met or exceeded their 2005 enrollment goals. Approximately 3,000 individuals are currently participating in CWFs. For the most part, CWFs have been successful in enrolling the types of individuals targeted: just over half were employed at least part time, more than 50 percent had educational levels that were below an AA degree; and more than half had children. Measurable results included job placement and retention, receipt of additional public benefits, new savings accounts, contributions to savings and retirement accounts, and car purchases.

Certainly there are challenges in CWF implementation.

CWF leadership and staff must buy in to the concept of a broader framework of working towards financial well being. They must develop the skills and willingness to “meet people where they are” in their financial lives, and they must embrace change, learn new technology and solve problems that come along with establishing and maintaining partnerships.

Partnerships across the nonprofit and private sectors can be especially challenging, and require commitments from those at the top of the organizations involved. Community-based organizations are almost uniformly uncomfortable with charging fees, while their financial partners are fee-driven. Rather than engage in cultural warfare, a common understanding must be developed about what creates sustainability for each partner so that a viable long-term relationship can be maintained. Engagement must include the definition of shared community values, and a suspension of stereotyping and judgment about the nature of contributions each partner brings to the effort.

Data is critical to implementing CWF on several levels and can present some challenges. Data systems must be flexible enough so that information can be shared across services, staff, and partner organizations while protecting privacy. Data collection requirements should find the right balance between sometimes conflicting goals such as simplicity and comprehensiveness. Data collection needs to be built into the service delivery model in a way that supports the workflow and does not become a burden on staff and participants. Importantly, the IT must support staff in their work and also provide the information needed for management and continuous improvement.

Sustainability is closely linked to addressing cost issues of the bundled CWF services. The experience in Baltimore indicates that pairing onsite check cashing with an ATM machine can be profitable for a financial partner. This type of approach may provide a possible source of ongoing fees for CWFs.

Scale

The Casey Foundation believes that “scalable networks” of CWFs can be created through intermediary organizations that fill roles such as blender of local funds, door-opener, trainer, provider of technical assistance, oversight and policy advocacy. The intermediary can be “a thinking partner” to operators of CWFs, scanning for opportunities, convening staff for teaching and peer learning, and defending the CWF framework from the inevitable pressures that create “drift” from original intentions. The concept of the scalable network also relieves community providers of the notion that they have to go it alone and deliver on a mission much larger than any one organization can achieve.

What The Future Holds For Center For Working Families®

Several years into the development of the ideas and startup operations of the Centers for Working Families®, the Casey Foundation is paying close attention to scale, impact, sustainability and stability of operations. The next phase of CWF development includes documenting what works and lessons learned in the field, in order to fine-tune the work and increase its impact. The Foundation is emphasizing the importance of showing results, diversifying funding, and gaining efficiency through partnerships.

Discussions are underway about developing clear standards that must be met for an organization to carry the CWF “service mark.” As part of an expansion strategy, the Casey Foundation will introduce in 2008, an application process for organizations and intermediaries that are interested in becoming a CWF and wish to benefit from a learning community. Qualified applicants will have most of the core services in place at a level of quality and scale and will be committed to taking the next step, which is to bundle them in ways that are appealing and accessible for low-wage working families.

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today’s vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation’s website at www.aecf.org.

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