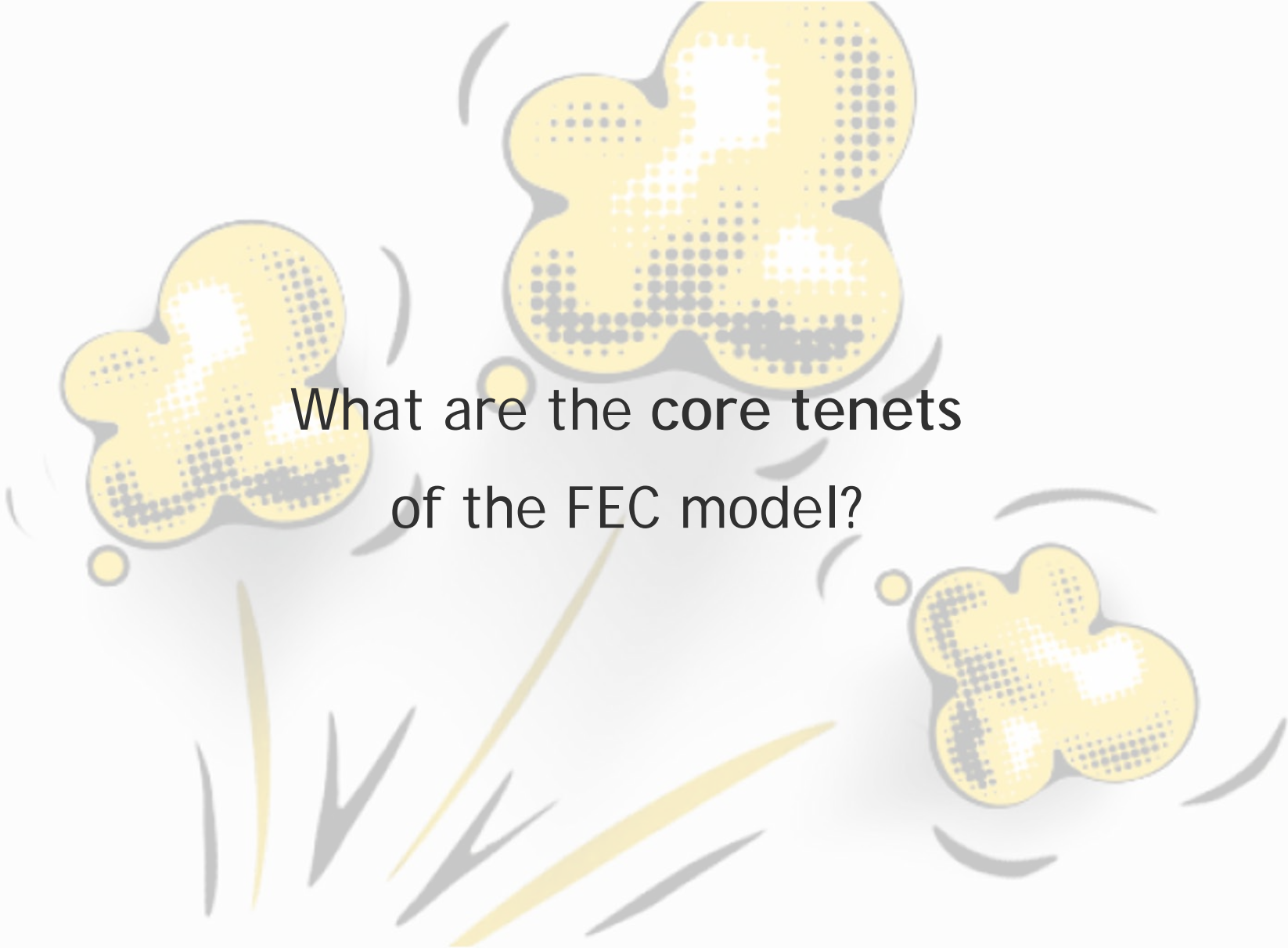**FEC Public**

Scaling Financial Empowerment Centers as a Public Service

Financial Empowerment Center
Model Training
Part II

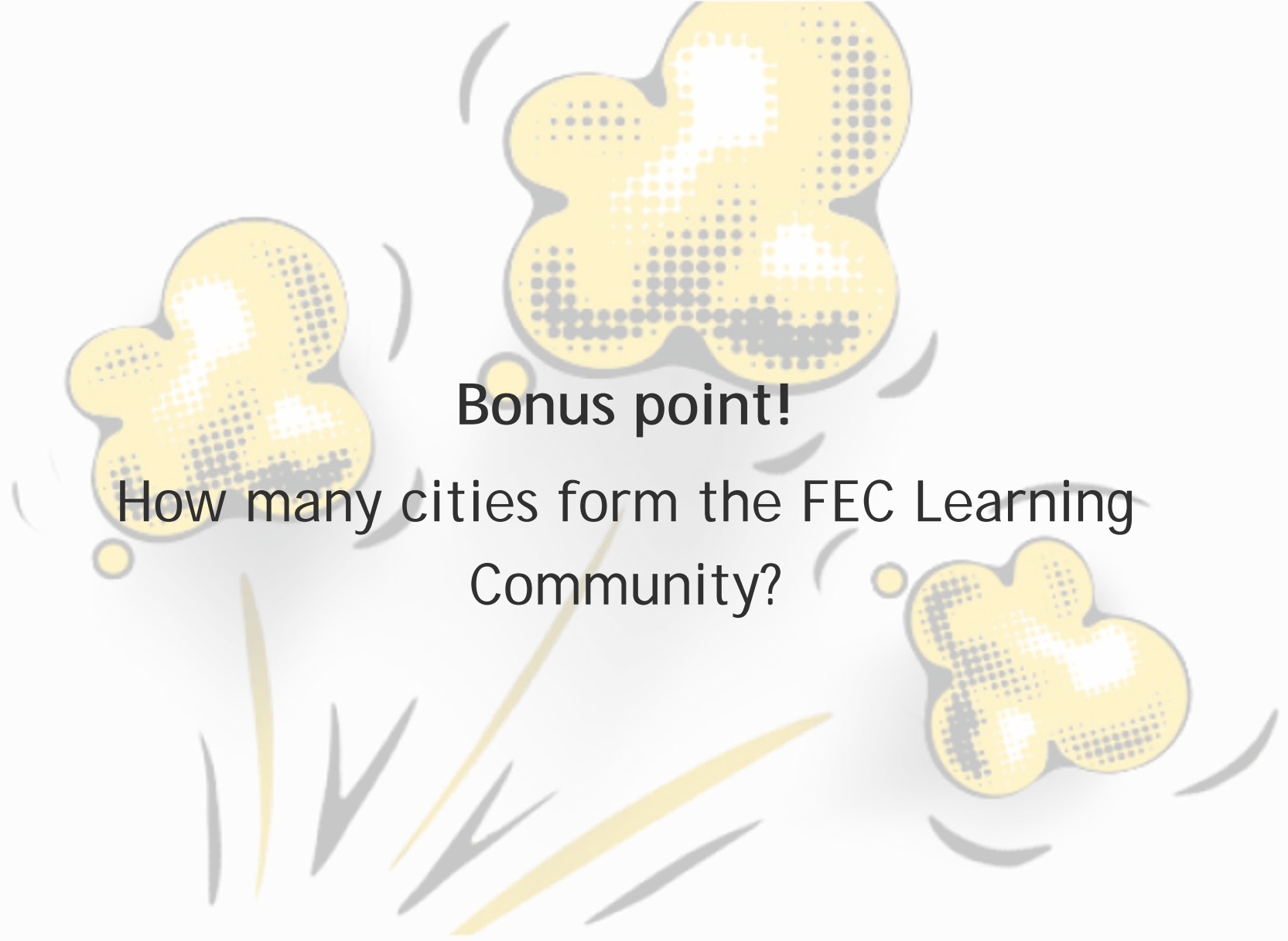What are the **core tenets**

of the FEC model?

There are _ levels of partnerships under the FEC model

True or False

In some cases, clients can receive services without signing the Client Service Agreement

Bonus point!

How many cities form the FEC Learning Community?

Goals

- Understand the **4 service plans**, the FEC program **outcomes** and the process to calculate and verify them

Service Plans & Outcomes

Banking
- Open a safe and affordable banking account
- Use bank account actively

Credit
- Establish a credit score
- Increase credit score by at least 35 points

Debt
- Decrease non-mortgage debt by at least 10%
- Reduce the number of delinquent accounts

Savings
- Set aside at least one week's worth of income for the future
- Adopt new savings behaviors
- *Set a savings goal*

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Milestones

- **Small wins** for clients as they work towards outcomes. Can be **directly related to one of the FEC outcomes or** related to **other** issues.
- Counselors designate which milestones are important for each client and develop **customized action steps** and instructions for achieving them.

Achievements

- All milestones and outcomes achieved must be recorded. When clients indicate they have completed items in the Service Plan, those items then become **Client Achievements**.
- The achievements are used to demonstrate progress to the clients and serve as a way for program managers to track efforts.

Verification

- All FEC outcomes must be verified.

- The documentation must be uploaded or recorded in FECBOT as part of the client's record.

- The documentation can include scanned paper documents, electronic communications, mobile screenshots, or a declaration signed by the client.

- Local management should develop verification protocols to confirm outcomes claimed can be substantiated.

Banking

Open a safe and affordable banking account

Use bank account actively

- Open banking account

- Open savings account

- Vacate default judgement to unfreeze banking account

- Remove error on account screening CRA report

- Resolve issue on CRA report preventing client from opening an account

- Obtain identification

Banking

Open a safe and affordable banking account

Definition

A client opens a safe and affordable account

Outcome Achievement

- The outcome is achieved **once per account opened b**y and for the client.
- Up to two outcomes can be achieved per session, one for savings and one for checking and **up to three outcomes** over the course of the client's FEC engagement.
- A safe and affordable account is determined by each local FEC management team, following guidance from CFE Fund and the Bank On National Account Standards
- Transaction and savings accounts are eligible
- **Clients are eligible to achieve this outcome** regardless of their initial or current banking status

Open a safe and affordable banking account

Calculation

If the **number of transaction or savings accounts reported** during the initial banking assessment **increases by one and no more than three**.

Verification

- Statement of account with client's name & account terms and conditions
- Official confirmation of account opening from financial institution
- Declaration signed by client

Client A

Relevant Data Field(s)	Session 1	Session 2
• **Number of transaction accounts**	No	Yes
• **Number of savings accounts**	No	Yes

Total Outcomes Achieved
YES – 2 outcomes are achieved. The client is eligible for one additional outcome at a later date if they open a third account.

Client B

Relevant Data Field(s)	Session 1	Session 2
• **Number of transaction accounts**	No	No
• **Number of savings accounts**	No	No

Total Outcomes Achieved
No – Client did not open any new accounts.

Use banking account actively

Definition

A client begins using a banking account in two or more of the following ways and maintains active use of the account over the course of multiple sessions

Philosophy

Fostering active use of the banking account furthers a client's ability to manage finances.

Making debit transactions

Using direct deposit

Making deposits (any non-ACH check or cash deposit)

Using online or automatic bill pay

Making withdrawals (ATM, teller withdrawal, transfer to another account)

Using bank issued money order or cashier's check

Making peer-to-peer transactions (inflow and outflow)

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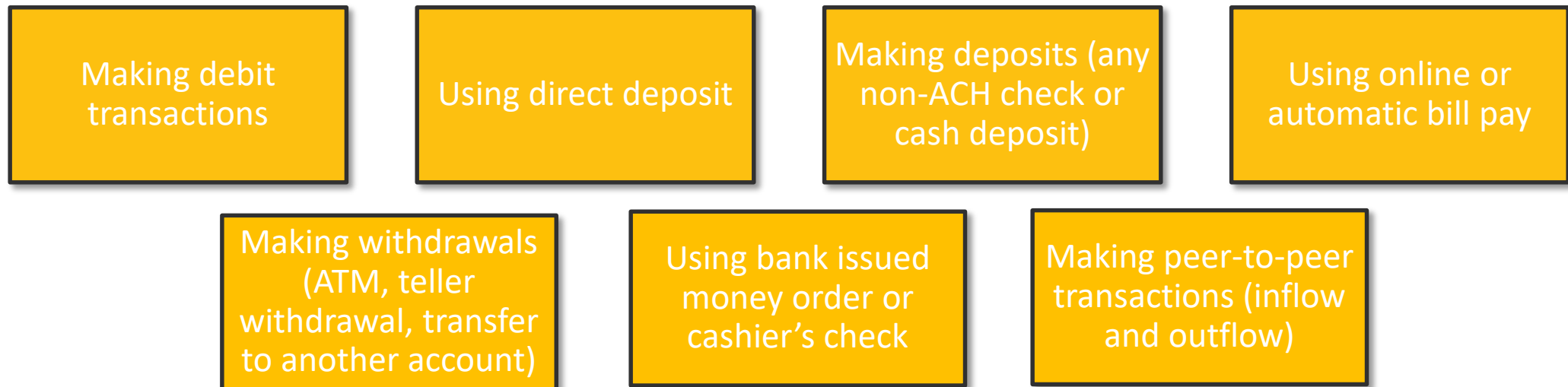
Use banking account actively

Outcome Achievement

- Can be **achieved once over the course** of the client's FEC engagement.

- Clients are **eligible for the outcome who have never used the account or have only used it in one** of the listed ways.

- The **outcome is achieved when the client uses an account in two or more ways, for at least two follow-up sessions.** Accordingly, only clients who attend three or more sessions can achieve this outcome. The sessions do not need to be consecutive, and the uses of the account do not need to be the same.

  - Initial Session: To determine eligibility and set a baseline for the outcome counselors should ask at the whether the client has used their account(s) in the listed ways in the last month. If they already are using their account(s) in two or more ways, they are ineligible for achieving this outcome.

  - Follow-up sessions: Counselors should ask whether the client has used their account in listed ways since the most recent session. If the client has used the account in two or more of the listed ways, he/she will achieve only one outcome, regardless of the number of new account uses registered.

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Use banking account actively

Calculation

If **counselor enters "No"** to "Is the client actively using their banking account(s)?" when the initial banking assessment is taken, **then answers "Yes" to that assessment question** (regardless of number of uses registered) **in two subsequent sessions.**

Verification

- Documentation from financial institution demonstrating use
- Merchant receipt or proof of payment demonstrating one of the above payment methods
- screen shot of financial institution app demonstrating one of the above uses
- Declaration signed by client

Client A

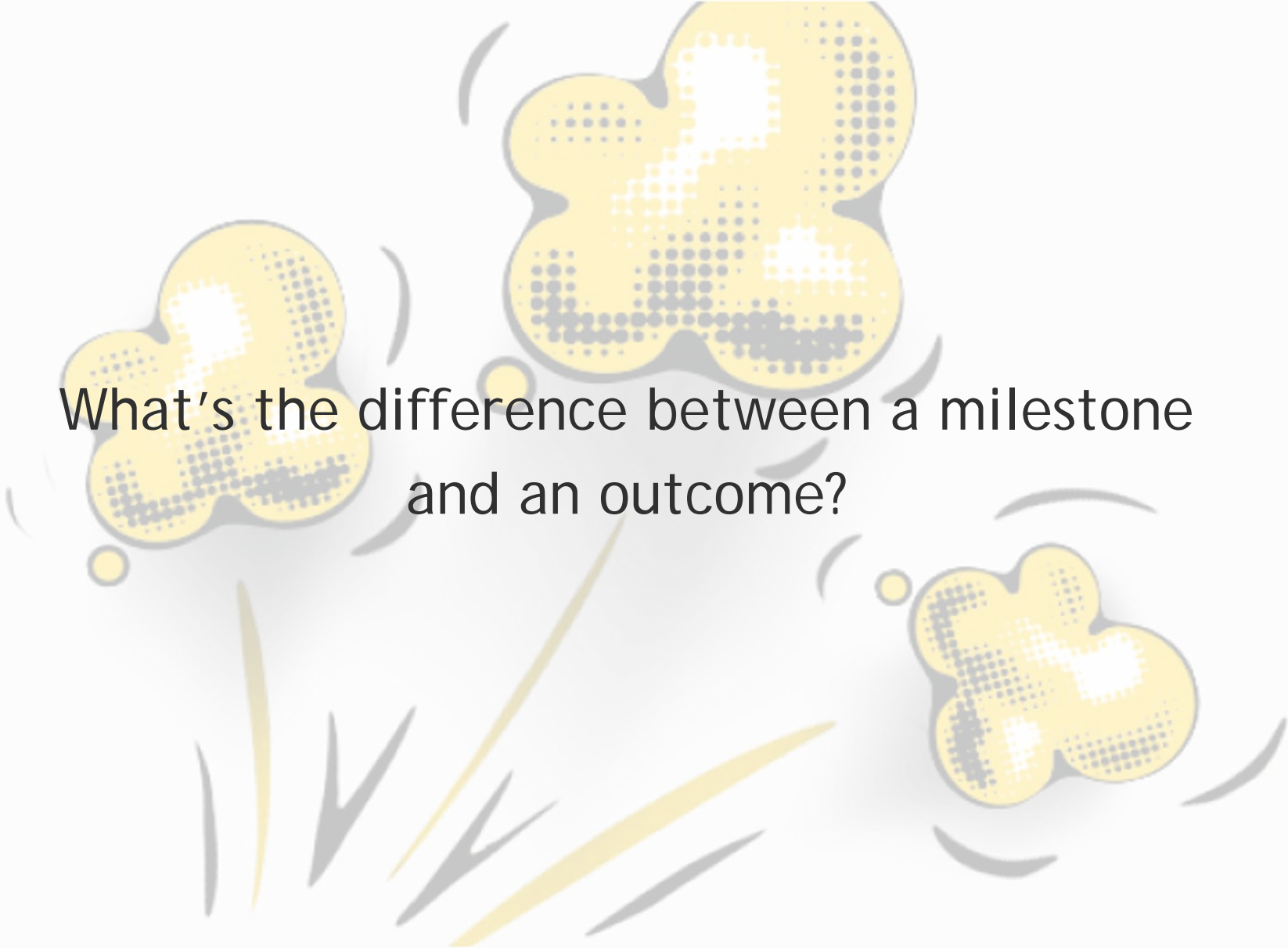| Relevant Data Field(s)	Session 1
Is the client actively using their banking account(s)?	Yes – client says they have done two or more of listed uses in the past month

Total Outcome Achieved
Ineligible

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
Is the client actively using their banking account(s)?	No – Client only made a withdrawal in the past month *(1 use)*	Yes – client says they've made a withdrawal and a deposit since last session *(2 uses)*	No – Client only made a withdrawal *(1 use)*	Yes – Client says they've made a debit transaction, made a withdrawal and received a direct deposit *(3 uses)*

Total Outcome Achieved
YES – 1 outcome achieved
(no additional outcomes possible)

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What's the difference between a milestone and an outcome?

Credit + Debt

Establish a credit score

Increase credit score by at least 35 points

Decrease non-mortgage debt by at least 10%

Reduce the number of delinquent accounts

- Remove error on credit report
- Resolve identity theft case
- Develop comprehensive, manageable payment plan
- Improve terms with creditor
- Consolidate student loans
- Defer or forbear student loan

- Lower student loan monthly payment (through income-driven repayment plan)
- Rehabilitate student loan
- Obtain credit building product
- Open new line of credit
- Modify child support order
- Pay off rental arrears

Establish a credit score

Definition

A client, who originally had no credit score, now has a credit score.

Outcome Achievement

- This outcome can be **achieved once over the course** of the client's FEC engagement.
- Clients are **eligible if their initial no credit reason is in the 9000 range** on the Experian credit report that is pulled into FECBOT.
- The outcome is **achieved when the no credit reason changes from being in the 9000 range to being between 300 and 850.**

Establish a credit score

Calculation

Comparing a client's baseline credit score of 0 (with a 900X code) to most recent score (in 300-850 range)

Verification

Two or more Experian credit reports pulled directly into FECBOT demonstrating change in status

Credit

Client A

Relevant Data Field(s)	Session 1	Session 2
Current FICO Credit Score	0 credit score	300-850 range

Total Outcomes Achieved
Yes – 1 outcome achieved (no additional outcomes possible, client will now work towards increasing their credit score)

Client B

Relevant Data Field(s)	Session 1	Session 2
Current FICO Credit Score	0 credit score	0 credit score

Total Outcomes Achieved
No – Client remains unscored

Increase credit score by at least 35 points

Definition

A client's credit score increases by at least 35 points

Outcome Achievement

- This outcome can be **achieved multiple times per session and over the course** of a client's FEC engagement (e.g. 70 points counts as two outcomes)

- Clients with **score between 300 and 815 are eligible** for this outcome

Increase credit score by at least 35 points

Calculation

- By **comparing a client's baseline credit score value to their most recent**

- The baseline **credit score is updated every time the outcome is achieved** (the new baseline is the new score that is 35+ points higher than the old baseline)

- The baseline can also be **updated if the client's credit score decreases** (e.g. they only have to increase it 35 points from the more recent, lower value)

Verification

Two or more Experian credit reports pulled directly into FECBOT demonstrating change in score

Client A

Relevant Data Field(s)	Session 1	Session 2	Session 3
Current FICO Credit Score	550	550	600

Total Outcome Achieved
Yes – 1 outcome achieved

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4	Session 5
Current FICO Credit Score	520	510 – baseline reset to lower value	550 – 1 outcome, positive increase of 40 points	555 – no outcome, baseline remains 550	600 – 1 outcome achieved, positive increase of 50 points, baseline is updated to 600

Total Outcomes Achieved

Yes – 2 outcomes achieved

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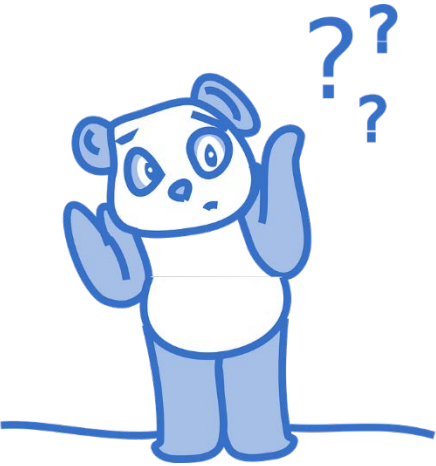
Decrease non-mortgage debt by at least 10%

Definition

A client's non-mortgage debt decreases by at least 10%

Outcome Achievement

- This outcome can be **achieved once per session,** if the percentage drop is at least 10%, but can be achieved **multiple times over a client's FEC engagement.**

- Clients whose **credit reports show debt, and those who report other debt, are eligible** for this outcome.

Decrease non-mortgage debt by at least 10%

Calculation

- **Comparing a client's baseline total non-mortgage debt value** to their most recent total value
- The **baseline value is updated every time the outcome is achieved** (new baseline is the lower value that is less than or equal to 90% of the previous baseline) or **when the total debt value increases**

Total non-mortgage debt =

sum of client's non-mortgage debt reported on the credit report that is imported to FECBOT
plus "other debt" reported by the client and manually entered into FECBOT

Verification

- Two or more Experian credit reports pulled directly into FECBOT demonstrating debt reduction
- Letter from creditor or debt collector demonstrating debt reduction
- Declaration signed by client

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Client A

Relevant Data Field(s)	Session 1	Session 2	Session 3
• Credit Report Debt:	• $5,000	• $4,700	• $4,225
• Other Debt:	• $0	• $0	• $0
• Total Nonmortgage Debt:	• **$5,000**	• **$4,700**	• **$4,225**

Total Outcomes Achieved
Yes, 1 outcome achieved, reduction of 15.5%

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3
• Credit Report Debt:	• $9,000	• $9,500	• $9,300
• Other Debt:	• $1,200	• $1,200	• $0
• Total Nonmortgage Debt:	• **$10,200**	• **$10,700**	• **$9,300**
		*baseline updated to higher value	

Total Outcomes Achieved
Yes – 1 outcome achieved, reduction of 13.1%

Client C

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4	Session 5
• Credit Report Debt:	• $500	• $250	• $200	• $5,000	• $4,800
• Other Debt:	• $0	• $0	• $0	• $0	• $0
• Total Nonmortgage Debt:	• **$500**	• **$250**	• **$200**	• **$5,000**	• **$4,800**
		*1 outcome achieved (50 % reduction), baseline reset to lower value	*1 outcome achieved (20% reduction), baseline reset to lower value	*baseline reset to higher value	

Total Outcomes Achieved
Yes – 2 outcomes achieved, would need to decrease by another $300 to claim 3rd outcome

Reduce the number of delinquent accounts

Definition

A client has at least one fewer delinquent (past due, delinquent or in collections) accounts on their credit report

Outcome Achievement

- This outcome can be **achieved multiple times per session** (once per account brought current) and **over a client's engagement**
- Only **clients with delinquent accounts are eligible**

Reduce the number of delinquent accounts

Calculation

- By **comparing a client's baseline number of delinquent accounts** reported on their credit report imported into FECBOT **to their most recent value**

- The baseline value is **updated every time the credit report is pulled and the number of delinquent accounts is higher or lower.**

Verification

- Two or more Experian credit reports pulled directly into FECBOT demonstrating reduction in delinquent accounts

- Declaration signed by client

Client A

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
Number of Delinquent Accounts	5 accounts	5 accounts	3 accounts– 2 outcomes achieved, baseline updated to 3	4 accounts, baseline updated to 4

Total Outcomes Achieved
2 outcomes achieved

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
Number of Delinquent Accounts	0	0	1	$\bar{0}-1$ outcome achieved

Total Outcomes Achieved
1 outcome achieved

Savings

Set aside at least one week's worth of income for the future

Adopt new savings behaviors

Savings Goal: save goal amount and use savings towards goal purpose

Not a contract outcome

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Set aside at least one week's worth of income for the future

Definition

A client increases their total savings* by an amount equal to at least one week's worth of their income.
*Savings = money, held in any place, that you **do not plan to spend this month.**

Outcome Achievement

- This outcome can be **achieved once per session, and multiple times over a client's FEC engagement**.
- **All clients are eligible** for this outcome.
- To achieve this outcome, counselors must enter the current amount of money a client has, in each of four locations, that s/he does not plan to use in the coming month. This information is to be updated manually at every session where savings is discussed.

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Set aside at least one week's worth of income for the future

Calculation

- Comparing a client's **baseline "Current Amount of Total Savings" value** (sum of total values for each location) **to their most recent total value**.

- The **baseline is set when they complete their first savings assessment**, and updated every time the outcome is achieved or their income increases or decreases.

- The client's monthly income (post-tax) recorded in the most recent budget at a prior session will be used to calculate the income portion of the outcome (changes to income recorded at the current session would not impact an outcome that could otherwise be achieved).

- One week's worth of income is calculated by multiplying the monthly dollar amount by 12 (months) then dividing by 52 (weeks).

Set aside at least one week's worth of income for the future

Verification

- Statement of account with client's name (if a formal location)

- Financial institution-based account balance information

- Letter signed by entity or individual holding funds

- Declaration signed by client

Client A

Relevant Data Field(s)	Session 1	Session 2	Session 3
• **Current Amount of Total Savings** • **Monthly Income**	• $1,000 • $2,000 month ($461/week)	• $1,000 • $2,000 month	• $1,500 ($500 increase) • $2,500 month ($576 week)

Total Outcomes Achieved

1 outcome achieved
(based on most recent monthly income as reported at Session 2)

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
• **Current Amount of Total Savings** • **Monthly Income**	• $500 • $1,500 month ($346/week)	• $0 • $1,500 month	• $150 ($150 increase) • $1,500 month	• $2,000 ($1850 increase) • $1,500 month *1 outcome achieved, despite 5x increase)

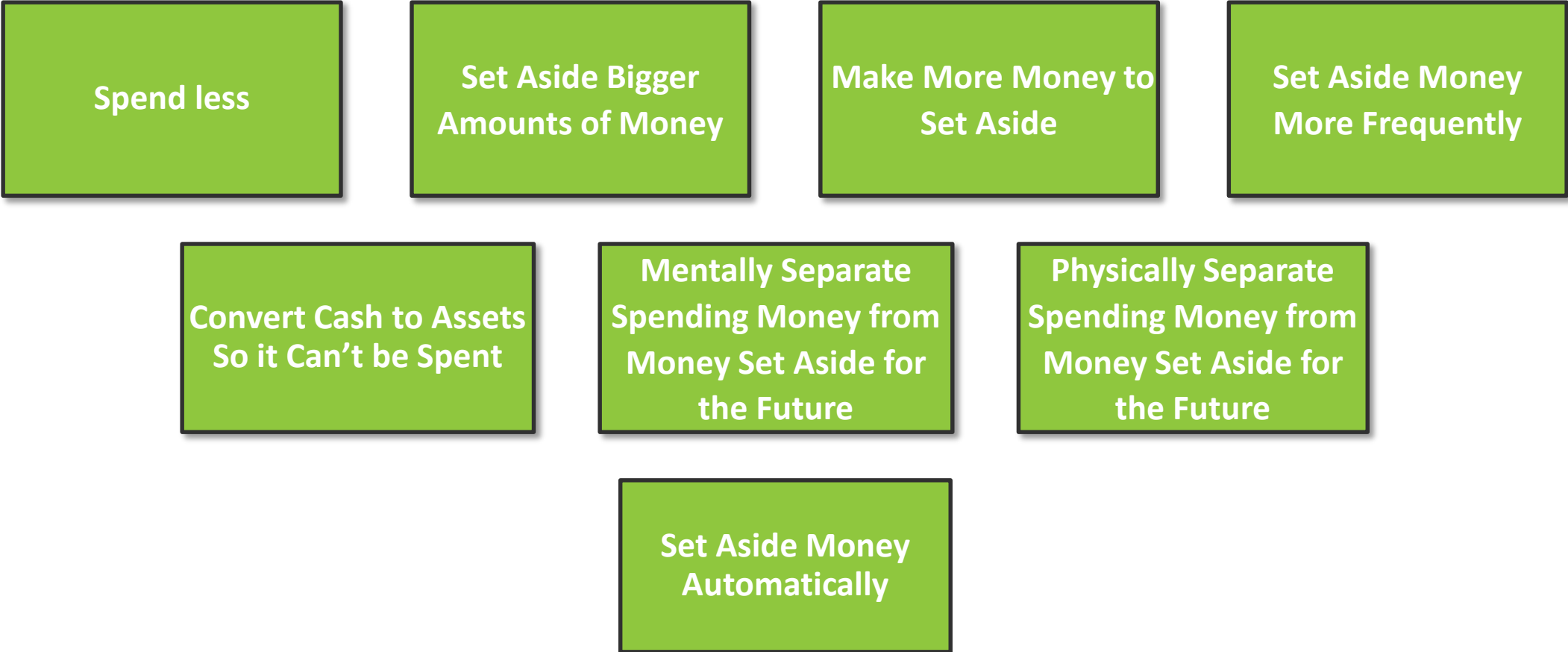| Total Outcomes Achieved |
|---|
| **1 outcome achieved** |

Adopt new savings behaviors

Definition

A client reports using any one or more of several research-based savings behaviors or strategies over multiple sessions

Outcome Achievement

- This outcome can be **achieved only once per session**, regardless of how many behaviors were adopted at that session, but **multiple times over a client's FEC engagement.**

- Clients are **eligible for this outcome if there is at least one behavior which they were not using** when their initial savings assessment was completed.

- To achieve this outcome, counselors must discuss all eight savings strategies during the initial savings session, and enter whether the client used any of the behaviors in the last month. At each follow-up session, counselors should ask whether the client has started any of previously unused strategies and enter their responses. Only clients who attend three or more sessions can achieve this outcome.

Adopt new savings behaviors

Spend less

Set Aside Bigger Amounts of Money

Make More Money to Set Aside

Set Aside Money More Frequently

Convert Cash to Assets So it Can't be Spent

Mentally Separate Spending Money from Money Set Aside for the Future

Physically Separate Spending Money from Money Set Aside for the Future

Set Aside Money Automatically

Behavior	Examples (counselors may use other examples as well)
Spend Less	Reduce Spending: buy less expensive things
	Avoid Spending: don't buy things you want
	Follow a budget or rules about how much to spend or save
Set Aside Bigger Amounts of Money	Set aside change or a percent of each purchase
	Set aside windfalls or spikes in income
Make More Money to Set Aside	Sell something you own and set aside the money
	Earn more (work more hours, take another job) and set aside the money
	Move money to higher interest accounts
Set Aside Money More Frequently	Make more deposits
	Get reminders to move money into savings from an app or a person
Convert Cash to Assets So it Can't be Spent	Pay in advance or buy in bulk
	Buy something to sell later
	Lend money to someone who will pay it back later
	Increase withholding to get a bigger tax return
Mentally Separate Spending Money from Money Set Aside for the Future	Keep funds in one place but tell yourself that certain amounts are for spending versus saving
Physically Separate Spending Money from Money Set Aside for the Future	Put cash at home in different places for spending versus saving (envelopes, jars etc)
	Use separate checking and savings accounts
	Use multiple savings accounts for different goals or timeframes
Set Aside Money Automatically	Use direct deposit
	Split direct deposit or tax refund into savings and checking
	Use automatic transfers into savings
	Use an app that automatically moves money into savings

Note: Opening a bank account is critical to savings and could be considered a 10th good savings behavior. It is not included here because of the way the FEC data system is set up.

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Adopt new savings behaviors

Calculation

The outcome is achieved when: **(a) Client was not currently engaged in a given savings behavior when their initial savings assessment was completed "No"; (b) Client started the behavior while in counseling "Yes"**; and (c) The new behavior is **recorded at any two subsequent** (not necessarily consecutive) counseling sessions.

Verification

- To demonstrate that a behavior has been adopted at least two forms of documentation must be provided (one per occurrence)
- Credible documentation demonstrating behavior
- Declaration signed by client

Client A

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
1. Spend Less	1. No	**1. Yes**	**1. Yes**	**1. Yes**
2. Set aside bigger amounts of money	2. No	**2. Yes**	2. No	**2. Yes**
3. Make more money to set aside	3. No	3. No	3. No	3. No
4. Set aside money for frequently	4. No	4. No	4. No	4. No
5. Convert cash to assets so it can't be spent	5. No	5. No	5. No	5. No
6. Mentally separate spending-money from money to set aside for the future	6. No	**6. Yes**	**6. Yes**	**6. Yes**
7. Physically separate spending-money from money set aside for the future	**7. Yes**	**7. Yes**	**7. Yes**	**7. Yes**
8. Set aside money automatically	**8. Yes**	**8. Yes**	**8. Yes**	8. No
9. Other	9. No	9. No	9. No	9. No

*Because they are already "physically separating" and "setting aside money automatically" these two are ineligible to count towards future outcomes
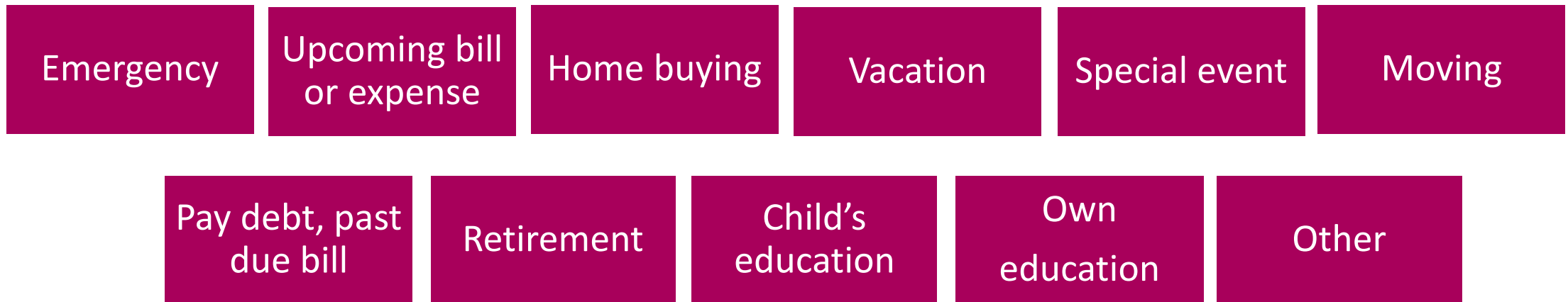
1 outcome achieved, two new behaviors adopted (Spending Less & Mentally separating)

1 outcome achieved, one new behavior adopted (set aside bigger amounts of money)

*Set a savings goal: save goal amount, and use savings towards goal purpose

Definition

A client sets a savings goal (including how much they want to save, what they are saving for, and when they want to have saved it), and either reaches goal dollar amount or uses the savings towards the goal purpose

Emergency	Upcoming bill or expense	Home buying	Vacation	Special event	Moving
Pay debt, past due bill	Retirement	Child's education	Own education	Other	

*Not a contract outcome

Set a savings goal

Outcome Achievement

- **All clients are eligible** for these achievements.

- These achievements can be reached **multiple times per session and over the course of a client's FEC engagement.**

- Goals can be added or changed at any session.

- At follow-up sessions and especially when the target date is approaching, counselors should ask and record whether a goal amount has been reached and whether savings has been used toward the goal purpose, towards another purpose, or not yet used.

- Clients can reach one and/ or both achievements if they self-report reaching the goal amount and/or using their savings towards the goal purpose.

Set a savings goal

Calculation

- <u>Save goal amount</u> is calculated when the client answers "yes" to the question "have you saved your goal amount?" The goal amount calculation is independent of the savings amounts entered to calculate whether savings increased by one week's worth of income.

- <u>Use savings towards goal purpose</u> is calculated by the counselor selecting "Yes – Used Savings for what I planned" to the question, "Have you used any or all of your savings?"

Client A
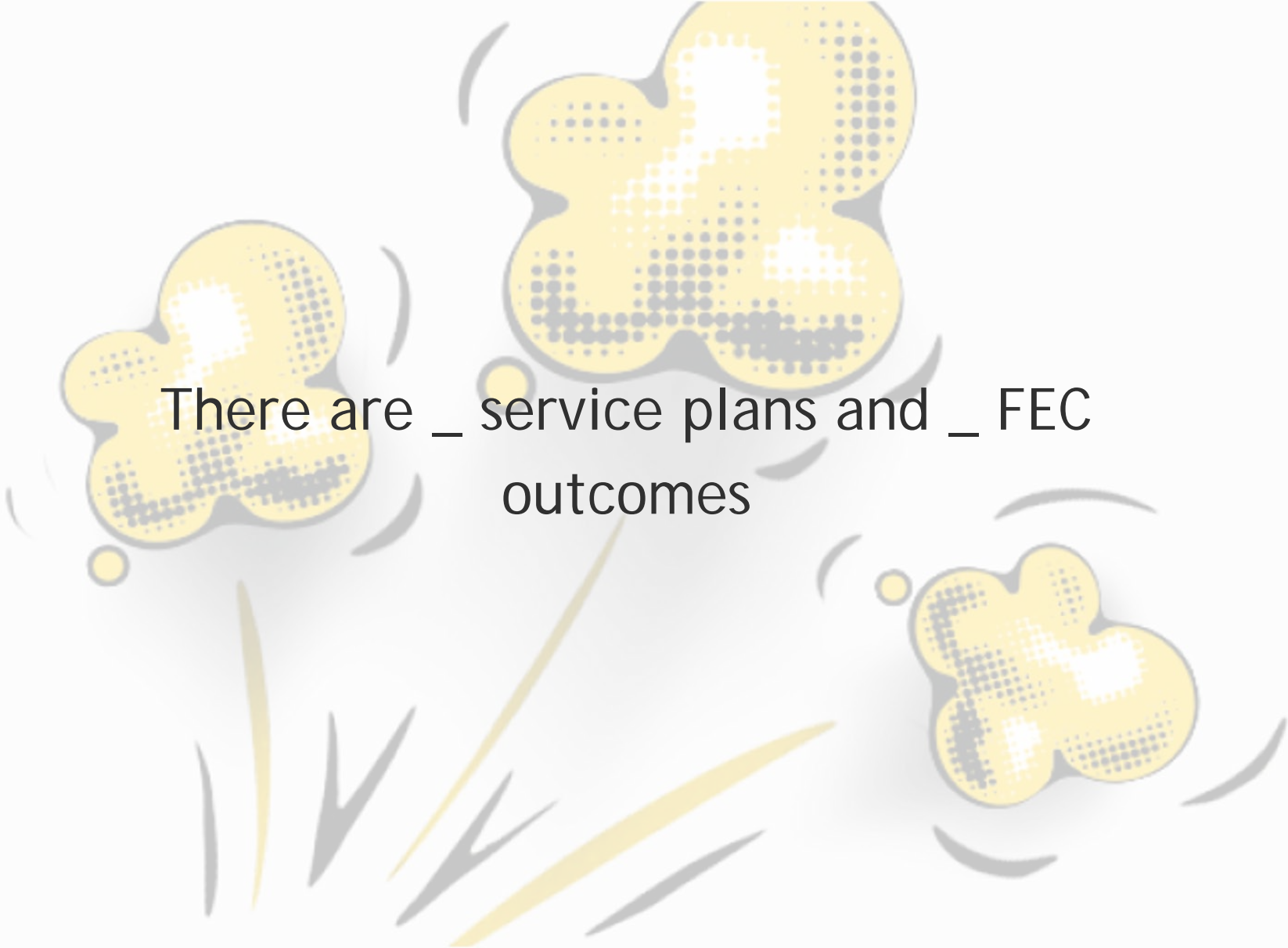
Relevant Data Field(s)	Session 1	Session 2	Session 3
Select the goal(s) you are actively saving towards. Target Amount Target Date	Emergency, $1000, May 1st		
Have you saved the full target amount for your Emergency fund?		No	No
Have you used your Emergency fund savings for an emergency?		No	Yes One achievement: Use savings towards goal purpose

Client B

Relevant Data Field(s)	Session 1	Session 2	Session 3	Session 4
Select the goal(s) you are actively saving towards. Target Amount Target Date	Emergency, $1000, May 1st			
Have you saved the full target amount for your Emergency fund?		No	No	Yes
Have you used your Emergency fund savings for an emergency?		No	No	Yes
				Two achievements: Save goal amount; Use savings towards goal purpose

There are _ service plans and _ FEC outcomes

Next Steps

Training Plan

Core Training

FEC Model &
Database Training

Community Partner
Cross-Training

Continued
Education

Experiential
Learning

Code of Ethics
Training

Operations
Training

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Additional Trainings

- **Code of Ethics**
  - Training and sign Code of Ethics form
- **Neighborhood Trust Financial Partners Training**
  - Operations Training and Site Visit

FEC Public

Scaling Financial Empowerment Centers as a Public Service