



August 2011

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## FINANCIAL CRISIS 2008 - 2011

The worst economic crisis since the Great Depression has affected thousands of lives through lost income, foreclosure, and uncertainty in the job market.

- Record unemployment and plant closures in Delaware: Chrysler, GM, Valero, layoffs at Astra Zeneca, Barclays, and Bank of America
- Record foreclosures continue to rise monthly
- Employers cut back on benefit coverage passing costs on to employees
- Households with reduced income struggle to pay bills using credit cards for survival
- Retirement savings in jeopardy through declined value in investments, pensions at risk, and record number of boomers drawing on social security
- Booming fringe financial sector exploit the need for credit and financial transactions, charge high fees for service
- Growing number of bankruptcies
- Record number of vulnerable households apply for public benefits





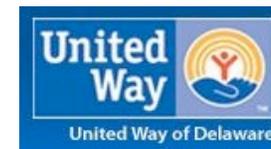
## BEFORE THE CRISIS:

# TYPICAL FINANCIAL ISSUES FACED BY LOW-WAGE WORKERS

Many low-income working families have traditionally struggled with the following financial issues:

- High debt for medical, student loan, and credit cards
- Low credit scores
- Lack of access to financial services and products
- Exploitation by the “fringe” financial sector
- Monthly expenses that exceed income
- No savings or safety net





## IMPACT ON DELAWAREANS

- 71% of Delaware households have at least 1 FT worker
- 44% (139,779) of Delaware households have income below \$50,000
- 29% (94,662) of Delaware households have income below \$35,000
  
- Foreclosures: 2008 – 4,488; 2009 – 6,157; 2010 – 6,457. Current rate of foreclosure is up from 1,434 in 2000, steadily climbing throughout a decade of financial decline.
  
- Loss in median household income from 2006 to 2009:
  - DE -8.6
  - MD -5.9
  - NJ -3.8
  - PA -2.3
  
- 133,600 (15%) Delawareans living below 100% in poverty in 2009
  - White – 74,000 (12%)
  - Black – 38,400 (22%)
  - Hispanic – 15,700 (28%)
  
- 293,500 (34%) Delawareans living below 200% of Poverty in 2009



## EDUCATION AND INCOME

- 75.6% of Delawareans do not have a college degree from a 4-year institution;
- 13.4% haven't graduated from high school.

### US CENSUS DATA: Highest Education Level Achieved Annual Income (1999)

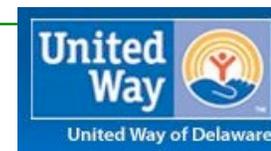
- Doctoral Degree \$89,400
- Professional Degree \$109,600
- Master's Degree \$62,300
- Bachelor's Degree \$52,200
- Associate Degree \$38,200
- Some College \$36,800
- High School Graduate \$30,400
- Not High School Graduate \$23,400





## NATIONAL INITIATIVES

- **New York City's Office of Financial Empowerment** - initiated by Mayor Mike Bloomberg in 2006
- **Cities for Financial Empowerment (CFE)** -
  - 11 Cities: NYC, San Francisco, Chicago, County of Hawai'i, Los Angeles, Miami, Newark, NJ, Providence, San Antonio, Savannah, Seattle
  - Mission: *CFE member cities commit to aggressively and creatively leverage local opportunities, resources, and powers to improve the financial health of their residents.*
- **National Asset Building Network** – 1100 bankers, practitioners, policy makers, researchers, and funders attend Assets Learning Conference sponsored by the Corporation for Enterprise Development
- **Federal Involvement** – Inter-Agency Collaboration: US. Treasury, Health and Human Services, Department of Labor, Department of Education, FDIC/ Alliance for Financial Inclusion, Consumer Financial Protection Bureau, Housing and Urban Development
- **United Way Worldwide** – 15 United Ways across the country support Financial Empowerment One-Stops



## DELAWARE'S METHODOLOGY

- **Integration and Enhancement of Public Services:** - Integrate Financial Empowerment with Public Benefits, Employment & Training services at client intake. Serve new constituencies outside of traditional clientele.
- **Provide services to diverse constituencies served by state government:** benefit recipients, clients of child support system, kids aging out of foster care, at risk high school students and their families, re-entry initiative, un and under-employed
- **Public/Private Partnership** – Support with human and financial resources from the private sector and non-profit community- Lead local partner United Way of Delaware/ Delaware Financial Empowerment Partnership – implemented by non-profit partner selected through competitive process
- **Diverse applications: Financial Empowerment Center Without Walls**– Co-locate to serve a range of constituencies: businesses, community colleges, community centers



## FINANCIAL EMPOWERMENT SERVICE PACKAGE

- **Financial Coaching** – Partnership with University of Delaware and New Mexico Community College: Curriculum development funded by Bank of America Foundation and CSBG
  - Budgeting
  - Financial Planning
  - Managing Credit
- **Benefit Screening and Applications** – Using the state’s web-based benefits screening tool, employees will be screened for SNAP, Medicaid, and Purchase of Care. Applications may be filled out submitted electronically with the help of the coach.
- **Free Tax Preparation** – EITC Campaign (VITA) and self-help
- **Financial Services** – Develop partnerships with banks and other financial service providers to promote transaction and savings strategies: State Employee Credit Union
- **College Bound Program** – Increase and support post-secondary enrollment among disadvantaged students – partnership with local advocates
  - Financial planning to support post-secondary education
  - Help with filling out college applications
  - Help with FAFSA



## STATE GOALS

- **Culture Change:**
  - **State:** Interagency and private sector partners
  - **Clients:** Transition from benefit dependence to economic independence
  - **Intake Systems:** Transition client relationships from re-active to pro-active/ from directing to coaching
- **New customer base:** victims of the economy, life-transitions, entry level workers
- **Expand access** to personal financial advising, post-secondary education, financial services
- **Increase personal confidence** in money management, goal setting and goal achievement
- **Compliment safety net programs** with personal empowerment strategies around money management, workforce development, and post-secondary education



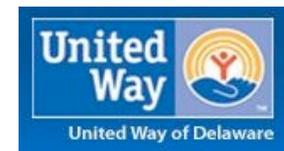
## PARTNERSHIP

### The Key Element of the Strategy

Founded by a unique non-profit and government partnership – State of Delaware, Dept. of Health and Social Services and United Way of Delaware

Joined by powerful coalition of educational, corporate, foundation and non-profit organizations (University of DE, Foundations, Financial Institutions, Nonprofits, etc)

Founded on trust relationship between client and knowledgeable partner (coach)





## STATE OF DELAWARE: Key Strategic Partner

- Priorities of the Governor -
  - Economic Development (prior to being elected Governor, as State Treasurer he was a Champion for financial literacy, EITC, and economic justice)
  - Streamline state government (leverage resources/ increase inter-agency collaboration and private sector partnerships)
  - Improve educational opportunities and increase access and attendance to post-secondary
- Natural fit with Services provided by DHSS, DOL, DOE, and DEDO: service integration/ community-based/ diverse constituencies
- Inspired by New York City and San Francisco Public Private Financial Empowerment models





## UNITED WAY OF DELAWARE: Key Strategic Partner

- Key focus of UWD five-year strategic plan -- Live United 2015
- Coalition ensures engagement of UWD Partner Agencies to ensure advocacy and integration of critical success factors
- Supports UWD strategy to transform into a community impact organization that drives social change in Delaware
- SBM model of “one-stop” integrated service delivery has potential to significantly improve social service delivery model in Delaware
  - improve client outcomes
  - create cost efficiencies
  - serve as a template for similar initiatives in other markets



## COMMUNITY AND PHILANTHROPIC PARTNERS

### Co-Founders

State of Delaware\* ● United Way of Delaware\*

### Strategic Sponsors

Citi Foundation\* ● Jessie Ball DuPont Fund\*

### Program Sponsors

Bank of America\* ● Delaware Financial Literacy Education Fund\* ● Fund for Women\*

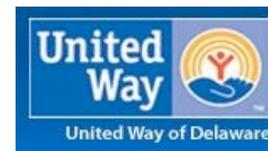
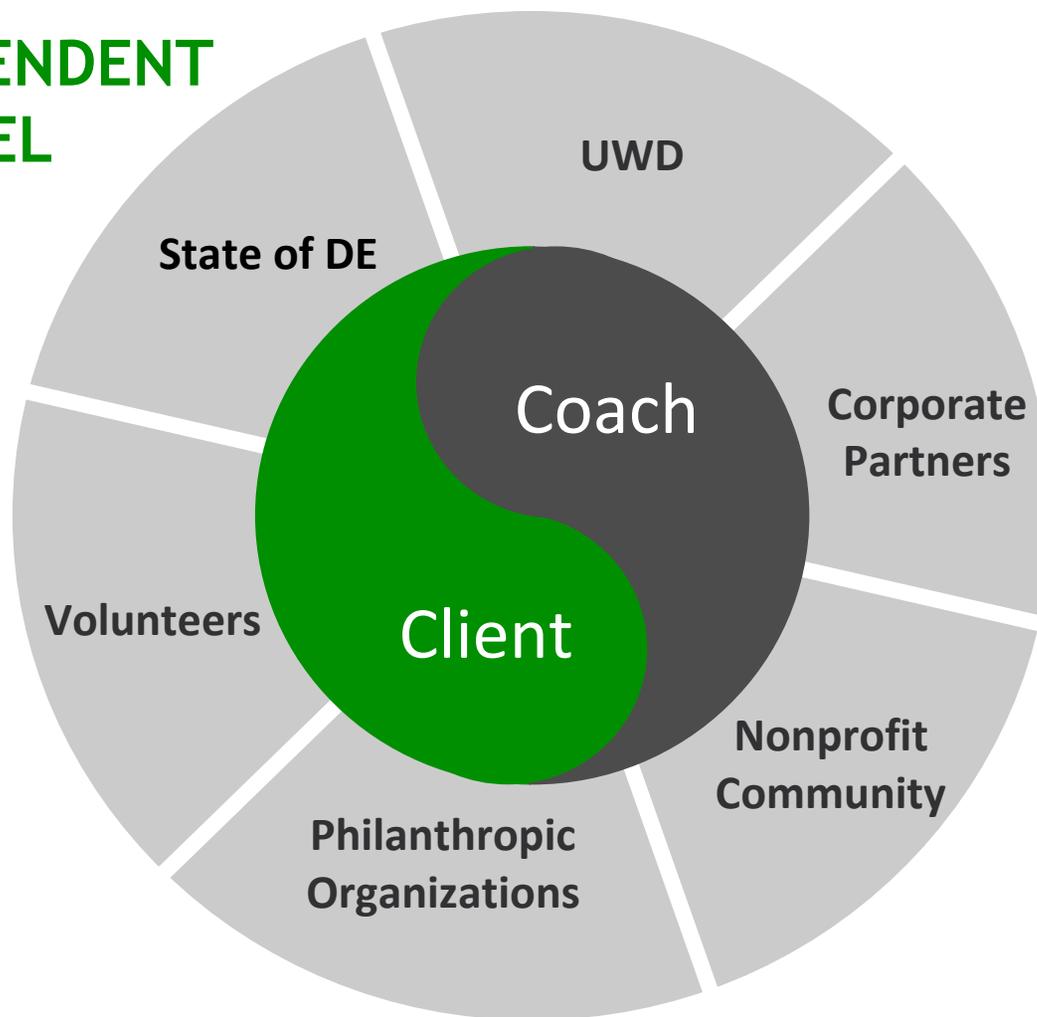
### Impact Partner

West End Neighborhood House

### Program Partners

Administration for Children and Families ● Christiana Hilton  
Corporation for Enterprise Development ● Delaware 2-1-1  
Delaware Community Foundation ● Delaware Financial Literacy Institute  
Delaware Homeless Planning Council  
Del-One Federal Credit Union ● Great Dames, Inc.  
Hudson State Service Center  
Kenny Family ShopRite Stores ● National Community Tax Coalition ●  
Nehemiah Gateway Community Development Corporation ● 23rd & 5th  
University of Delaware Division of Professional and Continuing Studies

**INTERDEPENDENT  
MODEL**





## CHANGING THE PARADIGM: FREE ONE-ON-ONE FINANCIAL COACHING

*Clients are Creative, Resourceful and Whole*

- Client interaction focused on transition from benefit dependence to economic independence
- Integration of public benefits that address financial emergencies with asset building programs that promote self-sufficiency
- Continuum of services which range from emergency services to economic empowerment





## POTENTIAL PROGRAM OUTCOMES

Increasing percentage of clients engaged in financial planning activities

- Household budget established
- Savings strategy established and maintained
- Debt reduced
- Credit rating improved
- Increased number of clients who transition from the fringe financial sector to the use of mainstream financial services
- Participation in tax preparation
- Participation in college bound program
- Enroll in college and obtain financial aid
- Participation in financial planning workshops
- Repeat visits to financial the financial coach
- Access relevant tax credits and deductions
- Reduce financial stress in household

**Increased job retention, performance, and sense of well-being in the workplace**





## PROPOSED PROGRAM GOALS

### **Phase I program: Year 1**

Target 1200 client visits (~500 clients) at each pilot site during year one

### **Phase II program: Years 2 to 5**

Model will be replicated in additional locations in order to reach more Delawareans who need access to these services

**Program Playbook:** Will include all products, training strategies, curriculum, and program materials to provide a framework for replication of this model across Delaware.





**QUESTIONS ?**

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**<http://www.youtube.com/watch?v=Us-TVg40ExM>**

