



Financial Opportunity Centers Offer Comprehensive Approach for Long-term Financial Health

LISC
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The recent economic downturn has had an impact on Americans of nearly every economic stratum. But its scope has been particularly devastating for low- and moderate-income families without the job mobility that comes with high-demand skills or the backstop that savings and investments might offer. Their communities show the strain. Plummeting property values and rising crime surround them. Overcrowding and staff cuts constrain their local schools. Local merchants are failing. And many of the social services and recreational programs on which they have long relied have been curtailed or eliminated. Their families and their communities were already facing challenges. Now, many are in significant distress.

That's, in part, why a focus on building the income and assets of low- and moderate-income families is such an important part of LISC's **Building Sustainable Communities** initiative. It's clear that communities marked by the unabated poverty of their residents cannot flourish, no matter how much we invest in the surrounding environment. Affordable housing, quality schools, safe streets and thriving commercial corridors are critical. But struggling families also need creative tools to help them stabilize their financial circumstances. They

need confidence that they can achieve a better quality of life. They need a plan for the future, and help to achieve it. Their economic stability is just as critical to the health of their communities as is eliminating physical blight.

The Local Initiatives Support Corporation (LISC) launched its network of Financial Opportunity Centers in 2004 to respond to that specific unmet need. Piloted first in Chicago, then expanded to Indianapolis, Detroit and the Twin Cities, LISC is now building a national network of facilities and programs that integrate financial counseling and employment support that specifically target the needs of low-income families.

The 32 existing Centers have proven to be so successful that the Obama Administration is supporting their expansion with a grant from the first-ever Social Innovation Fund. The Fund was created to recognize and replicate the most entrepreneurial and effective nonprofit programs in the country, and it included LISC in its inaugural round of 11 grantees. This federal grant, along with significant private funding, will support new and expanded Centers in nine cities.

Comprehensive, Bundled Approach

Based on a model developed by the Annie E. Casey Foundation—known as Centers for Working Families—LISC Financial Opportunity Centers provide services focused on **employment placement** and **career improvement**, **financial education** and **coaching**, and **public benefits access**. What separates the LISC Centers from other similar efforts is their comprehensive approach. These aren't just a menu of isolated services. Analysis of data demonstrates that residents able to take advantage of multiple, integrated financial and employment services are far more likely to succeed. As such, the Centers intentionally connect each service to the others as part of a client's overall program for financial success.

The Centers focus on long-term relationships, not just one-time drop-ins by residents. The individual coaching, education classes, employment training and income support are ongoing, with outcomes monitored, pitfalls reviewed, opportunities discussed and plans adjusted to respond. 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- and moderate-income families. They deal with the pressures of today, while at the same time helping craft a vision for the future.



Riverworks Development Corporation; Milwaukee, Wis.

Realistic Long-term Goals

Achieving financial stability—even in times of national prosperity—is often difficult for families living on the economic margins. Goals for savings and growth can seem far out of reach. Financial Opportunity Centers recognize those challenges, but they nonetheless establish common benchmarks for success. They include:

- Sufficient family income for daily living expenses to allow for asset accumulation, and to address minor emergencies.
- Employment skills that lead to higher paying jobs or a smooth transition to a new job if employment is terminated.
- Smart debt, with market-rate interest, that leads to appreciating assets (such as a house) or that can be paid off in a reasonable period of time.
- A plan for post-secondary educational opportunities for their children.
- Realistic opportunity for retirement at age 65, with income beyond Social Security.
- Good relationships with mainstream financial institutions that are willing to extend credit to families.

These are not unattainable objectives. Neither are they simple for families that have long struggled to make ends meet. Most clients start with **employment services** as the entry point. Many of



Wesley House; Houston, Texas

them are already working, but they aren't earning sufficient income to adequately support their families. The Centers help them evaluate their prospects for better-paying opportunities; gain the skills needed to qualify for new jobs; or to bounce back from unemployment. **Financial education and coaching** are connected to the Center's employment services, providing group educational programs, one-on-one financial counseling, and financial coaching that together help clients effectively manage their income and achieve asset-building goals. **Public benefits access** rounds out the scope of core services, helping individuals navigate the often cumbersome and confusing system of income supports. Counselors explain what programs are available and how to qualify and then assist with both applications and follow-up.

Growing Network, Broad Impact

This work is ongoing in LISC Financial Opportunity Centers throughout **Chicago, Cincinnati, Detroit, Duluth, Houston, Indianapolis, Milwaukee, Minneapolis/St. Paul, Newark, Oakland/Richmond/San Francisco, Rhode Island, and San Diego**. LISC does not directly operate the Centers, but instead collaborates with experienced community-based organizations to develop the programs best suited to their neighborhoods' needs.

Local partners may be community development corporations with a wide range of local



International Rescue Committee; San Diego, Calif.



Eastside Financial Center; St. Paul, Minn.

redevelopment programs. Or they might be social services agencies already working with residents on such things as workforce development and financial counseling. The local partnership ensures a keen understanding of community issues and particular populations. With support from local LISC programs in their communities and the national LISC Family Income and Wealth Building Program, the Centers can become an integral part of a neighborhood's services infrastructure, reinforcing many of the other community development investments in the area.

The results are both illustrative and encouraging. In 2009, Financial Opportunity Centers helped more than **1,000** people find employment, **1,500** people obtain public benefits and **3,000** people establish budgets to help them plan for the future. They increased their net income, net worth and credit scores. They established a sounder base for long-term financial health.

Each LISC Financial Opportunity Center pursues the same core integrated services model, but like all LISC programs they tailor it to the needs of the local population and often pair it with other companion services. In San Diego, for instance, LISC has partnered with the **International Rescue Committee (IRC)** to meet the needs of the intersecting African, Southeast Asian and Latino immigrant communities in the Colina Park neighborhood, many of whom

have little experience with the American financial system. IRC not only offers the job placement, financial literacy and benefits support, it also offers an entrepreneurship program—including an agricultural business development incubator—and micro-lending that has helped residents set up more than **150** businesses.

In Indianapolis, LISC supports four Financial Opportunity Centers serving communities as different as Fountain Square and West Indy and reaching more than **3,000** Indy residents in 2009. The **John H. Boner Community Center**, for example, on the Near Eastside, offers a range of social services to some **7,000** children, seniors, homeless, disabled and other adults in crisis each year. It includes LISC's Financial Opportunity Center model among them, helping low-income families move from spenders to borrowers, and on to savers and investors. LISC has also been collaborating with a local community college to help Center clients move on to post-secondary education. That includes assistance with financial aid, the admissions process and remedial resources, since some applicants need to upgrade their existing knowledge base in order to pass the required entrance exam.

In Oakland's San Antonio community, LISC works with the **Lao Family Community Development Center** (LFCDC) and its largely Southeast Asian population to provide income tax assistance, help clients open individual savings accounts, connect

residents to jobs, and provide extensive financial education. LFCDC also provides financial services tailored to youth, with life skills training, tutoring, college prep and real world work experiences. Its business assistance program further reinforces its other efforts, connecting **300** local enterprises with qualified employees.



Lao Family Community Development Center; Oakland, Calif.

Our most seasoned and extensive local network is in Chicago, where **12** Centers criss-cross the city and serve thousands of residents facing economic challenges. Collectively, in 2009, Chicago saw their number of clients more than double over prior years. They helped residents realize nearly **\$12 million** in tax refunds, **\$1.4 million** in income supports, and **680** new jobs, in a market where new jobs were difficult to find.

Conclusion

Each of these facilities is different. But they all recognize the value of empowering low-income residents to take control of their financial futures. They demonstrate why a community of growth and opportunity must focus on the economic stability of individuals and families, just as it does the development of quality homes, businesses, parks and schools. **Building Sustainable Communities** is the blueprint that connects each of these pieces to the others. It is a proven plan for improved quality of life.



John H. Boner Community Center; Indianapolis, Ind.

For more information, please contact Kevin Jordan at kjordan@lisc.org