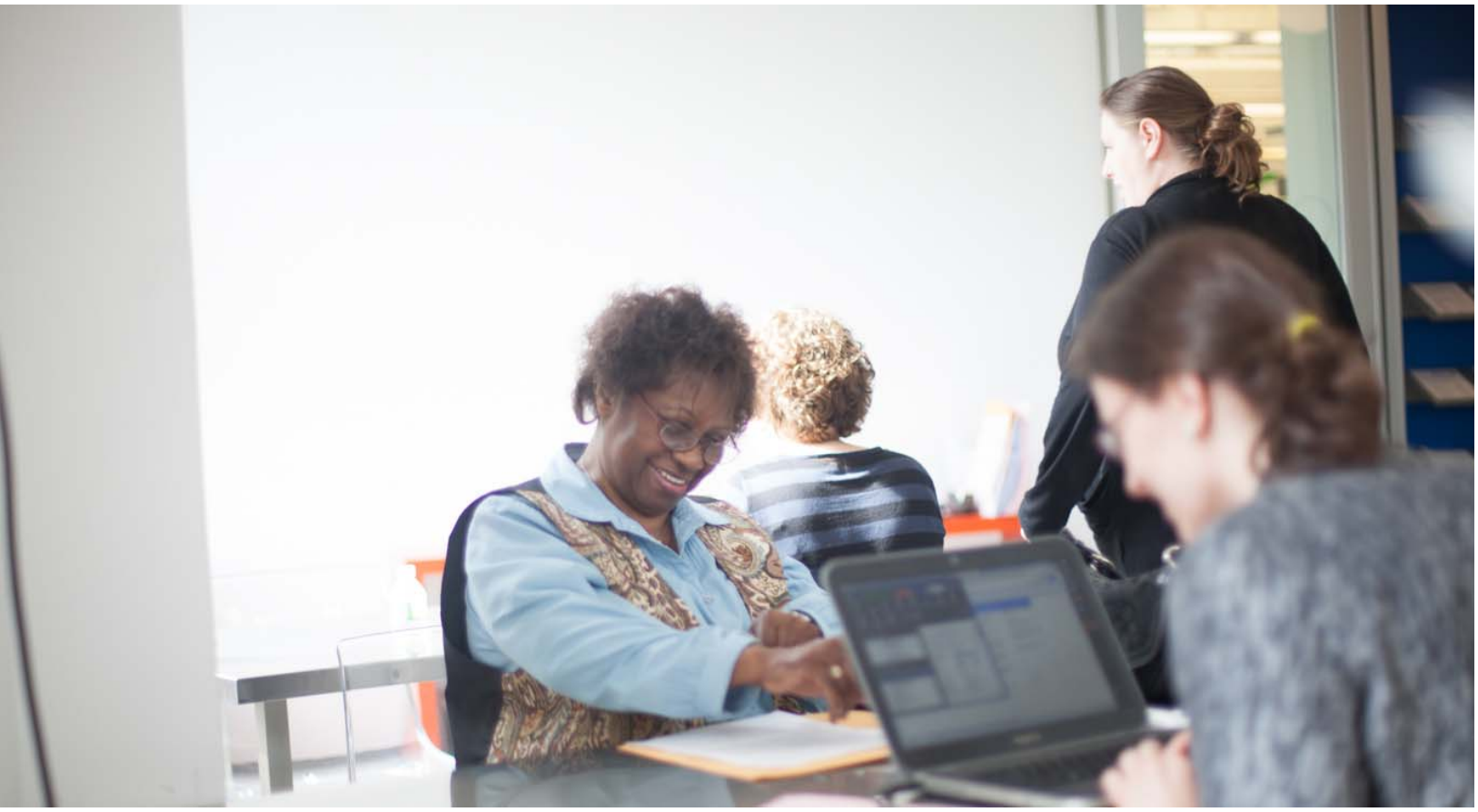

RESEARCH REPORT

An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs

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ABOUT OUR FUNDERS

The impact evaluation described in this report was funded by the Consumer Financial Protection Bureau (CFPB) under a competitive award, contract number CFP-12-Z-00006. The CFPB is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. To learn more about these efforts, visit consumerfinance.gov . To access resources for financial educators, visit consumerfinance.gov/adult-financial-education. The views, findings and conclusions in this report are those of the authors, and do not necessarily reflect those of the Consumer Financial Protection Bureau.

The process evaluation described in this report was funded by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of the Foundation.

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

October 2015

Dear Colleagues,

The Consumer Financial Protection Bureau (CFPB) is pleased to have commissioned this groundbreaking research on the impact of two financial coaching programs on how consumers manage their financial lives.

The mission of the CFPB is to make markets for consumer financial products and services work for consumers by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. Empowering consumers includes supporting their ability to make financial decisions and to choose and use financial products in ways that will help them to meet their own life goals.

There has been a growing call in the financial education field for more evidence to indicate how and when financial education strategies can improve consumer financial decision making. The CFPB has taken up this challenge to provide stronger evidence of what works, in order to support and guide financial educators as they do their important work in helping consumers.

This study is one milestone in meeting that challenge. Using an experimental design, this study allows, for the first time, a fully causal assessment of the impact of financial coaching, as practiced by the two programs, on the low- and moderate-income consumers they serve. Finding robust effects in an evaluation of financial coaching is particularly challenging because coaching services are driven by the individual consumers' own goals and needs, and each person has a different starting situation and different goals.

The design of this research allows us to separate the effects of the program itself from the characteristics of people likely to seek coaching. The study finds that among people who were interested in taking steps toward their financial goals, those with access to coaching did better than those without. Those who met with a coach even once improved their money management skills and saw meaningful gains on a range of financial health and well-being outcomes.

Consumers face many complex and consequential financial decisions throughout their lives. A financial coach can serve as a capable and trusted guide to help consumers navigate those decisions, especially consumers who do not have access to professional financial advisors or to experienced financial mentors among their family and friends.

A study like this is a significant undertaking, and we are grateful for the contributions of everyone involved - the Urban Institute, The Financial Clinic, Branches, and the study participants. We also acknowledge the Annie E. Casey Foundation for separately funding a companion process evaluation which is also described in this report. The findings will inform our own work to empower consumers to take more control over their economic lives in order to serve their own life goals, and we hope it will provide similar value to others working toward that same goal.

Sincerely,

Gail Hillebrand
Associate Director for Consumer Education and Engagement
Consumer Financial Protection Bureau

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Acknowledgments

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This study could never have been completed without the tireless work of the dedicated staff of Branches and The Financial Clinic. Special thanks to Lars Gilberts, formerly Director of Financial Stability Services with Branches, and Mae Watson Grote, the executive director of The Financial Clinic, for their work co-creating this study. Thanks also to the tremendous staff of both organizations for their work assisting with the research study while maintaining their "day jobs" of providing and overseeing services: Executive Director Brent McLaughlin, Karina Ron, Alexandra Hernandez, and formerly, Darren Liddell at Branches; and Haidee Cabusora, Josh Blankenbeckler, and formerly, Mauricio Garcia, at The Financial Clinic.

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Executive Summary

Increasing interest in the role that consumer-focused policy interventions can play in improving economic outcomes has led to a host of intervention models in recent years. Financial coaching has emerged as one prominent model in this field, aimed at improving consumer financial outcomes by using regular one-on-one sessions to set goals and plan concrete steps to meet and manage those goals over time. Unlike counseling, coaching takes a client-driven approach; instead of focusing on solving particular problems, the coach provides a framework for the client to meet his or her goals.

What Did the Field Already Know?

The interest in interventions like financial education, financial counseling, and financial coaching comes in part from literature linking financial literacy and a range of positive economic outcomes. However, research on the effects of concrete interventions has been limited. Research on financial education and financial counseling programs have shown mixed results, and studies have been hampered by a lack of rigor, making it difficult to separate program effects from selection bias.

Service take-up has been a particular concern for these interventions. It is a pragmatic issue because if only some who could benefit from a service actually receive it, then the program may not reach its full intended audience. It is also a methodological issue because if people taking up a service have characteristics that make them more likely to receive benefits from that service than those not taking it up, then measured program outcomes may be less about the program and more about the person.

To better understand the effects of financial coaching programs on a range of household-level financial outcomes, the Consumer Financial Protection Bureau solicited bids in 2011 for a contract to undertake a rigorous quantitative evaluation and peer learning project related to strategies to support consumer financial decisionmaking skills. The Urban Institute was awarded that contract,[1] and the Annie E. Casey Foundation separately funded a process study of the coaching efforts. This report describes the combined learning from both the impact and process reviews.

[1] Contract number CFP-12-Z-00006.

What Programs Did We Study?

This study evaluated two financial coaching programs: The Financial Clinic in New York City, New York, and Branches (formerly the South Florida Urban Ministries) in Miami, Florida. Both offer financial education and coaching programs aimed at improving financial outcomes for their clients. While both serve low- and moderate-income populations and share many other characteristics, clients at Branches were more likely to have stable employment than those at The Financial Clinic.

Branches is a faith-based social service organization serving Miami-Dade County in Florida. It offers a range of financial stability programs in addition to coaching. Branches offers coaching in two anchor sites in Miami-Dade County; additional satellite locations provide a more limited set of services. Branches uses a one-on-one coaching model, with full-time financial coaches handling approximately 60 new clients annually. Branches offers services to the entire Miami-Dade community, and it does not consider income, age, employment status or other factors when deciding on client enrollment. Clients are referred to Branches by local partner organizations and government agencies.

The Financial Clinic, founded in 2005, is a nonprofit financial development organization based in New York City. It focuses on building financial security for low-income individuals and families. Its main initiatives are free tax preparation services for income-eligible individuals and one-on-one financial coaching. The Financial Clinic uses career financial coaches and at the time of this study used "Financial Fellows," recent college graduates interested in the financial sector serving as coaches for one year (the Fellowship program ended in July 2014). The bulk of The Financial Clinic's referrals come from partner community-based organizations. Clients are also recruited into coaching through The Financial Clinic's other offerings such as tax preparation, 311 call referrals, and credit and money management workshops held throughout the city.

Both programs had similar beliefs, broadly speaking, about how coaching would improve client financial outcomes. For both, attending three to four sessions was considered ideal. Coaches helped clients work toward their financial goals, with several intermediate efforts serving as the basis for financial stability: making regular deposits to nonretirement savings, reviewing and monitoring client credit reports, reviewing and reducing financial transaction costs, paying down debts with regularity, budgeting, and conducting year-round tax planning. Coaches hoped that clients implementing these intermediate efforts would then achieve intermediate outcomes such as building nonretirement and emergency savings, improving client credit scores, lowering overall debt levels, and practicing effective budgeting and money management.

How Did We Study These Programs?

The initial step for this study was developing study recruitment procedures, which the Urban Institute research team developed with Branches and The Financial Clinic. Recruitment and enrollment ran from January 2013 to March 2014 at The Financial Clinic and from May 2013 to March 2014 at Branches. The study was conducted by both organizations at a number of sites throughout their service areas. At The Financial Clinic, coaching recruitment took place at their tax preparation workshops, their main headquarters, and at local community-based partners, such as Nazareth Housing and branches of the Brooklyn Public Library. Branches's recruitment took place at its headquarters, various Miami-Dade county government offices, and several community housing organizations. After providing consent,[2] we randomized clients in the study into treatment and control groups.

Overall, 945 people enrolled in the study, with 479 selected into the treatment group and 466 selected into the control group (table ES.1). There were 514 participants from Branches (257 each in treatment and control) and 431 from The Financial Clinic (222 in treatment and 209 in control). Those in the treatment group could attend as many coaching sessions as they wanted and could be referred by the programs to other services; control subjects could also access services from other agencies. Those in the control group were told they could access coaching services through Branches and The Financial Clinic after the end of the study period.

TABLE ES.1

Study Enrollment by Site

	Treatment				
	Untreated	**Treated**	**All**	**Control**	**Total**
Branches	161	96	257	257	514
The Financial Clinic	98	124	222	209	431
Total	**259**	**220**	**479**	**466**	**945**

Sources: Baseline survey and Branches and The Financial Clinic administrative data

[2] This information collection was approved by the Office of Management and Budget (OMB) under OMB No. 3170-0030.

Data sources included the following:

- A **baseline survey** on demographics, financial measures, and financial behaviors.
- **Administrative data** collected by both sites on program participants on coaching session participation, including frequency and nature of coaching sessions.
- Data from a **process study** commissioned by the Annie E. Casey Foundation, involving site visits and observation of program operations, study recruitment, interviews and focus groups with program staff, and interviews with treatment group study participants.
- An **outcome survey** collecting demographic data, and measures of financial status, behavior, stress, and knowledge. The survey was fielded between August 11 and December 19, 2014. Before fielding the survey, the study team allowed for a three-month treatment period and three-month nontreatment period for outcomes to develop for any client enrolled at the end of the enrollment period.
- **Credit report data**, obtained through a contract with a large credit bureau, that provided information at baseline (December 2012) and after the treatment period's conclusion (October 2014).

Our process study was designed to understand the processes by which the programs operated and the mechanisms by which financial decisionmaking improved. We examined the motivating factors that led clients to pursue coaching, the nature and frequency of the services provided, client perceptions of coaches and services received, differences between individuals who persisted in the programs and those who did not, and variations in services provided by different coaches and at different locations within each organization. The process study analyzed how closely actual implementation aligned with program goals and why discrepancies occurred.

Before analyzing the effect of coaching, we first determined characteristics predicting engagement in coaching. To do so, we examined the mean differences in baseline characteristics between participants who took up treatment (treated) versus those who did not (untreated), and then used regression analysis to estimate the probability of receiving coaching from among those to whom it was offered.

Our impact analysis used two methods to estimate the impact of financial coaching on financial outcomes. The first was intent-to-treat, or ITT, analysis. This compared the average outcomes for participants who were offered access to coaching against the outcomes of those who were not. The

advantage of this method is that it allowed us to know that program effects are due to coaching access and not selection bias or other issues. However, effects can be diminished by nonparticipation, rendering the true effects of coaching less detectable. The second method we used was treatment-on-the-treated, or TOT, analysis, which estimates the effects on those who actually participated in coaching. This allowed us to pick up effects potentially drowned out in the ITT model, but may be less policy relevant if we are interested in understanding the average effect of the intervention on the population as a whole.

Who Enrolled in the Study?

While study participants across Branches and The Financial Clinic shared a number of demographic and financial characteristics, there were also differences, in part due to the differing client base and outreach efforts of the two sites. Study participants at Branches were older, more likely to be male, and more likely to be married and with children. Blacks[3] made up by far the largest share of program participants at Branches, while Hispanics made up the largest share at The Financial Clinic, followed closely by Blacks (table ES.2).

Given that Branches conducted much of its outreach at employment sites, it is also not surprising that participants there were more likely to be employed and had higher incomes than those at The Financial Clinic. Those at Branches also were more likely to have checking and savings accounts, to hold credit cards, and to directly deposit their paychecks. In terms of indicators of financial stress or credit problems, participants at The Financial Clinic had, on average, a higher percent of balances past due and more items in judgements, while those at Branches had a higher number of bankcard inquiries and a higher number of items in collections.

[3] In this report, we defined anyone indicating they were Hispanic as Hispanic, including those also reporting they were Black, White, or Asian. The use of Black, White, and Asian in this report therefore refers to non-Hispanic individuals of these races.

TABLE ES.2

Selected Study Participant Demographic and Financial Characteristics (Baseline)

Variable	Branches	The Financial Clinic	Combined
Demographic characteristics			
*Age (mean)****	44	41	43
*Male***	53%	45%	49%
*Married****	44%	15%	31%
*# adults in household****	1.5	1.3	1.4
*# children in household****	1.1	0.5	0.8
*Asian****	0%	4%	2%
*Black****	61%	40%	52%
Hispanic/Latino	35%	41%	38%
*White****	2%	14%	8%
*"Other"****	3%	9%	6%
Financial characteristics			
*Employed full time or self-employed****	89%	43%	68%
*Mean household income (post-tax)****	$39,417	$22,110	$31,820
*Checking account****	97%	78%	88%
*Savings account****	86%	52%	70%
Credit Score (Vantage 3.0 ranging from 300 to 850)	597	587	592
*Directly deposited paycheck****	94%	47%	72%
*Holds a credit card****	63%	47%	55%
*Percent of balance past due****	14%	24%	19%
*Number of bankcard inquiries****	0.5	0.2	0.4
*Number of items in collections****	2.3	1.3	1.8
*Number of items in judgments****	0	0.2	0.1

Sources: Baseline survey and pre-intervention credit record data

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%; significance tests assess whether attribute is statistically different for Branches and The Financial Clinic study participants

The baseline survey asked program applicants a number of questions about their financial behaviors (table ES.3). When asked about how frequently they put money aside, a plurality at The Financial Clinic (39 percent) responded with "never;" the plurality at Branches (37 percent) responded with "twice a month." A higher share of participants at Branches compared with The Financial Clinic said that they paid bills on time "most of the time" (57 percent, versus 42 percent at The Financial Clinic).

TABLE ES.3

Selected Financial Behaviors (Baseline)

	Branches	The Financial Clinic	Combined
How frequently applicant puts money aside[a]			
Never	28%	39%	33%
1-2 times per year	13%	14%	14%
Every 1-2 months	22%	21%	22%
Twice a month	37%	26%	32%
How often applicant pays bills on time[b]			
Most of the time	57%	42%	50%
Very often	19%	23%	21%
Sometimes	15%	23%	19%
Rarely/Never	9%	11%	10%

Source: Baseline survey
Notes: [a] distribution difference significant at 1%; [b] distribution difference significant at 10%; significance tests assess whether attribute is statistically different for Branches and The Financial Clinic study participants

Clients at both sites indicated various reasons for seeking coaching, with addressing credit the most common reason at both sites (47 percent at Branches and 28 percent at The Financial Clinic). Other reasons noted by at least ten percent of participants at both sites included budgeting, debt, financial stability, financial knowledge, and savings. At Branches, 24 percent cited housing or homeownership as their primary motivator (versus 3 percent at The Financial Clinic), likely due to the fact that Branches recruited 18 percent of study participants through homeownership programs.

How Did Financial Coaching Work in Practice?

Branches and The Financial Clinic implemented coaching somewhat differently in the course of the study. Coaches at both sites were trained in coaching curriculum before working with clients; Branches used an existing curriculum (Central New Mexico Community College's CNM Connect) while The Financial Clinic used a curriculum developed in-house. Neither Branches nor The Financial Clinic required formal accreditation in financial coaching. Branches used full-time financial coaches for all study participants. The Financial Clinic used Financial Fellows (as noted above, recent college graduates providing coaching as a part of a one-year fellowship) as coaches for a large portion of study participants enrolled through tax-time workshops but transitioned to using professional coaches during the second half of the study.

Study participants at both sites were generally happy with their coaches, and found their coaches to be competent and capable. Coaches focused on helping clients set, achieve, and reassess goals over time. Client interests and motivations determined session content, with the exception of the first, which was more structured. During the initial session coaches did intake and assessment, discussed goal setting and planning, performed a credit review, and attempted to pull and review the client's credit report.

For clients at both Branches and The Financial Clinic, addressing credit was the most common reason given for seeking coaching. Coaches at both sites had similar approaches for, working to increase client knowledge about credit in general, engaging in credit-building activities, and strategizing how to manage and reduce debt levels. Another key objective for coaches was to empower clients to feel comfortable negotiating debts and interest rates with creditors. While some coaches called creditors during sessions, they expressed this as being a skill that clients needed to be able to have on their own. Clients we interviewed reported success in removing false items from credit reporting companies, but less success in negotiating interest rates.

Coaches at both sites noted the importance of budgeting and worked with clients to create a budget during sessions. While most study participants interviewed were familiar with the idea of a budget, almost none regularly used one at the time of the first coaching session. There was also a disconnect between what study participants thought they spent money on and what they actually spent money on. One Branches client said the following about working with a coach to create a budget.

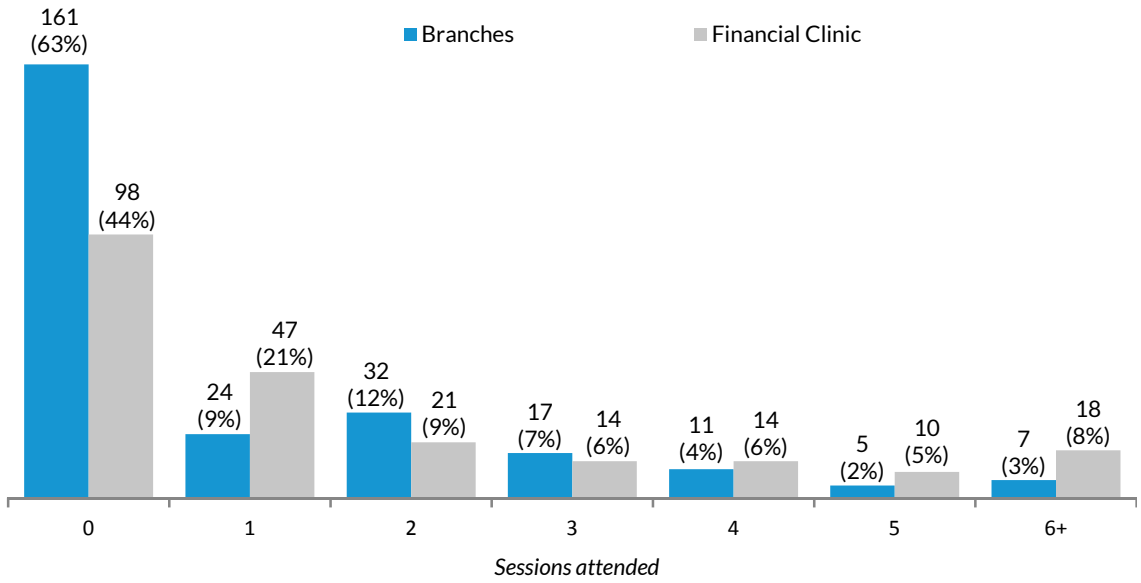
> [My budget] showed me how much money I was spending…my coach helped me see how I could manage my money better, and when you itemize all your stuff, you can see it, but when you're paying your bills, just paying them, you don't see it.

Who Took Up and Stayed with Coaching?

One of the biggest challenges facing financial coaching programs was getting clients into a first session. This was an issue at both sites, but was more pronounced at Branches (figure ES.1), where 96 of the 257 (37 percent) in the treatment group attended at least one coaching session; at The Financial Clinic, 124 clients of 222 (56 percent) in the treatment group attended at least one coaching session. At Branches the mean number of coaching sessions in the treatment group was 1; the median was 0. At The Financial Clinic, the mean number of coaching sessions was 1.7; the median was 1. Of those attending at least one session (the "treated of treatment" group), the median client at both sites attended 2 sessions, with a mean of 2.7 at Branches and 3.1 at The Financial Clinic.

FIGURE ES.1

Sessions Attended by Treatment Group, by Site



Source: Branches and The Financial Clinic administrative data

At Branches, unmarried clients were more likely to take up treatment than were married clients; the same was true for Blacks (compared to Hispanics, the reference group), those with higher credit scores, and those who enrolled later in the study. At The Financial Clinic, older clients were more likely to take up services, as were those who had graduated from college, those with higher credit scores, those who had at least one financial goal, and those who enrolled later in the study period.

In interviews, coaches noted a number of potential reasons why certain clients stuck with coaching and others did not. Some cited motivation, willpower, passion for change, exhaustion with the current state of affairs, and patience. Another factor was coming to a shared understanding of what coaching could or could not do. Coaches believed that clients who understood that coaching would not provide a quick fix were more likely to stick with it. Coaches also noted that personal distractions, lack of willingness to change, and a distant place of referral as other disincentives. Finally, coaches stressed the importance of building rapport and trustnot only in terms of increasing a client's likelihood of returning, but also in increasing his or her willingness to share "root causes" of financial problems.

What Effects Did Coaching Have?

Study participants and coaches worked together to set financial goals, rather than following a rigid set of targets laid out by the program. As a result, financial coaching outcomes can vary considerably from person to person. For one person, a positive outcome may be an increase in his or her credit score, and for another, it may be the purchase of a home. If study participants are all working toward different objectives, this can make it difficult to detect effects on the entire treatment group relative to the entire control group for any single objective. In addition, the vast majority of those who accepted coaching services only attended one or two sessions. Unfortunately, alternative approaches have their own challenges: financial goals and intended outcomes for study participants shifted considerably during the course of the study period, and since we can only look at subsets of people based on baseline characteristics, there is no straightforward way to look at subsets by goal attainment in an unbiased way.

Despite these complications, we find that financial coaching, as practiced by these two organizations, produced a number of significant effects on a variety of outcomes related to money management, paying down debt, saving, and perceptions of financial well-being. We report the ITT and TOT results (introduced above) of this impact analysis below.

- For savings, financial coaching had fairly strong, positive effects on some savings outcomes, while not improving others. Specifically, we found that financial coaching positively affected the number of savings deposits made by participants, the size of participants' total account balance at The Financial Clinic, and their perceived progress toward increasing their nonretirement savings or emergency rainy day funds. We did not detect improvements in account access, direct deposits, automatic transfers, or retirement savings.
- For expenses, bill payment patterns, and debt, we found that financial coaching helped participants to reduce or pay down some levels of debts and also to cure some, but that coaching had no effect on the renegotiation of debts. We also found that coaching caused some reductions in late fees and increases in paying bills on time, but saw no detectable change in participants' income to expense ratio. For credit and debit card usage, we saw notable differences between the two sites: participants at Branches were less likely to have taken on a credit card during the study period, whereas participants at The Financial Clinic were more likely to have taken on a credit card, but also more likely to have closed down a tradeline (separate accounts reported to credit agencies) as well.

- For delinquencies, bankruptcies, collections, and liens, we found some positive effects on participants' percent of on-time tradelines, their balance on items in 90- to 180-day delinquency, and their balance in collection. However, coaching did not significantly move any of the other more serious measures in this category, such as bankruptcy, foreclosure, items in collections, items in judgements, and balance in judgements. However, these measures likely represent longer term changes that are hard to detect, so movement in a few of these indicators may indicate the programs were helping people head in the right direction.

- For alternative financial services, we found that financial coaching reduced the use of two types of alternative financial services at one coaching site, and none at the other. At Branches, participants' offered access to financial coaching reduced their likelihood of borrowing money from family or friends and also reduced their likelihood of obtaining cash from a payday loan service. However, there was not an effect for the likelihood of selling something to a pawn shop, taking out a credit card advance, obtaining a tax refund anticipation check, or using any type of alternative financial service. At The Financial Clinic, we did not detect the offer or receipt of coaching affected the use of any of alternative financial services.

- For credit report and score, financial coaching was found to have positive effects on some credit-related variables, although these gains were not consistent across the two sites. Specifically, coaching had positive effects on individuals' credit scores and self-reported progress toward improving credit ratings at The Financial Clinic, but not at Branches. No effects were found at either site for self-ratings of credit or for the establishment of credit (as measured by having a credit record after the intervention occurred but not before).

- For financial planning and budgeting, we found that financial coaching increased the likelihood of having a budget and a number of other financial planning-related outcomes at The Financial Clinic, with fewer positive detected effects at Branches.

- For financial stress, well-being, and confidence, we found that financial coaching reduced the level of financial stress for participants at both sites, and that it had positive effects on a number of well-being and confidence measures.

- For credit report familiarity, which we measured using survey questions on knowledge, understanding, and use of credit reports, we did not detect any significant difference in outcomes between the treatment and control groups at Branches. We did find that financial coaching increased the likelihood that participants had seen their credit report since study enrollment and that they had checked their credit score since study enrollment at The Financial Clinic.
- For financial knowledge, we did not find any impact of financial coaching on factual financial knowledge as we measured it, though the process study suggests that clients may have developed new financial skills or knowledge of *how* to take certain financial actions.
- For financial goals, financial coaching participants made greater progress toward their goals than did the control group, but progress varied both by site and goal type.

Tables ES.4 and ES.5, examine the major impacts of financial coaching at Branches and The Financial Clinic, respectively. A guide to interpreting the tables is as follows. The leftmost column is the outcome indicator. The next two columns are the means at follow-up for the control and treatment group. The next column shows the difference in those means, which is noted with asterisks to indicate whether the difference between treatment and control is statistically significantly different from zero. The regression adjusted difference in means ("Reg. Adj.") column accounts for observable differences between the treatment and control groups that were not fully equivalent at baseline as a result of randomization. The next column shows the mean, again at follow-up, of the impact listed for those within the treatment group who received at least one financial coaching session ("Treated mean"). The Bloom adjustment ("Bloom Adj.") column inflates the regression adjusted difference in means by the no-show rate and can be interpreted as the upper bound of the impact. The rightmost column is the instrumental variable regression adjusted difference in means ("IV Reg. Adj."). This measure compares the treated group to the control group using randomization as a predictor of treatment uptake. Further explanation of this, and all methods used in estimating these impacts, can be found in the Data and Methods chapter.

TABLE ES.4

Impacts of Financial Coaching at Branches

			ITT			TOT	
	Control mean	Treatment mean	Diff. in Mean	Reg. Adj.	Treated mean	Bloom Adj.	IV Reg. Adj.
Number of deposits into savings	13.70	15.64	1.94	2.583*	15.69	6.916*	5.321*
Total account balance [b]	1,908	2,563	655	791.6	2,736	2,119	1,709
				(530.8)			(1,161)
Sum of all debts, credit data [b]	60,643	56,269	-4,374	-10,644 **	52,263	-28,499**	-12,416
				(4,784)			(19,449)
Curing [bc]	0.84	1.32	0.47**	0.643***	1.64	1.722***	1.614***
				(0.245)			(0.619)
Late fee on loan or bill in last two months (Y/N) [a]	0.43	0.33	-0.10*	-0.097*	0.30	-0.259*	-0.212*
				(0.057)			(0.127)
Total income > household's living expenses [a]	0.528	0.58	0.05	0.070	0.61	0.187	0.158
				(0.064)			(0.143)
Has a credit card (Y/N) [ab]	0.65	0.71	0.06	0.074	0.74	0.198	0.161
				(0.049)			(0.106)
Number of active credit cards [b]	1.97	1.71	-0.26	-0.518*	1.81	-1.387*	-1.066*
				(0.272)			(0.566)
Used any type of alternative financial service [ab]	0.58	0.51	-0.58	-0.085	0.43	-0.228	-0.188
				(0.059)			(0.129)
Percent of on time trades [b]	40.26	43.22	2.96	1.844	46.64	4.937	4.292
				(2.407)			(5.596)
Credit score [b]	606	617	11	3.067	614.13	8.212	6.954
				(7.054)			(16.04)
Has a budget (Y/N) [a]	0.51	0.55	0.05	0.045	0.62	0.120	0.098
				(0.060)			(0.130)

			ITT			TOT	
	Control mean	Treatment mean	Diff. in Mean	Reg. Adj.	Treated mean	Bloom Adj.	IV Reg. Adj.
Set aside emergency funds (Y/N) [ab]	0.31	0.48	0.16***	0.186***	0.51	0.498***	0.409***
				(0.054)			(0.122)
Amount in emergency fund [b]	691.1	1,368	1,027**	740.9***	1,525	1,983***	1,560***
				(273.2)			(600.0)
Level of financial stress (1-7)	4.29	3.91	-0.37	-0.501**	4.19	-1.341**	-1.110**
			0.11	(0.240)			(0.548)
Satisfaction with present financial situation (1-7)	3.42	3.80	0.38*	0.509**	3.71	1.363**	1.109**
				(0.224)			(0.502)
Checked credit score since study enrollment (Y/N) [a]	0.56	0.58	0.02	0.045	0.61	0.120	0.100
				(0.058)			(0.128)
Score on financial knowledge test (1-8)	6.19	6.18	-0.01	-0.030	6.28	-0.080	-0.066
				(0.161)			(0.355)
Perception of credit score same as actual credit score [a]	0.28	0.30	0.020	0.005	0.32	0.013	0.010
				(0.053)			(0.114)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, Black, White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

[c] Curing=turning a trade line from 30 or more days delinquent or derogatory to satisfactory.

TABLE ES.5

Impacts of Financial Coaching at The Financial Clinic

			ITT			TOT	
	Control mean	Treatment mean	Diff. in Mean	Reg. Adj.	Treated mean	Bloom Adj.	IV Reg. Adj.
Number of deposits into savings	6.67	8.95	2.29**	2.141**	8.57	3.833**	3.153**
Total account balance [b]	1,316	2,190	875*	1,187*	2,476	2,125*	1,721**
				(610.3)			(868.3)
Sum of all debts, credit data [b]	13,884	13,300	-584	-1,602	17,285	-2,869	-1,009
				(2,734)			(5,824)
Curing [bc]	0.79	1.03	0.24	0.389**	1.26	0.696**	0.700**
				(0.191)			(0.336)
Late fee on loan or bill in last two months (Y/N) [a]	0.42	0.43	0.01	0.020	0.37	0.036	0.031
				(0.059)			(0.092)
Total income > household's living expenses [a]	0.51	0.50	-0.01	0.010	0.54	0.018	0.015
				(0.065)			(0.099)
Has a credit card (Y/N) [ab]	0.48	0.60	0.12**	0.084	0.72	0.150	0.132*
				(0.051)			(0.080)
Number of active credit cards [b]	1.23	1.55	0.32	-0.059	2.00	-0.106	-0.087
				(0.236)			(0.350)
Used any type of alternative financial service [ab]	0.60	0.61	0.02	-0.025	0.61	-0.045	-0.039
				(0.058)			(0.090)

			ITT			TOT	
	Control mean	Treatment mean	Diff. in Mean	Reg. Adj.	Treated mean	Bloom Adj.	IV Reg. Adj.
Percent of on time trades [b]	39.38	43.61	4.23	6.539*	51.07	11.71*	10.242*
				(3.381)			(5.270)
Credit score [b]	583	601	18	20.68***	626.1	37.02***	33.10***
				(7.756)			(12.31)
Has a budget (Y/N) [a]	0.55	0.75	0.20***	0.199***	0.74	0.356***	0.307***
				(0.057)			(0.090)
Set aside emergency funds (Y/N) [ab]	0.27	0.35	0.08	0.051	0.39	0.091	0.080
				(0.056)			(0.088)
Amount in emergency fund [b]	445.3	761.9	615	260.6	857.9	466.5	415.2
				(182.6)			(293.7)
Level of financial stress (1-7)	4.72	4.42	-0.30	-0.384	4.24	-0.687	-0.599*
				(0.232)			(0.362)
Satisfaction with present financial situation (1-7)	3.03	3.14	0.11	0.234	3.29	0.419	0.363
				(0.217)			(0.336)
Checked credit score since study enrollment (Y/N) [a]	0.32	0.50	0.18***	0.176***	0.63	0.315***	0.274***
				(0.057)			(0.087)
Score on financial knowledge test (1-8)	5.89	5.75	-0.15	-0.167	5.88	-0.299	-0.260
				(0.201)			(0.313)
Perception of credit score same as actual credit score [a]	0.22	0.25	0.030	0.019	0.24	0.034	0.029
				(0.054)			(0.080)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken

up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, Black, White or other race (omitted group is Hispanic), and log of post-tax household monthly income.
[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).
[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.
[c] Curing=turning a trade line from 30 or more days delinquent or derogatory to satisfactory.

While financial coaching could very well be expected to work better for some groups than others, our analysis found no systematic differences in the overall outcomes of participants for either program across a variety of baseline characteristics, including their level of formal education, their age, their gender, their race, and their marital status. We also found no evidence of systematic differences between subgroups of participants based on initial financial characteristics and behaviors, such as those with initial credit score, overall debt level, frequency of on time bill payment, frequency of saving, or frequency alternative financial service use. Generally, when we detected differences between groups, they were that the groups had positive outcomes for different measures, such as one group improving their credit score and another increasing their savings. It appears that financial coaching does not systematically work better for one group of people than another, but rather works in different ways for different people.

What Are the Study's Implications?

Financial coaching, as practiced today, varies in many aspects of implementation. Additionally, clients have differing financial situations, goals, and motivations, which leads to differences in numbers of coaching sessions attended as well as differing outcomes. Although it is clear that financial coaching is not the solution for all low- and moderate-income individuals, it generated notable outcomes for individuals in this study, indicating that the approach is promising.

This study suggests that a well-implemented coaching program with engaged clients can produce important improvements in certain financial outcomes, although it may not work equally well across all programs, clients, or outcomes. For a number of potential reasons, effects varied greatly between the two sites in this study. Coaching tactics and program structures could play a role; The Financial Clinic used a more structured coaching approach while Branches used a less systematized model. Participant characteristics and goals could also play a role; participants at Branches were predominantly public employees with higher incomes and higher debt than those at The Financial Clinic. Additionally, the amount of room for improvement played a role for some measures. To take one example, rates of direct

deposit were already high at Branches given that Miami-Dade County employees were already using the feature.

Program effects were robust enough that we detected significant effects on several important outcomes despite coaching take-up rates of only 37 and 56 percent at Branches and The Financial Clinic, respectively, as well as fairly limited coaching sessions among those who took it up. Most importantly, financial coaching positively affected nonretirement savings balances, number of savings deposits, total debt balances, curing delinquent accounts (including those in collections), late payments, percent of trade lines on time, payday loans, balance in collections, credit score, having a budget, financial stress, satisfaction with financial situation, and confidence in ability to achieve financial goals. However, we also found notable gaps in outcomes. First, many of the outcomes listed above were improved at one site, but not both. Second, financial coaching, as experienced by clients of these programs during the course of the study, had no detectable effects on other measured outcomes, including having transaction accounts, student loan debt levels, paying off outstanding debts, using other alternative financial service products like pawn shops, the number of 30-day and 90- to 180-day delinquencies, filing bankruptcy, number of judgements, sticking to a budget, and financial knowledge.

This study adds to current knowledge in several ways. First, it details how two distinct coaching programs work and how clients interact with and view these programs. Second, it finds broad—though not perfect—congruity between perceptual and objectively verified measures (by comparing the outcome survey and credit bureau records). Third, it provides a better understanding of the impacts financial coaching may have, and serves as a warning against measuring success using only two or three metrics. Fourth, its finding that program outcomes differed so significantly provides caution about how well one site's results can be extrapolated to other populations and programs. Fifth, it indicates that motivation may be the most important unobserved factor influencing somebody's ability to use financial coaching services to improve their financial situation. Finally, it suggests that the benefits of financial coaching derive directly from behavioral change rather than from gains in factual financial knowledge as measured in this study.

Coaching is a fairly expensive and high-contact intervention compared to some other approaches such as group literacy classes or persuasive technologies such as text-message reminders or phone apps designed to assist people to change their behavior, even if clients only engage once or twice. However, given questions about the long-term efficacy of cheaper interventions, more investigation into the cost-benefit of coaching vis-à-vis other interventions will assist in drawing conclusions about program cost-effectiveness. It is worth acknowledging, however, that defaults, reminders, apps, or classroom or online financial education may be best considered complements of financial coaching rather than

substitutes—for example, coaching programs can also deploy these approaches as a part of their service package. Finally, it is worth acknowledging that financial coaching, or any financial education effort, should not be the only approach to help consumers improve their financial well-being. Consumers also need access to sound, straightforward, and low-cost financial products, and a regulatory environment providing broad protections.

Chapter 1. Introduction

Considering the current economic climate and the strain on low-income households across the United States, it is increasingly evident that the ability to make sound and informed financial decisions is crucial for maintaining household stability. Poor financial decisions can have significant long-term consequences for individuals and families, and therefore helping consumers develop healthy financial habits is critical.

While there is a clear need for methods to help consumers make better financial decisions, there is little formal evidence demonstrating which education strategies most effectively improve financial outcomes for these households. There is perceived value in financial coaching and education programs, but the paucity of empirical support means that the field has not been able to draw solid conclusions about what actually works.

To learn more about effective approaches to support financial capability, the Consumer Financial Protection Bureau (CFPB) solicited bids in 2011 for a contract for Financial Education Program Evaluation Support Services. That contract was awarded to the Urban Institute.[4] The objective of this contract was to engage in a rigorous quantitative evaluation and peer-learning project to increase the CFPB's understanding of which interventions can improve a range of household-level financial outcomes, including decisionmaking, general financial knowledge, nonretirement savings, and stress.

To measure the effects of these interventions we evaluated two financial coaching programs: The Financial Clinic in New York City, New York, and Branches (formerly the South Florida Urban Ministries) in Miami, Florida. Both offer financial education and coaching programs aimed at improving financial outcomes for their clients, and were selected for a variety of reasons, including their program size, their geographic and client base diversity, preliminary evidence indicating the effectiveness of their programs, and their willingness to participate in a rigorous evaluation (Consumer Financial Protection Bureau 2013). Our evaluation focused on each site's individualized financial coaching programs and tested a number of questions:

- Did financial coaching improve the household balance sheet?
- Did financial coaching reduce financial stress?
- Did financial coaching improve financial behaviors and decisionmaking?

[4] Contract number CFP-12-Z-00006.

- Did financial coaching help participants achieve their individual financial goals?
- Did financial coaching increase financial knowledge?

This report is the result of that study, along with a companion process study funded separately by the Annie E. Casey Foundation. Chapter 2 ("Background") provides general background on financial coaching and financial education, and provides an overview of the field as it exists in 2015. Chapter 3 ("Program Sites and Models") provides a more detailed overview of Branches and The Financial Clinic, including information on program models, staffing, and target populations. We provide an overview of our data and methodology in Chapter 4 ("Methodology and Data Sources"), before turning to the findings from the study itself.

Chapter 5 ("Program Applicants at Entry") presents a baseline description of clients, discussing demographic characteristics, financial status, goals and behaviors, and geography. We discuss program implementation in Chapter 6 ("Program Implementation"); we discuss the coaching theory of change and present process study findings on clients, coaches, the coaching environment, coaching content, and client persistence with coaching; we also discuss how the research study influenced program design and implementation. Chapter 7 ("Service Take-Up") presents both descriptive and multivariate analyses of service take-up and discuses impediments to initial engagement with coaching and subsequent persistence. Chapter 8 ("Program Impacts") presents our analyses of impacts of coaching programs on those offered treatment and those actually taking up services. We conclude, in Chapter 9 ("Conclusions and Implications"), with a discussion of the implications of this research for practice and policy.

Chapter 2. Background

Efforts to better account for the role that context plays in forming financial outcomes underpin the recent growth in interventions such as financial coaching targeted to vulnerable populations. Financial literacy (or knowledge) is one part of this equation, as it demonstrates a consumer's knowledge of good financial practices. However, also crucial is vulnerability: some populations, especially those with few financial resources or options, are more liable than others to be harmed by less-than-optimal financial decisions.

The creation of the CFPB through the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 signaled a stronger focus at the federal level on financial issues facing consumers and an interest in better understanding the role that particular interventions could play in improving financial outcomes. Financial coaching has emerged as one such intervention to complement financial education and financial counseling interventions, and the number of organizations offering financial coaching services has grown rapidly.

This chapter has two goals. First, it provides background on issues related to financial literacy and the broader concept of financial capability, paying special attention to research seeking to understand the effects of interventions aimed at improving financial outcomes. Second, it discusses the growth of financial coaching as a particular intervention within this broader context. While the present project is one of only a few systematically studying coaching, there is a broader set of research on financial interventions relevant to coaching, and financial coaching itself has engendered much discussion in regarding goals, effects, and best practices.

Financial Literacy and Capability

Efforts to understand the root causes of poor financial economic outcomes, in terms of consumer decisionmaking, have historically focused on how financial literacy (or knowledge) affects financial well-being.[5] Financial literacy can be defined as the ability to use economic information to inform economically-relevant decisionmaking (Lusardi and Mitchell 2014).

[5] The terms financial 'literacy' and financial 'knowledge' are often used interchangeably. See Huston 2010.

A large literature has found positive links between measured financial literacy and positive economic outcomes (Hastings, Madrian, and Skimmyhorn 2013; Shim et al. 2009). Studies testing financial literacy generally operationalize the concept based either on self-assessment or the share of correct answers on a performance test (Hung, Parker and Yoong 2009). Although the relationship between self-reporting and actual behaviors has in itself been a subject of research, some studies have found that self-reported knowledge or confidence, even independent of more objective measures, has effects on financial outcomes (Allgood and Walstad 2013; Hastings, Madrian, and Skimmyhorn 2013; Parker, de Bruin, and Willis 2012).

Studies have found positive relationships between literacy and practices like on time bill payment, budgeting, savings and emergency funds, and financial goal setting (Allgood and Walstad 2011; Hilgert and Hogarth 2003; Xiao et al. 2010), retirement saving (Hung, Parker, and Yoong 2009; Lusardi 2009; Lusardi and Mitchell 2011) and wealth creation more broadly (Ameriks, Caplin, and Leahy 2003; Behrman et al. 2010), Conversely, lower levels of financial literacy have been associated with poor financial decisionmaking. Consumers who overestimate their credit scores are less likely to budget, save, or regularly invest (Perry 2008), mortgage borrowers taking out high-cost loans are more likely to have lower levels of financial literacy and higher measures of delinquency and default (Moore 2003; Geradi, Goette, and Meier 2010).

However, the U.S. population displays low levels of financial literacy. A national survey of financial literacy found that only 14 percent of respondents were able to correctly answer all five questions covering fundamental concepts of economics and finance (FINRA Investor Education Foundation 2013). Similarly, over a decade of surveying high school seniors, the Jump$tart Coalition for Personal Financial Literacy found low literacy levels that actually dropped over time (Mandell 2008).

There are a number of potential causes for low levels of financial literacy. Individual preferences could play some role: certain people may discount the benefits of financial literacy more than others due to safety net expectations (Lusardi and Mitchell 2014) or personal calculations as to the value of time spent on developing literacy (Meier and Sprenger 2013). Levels of financial literacy, as measured by knowledge of finance concepts and financial terminology, are not the same across demographic groups. Evidence points to financial literacy being higher among men, those with bachelor's degrees, and those with higher incomes, and lower among women, minorities, and those with low educational attainment (Hung, Parker, and Yoong 2009; Lusardi, Mitchell, and Curto 2009; Lusardi and Tufano 2009; Theodos et al. 2014). Unlike adult populations, gender disparities among youth seem to be lower: the OECD's 2012 Programme for International Student Assessment (PISA) found no financial literacy

gender gaps among 15-year old boys and girls (OECD 2014), although it is worth noting that this assessment measures financial literacy differently than other studies.

Building on the concept of financial literacy, in recent years the more expansive concept of financial *capability* has become increasingly popular. While financial literacy refers to the knowledge and skills necessary to make effective financial decisions–the *ability* to understand and decide—an early definition of capability was the *opportunity* to act, by way of access to high quality financial products (Sherraden 2010). A subsequent definition of capability incorporated two additional factors into the concept: financial *influences,* such as a person's beliefs, that affect consumer behavior, and even actual financial *action*, or what the person actually does with their knowledge (Cooperative Extension 2013). Analyses using this broader definition of financial capability include the 2009 and 2012 National Financial Capability Surveys (FINRA Investor Education Foundation 2013) and a British household survey finding financial capability positively related to the propensity to save, household income in later years, and life satisfaction (Taylor 2010; Taylor, Jenkins, and Sacker 2011).,

Financial Education

Especially in the wake of the financial crisis, practitioners and researchers have investigated ways to improve financial literacy and behavior among the U.S. population, with financial education becoming a focal point in these efforts. Financial education refers to a range of initiatives designed to improve financial literacy and influence behavior that are generally targeted to particular populations and with particular aims in mind (Gale, Harris, and Levine 2012).

There are a number of studies on these programs, although effects have been mixed. Further, few studies have used elements of experimental design, making it difficult to untangle actual program effects from selection bias (Hung, Mihaly, and Yoong 2010). A meta-analysis of 188 studies exploring impact results of financial education interventions found 140 that demonstrated positive relationships between financial education and outcomes in the areas of savings, credit performance, and promoting financial skills such as record keeping, but have not been found to significantly impact other important areas like credit default. However, authors also noted that most extant studies use non-rigorous methods and many may suffer from selection bias (Miller et al. 2014). Another meta-analysis (Fernandes, Lynch, and Metemeyer 2014) of 201 studies (168 papers) found negligible effects of interventions on behavior, with effects diminishing when controlling for psychological traits or using an instrument for literacy to control for omitted variables. That study suggested that "just-in-time"

financial education designed to minimize forgetting and decision support systems tailored to individual needs may hold promise for further study.

Even setting aside the broader effects of financial education, questions about implementation remain, including questions about optimal modes of delivery, timing, and program intensity (Hung, Mihaly, and Yoong 2010). Other studies have analyzed the time horizon of impacts (Bernheim, Garrett, and Maki 2001; Shim, Serido, and Xiao 2009), with some finding effects on behaviors decaying relatively quickly (Fernandes, Lynch, and Metemeyer 2014; Lyons, Chang, and Scherpf 2006).

The location and target audience of a given program may also play a role. Here, too, evidence is mixed. An analysis of the research literature finding a positive association between workplace-based financial literacy interventions and higher savings rates did not find such an effect for other efforts (Gale, Harris, and Levine 2012). However, an evaluation using data from the 2012 FINRA Investor Education Foundation National Financial Capability Study (NFCS) finding positive relationships between education and literacy for high school and workplace-based initiatives also found a an association between education and adverse financial events (Simms 2014). Since these various program categories vary considerably, it is worth noting some of them in more detail (here we largely follow Gale, Harris, and Levine).

High School and College

In terms of the effect of education on *literacy*, results from the 2008 National Jump$tart Coalition Survey of High School Seniors and College Students (Mandell 2008) and a study using matched sample design of high school students (Mandell and Klein 2009) found little relationship between high school students having taken a financial literacy class and performance on financial literacy tests. Similarly, an analysis of the results of a biannual survey of high school seniors (Mandell and Klein 2007) and an evaluation of the results of randomized tests among credit card holders (Gartner and Todd 2005) found little to no evidence that high school or college-level financial education had positive effects on financial *behaviors*, with the former analysis arguing that motivation needs to be accounted for.

There is, however, some survey evidence that financial education in college increases financial literacy and improves financial attitudes and motivation (Peng *et al.* 2007; Borden *et al.* 2008), and a study of a finance-related "theme park" that included instruction for middle and high school students on financial institutions, taxes, credit, and personal budgeting, found participants to be more frugal, to

delay gratification longer, to pay off debt faster, and to rely less on credit financing, compared to their peers who did not receive the instruction (Carlin and Robinson 2012).

A 2015 study of financial education programs, focusing on three states (Georgia, Idaho, and Texas) that implemented new high school financial education requirements after 2000, found that well-implemented and rigorous financial education programs were associated with higher credit scores and lower delinquency rates for young adults who had been exposed to the programs (Urban et al. 2015). There is also evidence that students from states with no mandated high school-level financial education do worse on most outcome measures related to financial depositions, knowledge, and behavior, than students from states with such policies (Gutter, Copur, and Garrison 2010).

Employer-Based (Including Retirement)

As with other interventions, more rigorous studies have found less in the way of effects than have non-experimental ones. Choi, Laibson, and Madrian (2011), using a random assignment method to study the effects of a survey designed to educate employees on their suboptimal use of 401k contributions, found no significant effects on contribution rates. On the other hand, an analysis of the Rand American Life Panel suggests that employer-based financial education program lead workers to plan more for retirement (Lusardi and Mitchell 2007). Similar non-experimental studies using self-reported outcomes have found positive effects of education on savings (Garman et al. 1999; Bernheim and Garrett 2003) and higher retirement plan participation levels and savings rates (Bayer, Bernheim, and Scholz 2009). Another study of a firm's employer-based financial education found it to improve employees' retirement portfolios through increased diversification and improved risk management (Dolvin and Templeton 2006).

Low-income and economically disadvantaged populations

As with other program areas, there are few rigorous evaluations of existing programs targeted to lower-income consumers. Using random assignment to study a mandatory financial education program, Collins (2013) found improvements in self-reported behaviors, but for the most part no measurable effects on savings or credit (also see Collins 2010). The study found that clients offered or participating in education acquired more debt, although there was no evidence that these clients had problems managing this debt and effects of treatment on the treated found some positive association with credit scores.

A study of savings outcomes for low-income individual development account (IDA) programs, using propensity score modeling, found participants completing education requirements had better financial outcomes than those who did not. Interestingly, it found that dosage levels provided higher rates of return for participants 36 or older, with decreasing returns for younger participants (Grinstein-Weiss et al. 2015).

Studies with less rigorous methodologies have found some potentially positive relationships between education and behaviors or outcomes. A Federal Deposit Insurance Corporation (FDIC) survey-based analysis of Money Smart, an adult financial education curriculum for low- and moderate-income individuals, found a positive link between financial education training and consumer behavior (2007). Other studies have found positive links between financial education and financial knowledge (Zhan, Anderson, and Scott 2006; Anderson, Zhan, and Scott 2007) and behavior, although teasing out the influence of prior financial knowledge on these outcomes has been an issue (Lyson, Chang, and Scherpf 2006).

There are also concerns that financial education programs aimed at economically disadvantaged populations are insufficient on their own to respond to issues particularly acute among these groups, concerns relevant to the notion of financial capability, discussed above. One concern is that these programs may not do enough to improve access to financial institutions or services for these groups. Without institutional access, these populations may have the knowledge but lack the means to apply it, effectively creating a barrier to achieving positive financial outcomes (Johnson and Sherraden 2007). Fluctuating work schedules and child care problems may discourage some populations from participating in the programs (Anderson, Zhan, and Scott 2004).

Financial Counseling

Interventions linked to particular goals or responding to particular crisis or personal issues are usually described as financial *counseling*: generally one-on-one interventions, limited in duration, designed to solve a client's particular financial problem—often crisis focused, and involving some set of explicit directives to the client to meet that end. Often, counseling refers to crisis-driven interventions aimed at guiding clients through a prescribed process, but can also refer to goal-oriented ones such as homeownership counseling.

A recent review of existing research argues that the effect of counseling on behaviors is promising but not conclusive (Collins and O'Rourke 2012). One issue facing these studies is that of selection bias

(Caskey 2006, Hathaway and Khatiwada 2008, Elliehausen, Lundquist, and Staten 2007; Meier and Sprenger 2007; Willis 2008, Collins 2013), as the very act of looking for and participating in counseling may be a proxy for unobserved individual characteristics.

The Financial Capability Outcomes Adult Pilot, a study of financially distressed individuals enrolled in a transitional work program in New York City, found that clients offered access to counseling (both those who accessed services and those who did not) had lower shares of debt past due than did the control group, although the study did not find a link between counseling availability and banking access or use. A further issue was that two-thirds of participants offered counseling declined to take up services, which made challenging the intent-to-treat (ITT) analysis intended to measure the effects of being assigned into treatment (Wiedrich *et al.* 2014).

Other studies have also had mixed results. Receipt of individualized counseling has been associated with improved credit profiles, including reductions in debt and account usage (Elliehausen, Lundquist, and Staten 2007); and a quasi-experimental study of credit counseling and debt management programs found positive direct effects of these programs on 'financial stressor events' (e.g. home going into foreclosure, items repossessed, wages garnished) and indirect effects on perceived well-being and health (Kim, Garman, and Sorhaindo 2003). However, initial findings from a study of New York City's Capacity Building Initiative, where five social service organizations were provided grants to assist them in financial counseling efforts, have been less robust. Comparing clients receiving counseling to those that did not, the study found varying outcomes for job placement rates and salary by site, although participants at all five sites who had achieved financial outcomes (such as opening checking or savings accounts) also had increased monthly incomes (New York City Office of Financial Empowerment 2014).

There is also a long-standing literature on the effects of homeownership counseling (e.g. Quercia and Wachter 1996; Hornburg 2004). However, the wide range of program types and a rapidly-changing landscape after the late 2000s housing crash complicate efforts to rigorously study effects (Collins and O'Rourke 2011). A recent study undertaken by the Federal Reserve Bank of Philadelphia used an experimental design with random assignment to study the effects of pre-purchase homeownership counseling on a range of financial outcomes, finding it positively associated with lower default rates; and a range of outcomes including better credit scores, less debt, and fewer delinquencies (Smith, Hochberg, and Greene 2014). Older studies analyzing mortgage data have found pre-purchase counseling associated with lower default rates (Hirad and Zorn 2001) and greater likelihood for mortgage prepayment (Quercia and Spader 2008). With the recent foreclosure crisis, more shock-driven interventions designed to guide clients through a well-defined process, such as foreclosure

counseling, have also been studied and found to have positive effects (Collins and Schmeiser 2013; Jefferson et al. 2012; Mayer et al. 2012 , and; Temkin et al. 2014).

Financial Coaching

Defining Financial Coaching

In recent years financial coaching has emerged as a complement or even a competitor to education and counseling. Coaching shares some elements with counseling, such as a general focus on one-to-one coach-client interactions (Collins, Baker, and Gorey 2007), and shares some the advantages thought important for improving financial literacy and behavior, notably: "high relevance, low propensity for forgetting between information receipt and behavior, and opportunities to learn from feedback" (Fernandes, Lynch, and Netemeyer 2014). One recent account defined it as "an ongoing process that involves setting goals, establishing a concrete plan of action, monitoring one's progress, and, ideally, forming new positive financial habits" (Collins, Olive, and O'Rourke 2013).

In its aims, financial coaching differs from counseling by focusing on improving financial behavior and attaining financial goals over the long term, rather than focusing on how to resolve a specific triggering event or crisis. This distinction is subtle, and in practice the boundary between coaching as strictly defined and older rebranded counseling approaches is often fuzzy (Collins, Olive, and O'Rourke 2013).

In practice, there are a number of other ways to distinguish between coaching, education, and counseling. Compared with those interventions, coaching has a longer term of service (measured in weeks or months, not days or weeks), avoids didactically instructing clients on specific actions to take, places more emphasis on accountability and follow-up, focuses more on developing skills and behaviors rather than knowledge or targeted problem-solving, and, compared to counseling, tends to focus on a more financially stable client base (Collins and O'Rourke 2012).

Financial coaching was developed as a means of helping individuals improve their financial behavior and to enhance the use of financial education methods and materials increasingly available to the public. This type of coaching can be seen as an outgrowth of the 1990's rise of executive and life coaching, both of which involve relationship building between an advisor and advisee to help the latter

set and reach goals through guidance on making decision and tackling issues (Collins, Baker, and Gorey 2007).

It is difficult to trace financial coaching back to one specific theory, but solution-focused (brief) therapy is an important influence. Developed in the 1980s (de Shazer and Berg 1997) this psychotherapeutic practice is now used in a wide array of environments, from prisons to offices to community centers (Levine-Finely 2014). Solution-focused therapy focuses on helping the client think critically about how he or she would like to change their behavior and about how to best make that happen. Solution-focused coaches work under the assumption that clients want to change, are able to envision change, and are doing their best to make change happen (Weiner-Davis, de Shazer, and Gingerich 1987).

Development and Status of the Field

As of 2007 there were approximately 40 active financial coaching programs in the United States (Collins and Murell 2010), and in the years since, a number of initiatives have extended the number of organizations in the field. One of the largest initiatives involving financial coaching has coalesced under the Working Families Success Network banner,[6] which as of 2014 included 115 sites in over 30 cities offering a range of services to low- and moderate-income people. These offerings included financial coaching as well as other coordinated services including workforce development and income support (Atkinson 2014), often referred to as an "integrated services" model.

This particular initiative can be traced back to the Annie E. Casey Foundation, which in 2003 and 2004 began discussions in an effort to create a unified service-delivery model for low-income families. In the early years, Local Initiatives Support Corporation (LISC) Chicago and the Central New Mexico Community College (which started CNM Connect, discussed below) emerged as implementation partners, and both groups retain positions in the field today, even as a growing list of partners and funders became involved in subsequent years as the program expanded nationally (Gewirtz and Waldron 2013).

Approximately 70 of the Working Families Success Network organizations are affiliated with, and supported by, LISC, and participate in a shared data tracking system measuring common outcomes;

[6] Previously known as the Center for Working Families, the Working Families Success Network name, introduced in 2013, was the result of a national branding effort. See Kaul, Burnett, and St. George (2011) for an overview of the Center for Working Families approach.

centers also share a common service delivery approach (Rankin 2015). Their theory of change is based on the notion that integrated service delivery improves economic stability (Kaul, Burnett, and St. George 2011).

The United Way has also promoted an integrated services model, starting a ten-year effort in 2008 to increase the financial stability of lower-income working families through Financial Stability One Stop Centers (United Way 2011), with nine United Ways and their community partners forming a Financial Stability One Stop Learning Network. Some organizations acting as Financial Stability One Stop Centers are also members of the Working Families Success Network.

There are also organizations focused more on training coaches and capacity building for programs doing that work than on direct coaching of clients. Most notable has been the Central New Mexico Community College's CNM Connect, started as a pilot in 2005, and since expanding across the US to offer financial coach training. CNM Connect initiatives have included the Financial Empowerment for Student Success Initiative, a project aimed at improving economic outcomes for community college students (Broun, Austin, and Bryant 2014). CNM Connect has also worked with the University of Wisconsin-Madison Center for Financial Security and the Annie E. Casey Foundation to develop tracking surveys of participants (Garcia-Marquez 2014; Collins 2010; and Collins and O'Rourke 2013).

A notable field building initiative in this vein has been led by NeighborWorks America, working with the Citi Foundation, which since 2010 has sought to expand and develop financial coaching work. NeighborWorks is the largest trainer of nonprofit affordable housing and community development professionals in the United States, and its efforts have involved grant support to affiliated partner organizations and training and technical assistance. A central piece of this has been the Financial Capability Demonstration Project, an effort between NeighborWorks and 30 nonprofits to develop and assess financial coaching programs (NeighborWorks 2014c). (Both Branches and The Financial Clinic were involved with the NeighborWorks demonstration.)

Also noteworthy is the that CFPB, under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, is mandated to improve financial literacy. As a part of this effort, the CFPB is undertaking an initiative to integrate financial coaching into service delivery for transitioning veterans and economically vulnerable consumers. The financial coaching initiative, which launched in May 2015, embeds financial coaches within sites already providing services to veterans and economically vulnerable consumers. Following an open competition, the Armed Forces Services Corporation (AFSC) won the competition to manage the program, with training and certification designed by Sage Financial and the Association for Financial Counseling and Planning Education. Sixty partner organizations from

around the country have been selected to host the professional financial coaches. The hosts were selected by the CFPB, and for the veterans component, in partnership with the Department of Labor. The sites include various nonprofits, as well as Department of Labor American Job Centers.

Coaching Programs

Organizations involved in financial coaching-related activities are engaged in one or more of the following activities: providing resources and technical assistance to financial coaching organizations, conducting training for coaches, and doing the actual coaching.

Organizations with financial coaching initiatives vary widely, and at present there is not any one organizational model clearly taking precedence. While some organizations, like The Financial Clinic, focus significantly on financial coaching, other organizations, such as Branches and LISC's Financial Opportunity Centers, use an integrated service model that provides both coaching and a broad array of financial and other support services. The United Way is a good example of just how much variation there is: in a study of nine of its One Stop Centers, authors noted models based around single-agency management; collaborative service partners where a number of organizations partner to offer a range of services; and a network-and-intermediary model, where the United Way and other lead partners provide resources and technical support to organizational networks that in turn provide services (United Way 2011).

As of 2015, the financial coaching field consists of multiple and overlapping initiatives and efforts, with funders, trainers, intellectual partners, and groups directly involved in coaching relying on a range of partners or models. Current issues in the field are attaining scale, activating more robust public funding streams, and diversifying away from philanthropic-only funding. While CDBG, Community Service Block Grant, and Workforce Investment Act funds have been used for financial coaching efforts, as of 2014, these still only amounted to relatively small funding streams (Atkinson 2014).

Coach Backgrounds, Credentialing, and Training

Nonprofit organizations providing coaching to lower-income clients have used a range of teaching models, including volunteers, one-year fellows, paid financial planners, trained in-house staff, or some combination of these (Collins, Baker, and Gorey 2007). These variants have different strengths and weaknesses. Volunteers provide services at the lowest cost, but need training and support, and the

turnover rate is high. Professional planners have the highest financial content knowledge, but are also costly and may not be skilled in coaching or serving low-income clients (Collins, Baker, and Gorey 2007).

Benefits and costs of in-house staff training depend on staff interests, knowledge-base of financial issues, and capacity for working with the coaching framework. Financial coaches may not need as much direct content knowledge or expertise in particular personal finance issues as they need a good understanding of broad personal finance processes and an understanding of the coach's role as facilitator (Collins, Baker, and Gorey 2007). These may include topics such as working one-on-one with clients and making referrals to social service and other agencies (see link).

Alongside the growth of the financial coaching field has come interest in training and credentialing. This is part of a trend in the broader coaching field. For example, the International Coach Federation, which accredits coaching programs and certifies individual coaches, has grown to over 20,000 members worldwide since being founded in 1995 (Theeboom, Beersma, and van Vianen 2014).

While there was no credential specific to financial coaching as recently as 2011, according to the initial University of Wisconsin-Madison Center for Financial Security (2011), by late 2014 there were at least 12 organizations offering financial coaching training, with about half offering continuing education units for credentialing purposes (Asset Funders Network 2014). Programs offered online (self-paced or structured-calendar) as well as in-person (individual or group-based) training. Groups such as NeighborWorks, The Financial Clinic, and CNM Connect train hundreds of people per year, and small groups across the United States train additional dozens (Collins and Lienhardt 2014).

Trainer audiences also vary, ranging from train-the-trainer, to direct coaching, to "front-line" coaches, their managers, and volunteers. Training content typically focuses on both financial skills and coaching skills. There is, however, more of an emphasis on coaching skills content, with training relating that to the financial skills and knowledge that most trainees are already expected to possess (ibid.).

Recommended Practices

Although as of yet there are not proven best practices for the field, some major stakeholders have provided sets of recommendations for coaching practices and techniques. Most broadly, coaching is supposed to be most useful as a one-on-one relationship, client-centered, ongoing, and regular relationship between client and coach (Collins 2014; NeighborWorks 2014b), although some have noted group sessions could complement individual coaching (Baker and O'Rourke 2013; Collins et al. 2013).

Other recommendations have been in relation to training, needed skills for coaches, and logistics. These include active listening and the ability to link client needs to broader financial concepts (NeighborWorks 2014b), high quality training, a coach-client contract to clarify expectations, a safe and trusted location for sessions, and a prohibition on coaches recommending specific products or services to clients (Collins 2014).

A study of nine United Way Financial Stability One Stop Learning Network members highlighted several best practices: bundling and sequencing of services to achieve targeted outcomes; multi-year program-client relationships; one-on-one counseling, coaching, and case management; and cross-training staff to improve effectiveness and efficiency (United Way 2011).

Emerging Evidence

As financial coaching is still an emerging field, the evidence base about the effects of coaching is quite limited. For example, there have been no randomized controlled trials prior to ours, and only one quasi-experimental study with mixed results. There are, however, several studies attempting to measure programmatic outcomes.

As described above, the Financial Capability Demonstration Project, funded by the Citi Foundation in partnership with NeighborWorks America, conducted a 2.5 year initiative involving course development and training, and including a learning cohort of 30 nonprofits either starting or scaling up financial coaching programs. The 30 participating organizations were also engaged in a performance measurement and evaluation component, measuring individual and household characteristics and financial status, financial behavior, financial attitudes, non-financial aspects of well-being and security, informal and communal assets, and asset preservation/foreclosure mitigation. The analysis, which did not use an experimental design, was based on 798 clients from 27 of the organizations. Measuring participants before and after coaching, findings were mixed: for instance 54 percent of clients with no savings at the start had some savings after participating and 48 percent of those with savings at the start had increased that amount over time (NeighborWorks 2014a).

Another study of coaching programs found that coaching clients were more likely than individuals who had not participated in coaching to have: a written budget or spending plan, a financial goal, greater savings, a checking account, downloaded their credit report, or purchased a savings bond. However, these results did not control for socioeconomic or other personal and financial characteristics that could affect the outcomes of interest, and the authors noted that self-selection into coaching could not

be ruled out as the most important factor in distinguishing participant and non-participant outcomes (Collins 2010).

An interim 2014 report by Economic Mobility Inc. (a final report is due in 2015) of five LISC Financial Opportunity Centers (FOCs) in Chicago used propensity score matching to compare participant credit profiles to a comparison group. The primary credit-related goals of the FOCs were to help program participants without credit scores at entry to become scored, and to improve the scores of those already with them. The study found no significant improvements in credit scores or credit score possession for participants, and a higher share of both participant and comparison groups became unscored during the year following program entry. FOC participants were more likely to pay trade accounts on time. There was some evidence for more positive effects for those receiving services for longer periods and for those 25 or older (Elliot and Roder 2014).

It is within the context of the rapid development and growth of the coaching field, and the paucity of evidence about its effects that the present study is being undertaken. While the links between financial literacy or capability and financial outcomes have been well-established, there is still much to learn about the role that real-world interventions can play in improving outcomes. The lack of rigorous evaluations for financial coaching programs to date has made it difficult to understand its effects as currently implemented and the scope of its potential role in this broader field. To our knowledge, this research study is the first randomized control trial evaluation and also the first process study of financial coaching programs. The following chapter presents a detailed overview of the two programs at the core of this study.

Chapter 3. Program Sites and Models

This chapter provides an overview of Branches and The Financial Clinic, the two programs participating in the research study: Branches and The Financial Clinic. We describe each program's general focus, program model, target population, typical client recruitment procedures, staffing, and financial operations. These descriptions relate specifically to "business as usual" for the two programs; the Program Implementation chapter (Chapter 6) describes the programs as they operated during the research study and is informed by data collection undertaken through the process study.

Branches

General Background

Branches, which until 2013 was called South Florida Urban Ministries, is a faith-based social service organization serving Miami-Dade County that provides financial stability programs in addition to childcare and tutoring. The component of Branches that houses its financial coaching program, formally called the United Way Center for Financial Stability, focuses on five "pillars" of financial stability: housing, income/income potential, health care, financial tools, and financial capability. This is done through a range of services, including referral services, free tax preparation, credit counseling, and financial coaching.

The United Way Center for Financial Stability was developed in 2008 as an initiative of the United Way of Miami-Dade, which was seeking to educate local families about savings and asset building, with the goal of improving their financial stability. Since it opened in October 2009, the United Way Center for Financial Stability has been housed and operated by Branches. Financial coaching at Branches is housed entirely in its Center for Financial Stability, but Branches provides a wide range of on-site services including developmental programming and academic tutoring for children and youth and emergency services such as a food pantry and hot meal delivery to individuals and families in need.

Branches' financial coaching program operates alongside five other programs that aim to improve financial stability:

- ASSETS Small Business Solutions: a small business development program that provides a range of business advisory services to help clients grow businesses and address business challenges.
- Ways to work Car Loan Program: a program which provides financial education for working families and loans to purchase used vehicles to meet their transportation needs.
- VITA tax preparation: a free tax preparation service certified by the IRS which provides basic income tax return preparation with electronic filing.
- Emergency Services Network: a network of local churches that provides several forms of emergency services such as food pantries and delivered meals.
- Project HEAL: a program which provides emergency assistance and legal aid to the Haitian community affected by the January 2010 earthquake.

Branches' coaching program operates in two anchor sites, one in the north and the other one in the south of the Miami-Dade County. Each of these sites provides Branches' full services to their clients and serves as hubs for satellite services offered through various neighborhoods and the Miami-Dade County government. While the satellite locations do not provide the same range of services as the anchor sites, they do provide direct services, education, and coaching.

Program Model

Branches offers a one-on-one coaching model under which professional coaches customize services to meet the clients' specific financial needs and goals. Coaches have an approximate load of about 60 new clients per year, in addition to their continuing clients from previous years. Branches' coaching sessions are typically 60 to 90 minutes long. During their first session, clients complete a financial assessment, which the coaches use to create a personalized financial stability plan with goals and benchmarks necessary to reach them. Each coach monitors his or her clients' progress and provide support and counseling for clients to reach their goals through different coaching session. Besides being able to address their finances, clients have access to other services that Branches offers as well as services to which their coaches may refer them to.

Target Population and Client Recruitment

Branches' target population for coaching is the Miami-Dade County community, and services are offered in different languages (English, Spanish, and Haitian Creole). The program does not consider a client's income, age, employment status or other factors when deciding who can enroll in the program. Through its different satellites, Branches provides services to residents of underserved neighborhoods, like Liberty City, as well as employees of the Miami-Dade County Government Agencies.

Although Branches has no particular steady source of coaching clients, many clients are referred by over a dozen partner community organizations throughout Miami-Dade County, as well as from the county's Department of Human Services and employers. Many clients are also walk-in referrals from friends or family members who have received or heard of the services Branches provides.

Staffing

Branches is led by Brent McLaughlin and fourteen members who serve as the organization's Board of Directors. Mr. McLaughlin has served as the organization's Executive Director since 2001. Branches management consists of a Director of Finance, a Director of Operations, a Director of Development, a Director of Student Services, and a Director of Financial Stability & United Way Center of Financial Stability, who is directly responsible for the affairs of its financial coaching program.

Financial Operation

In Fiscal Year 2013, Branches allocated nearly 40 percent of its funding, or about $1,058,000, to its financial services programs. The major funder for these efforts was the United Way of Miami-Dade. Financial institutions and the United Way of Broward were also major sources of funding, adding up to $504,000. The program also received in-kind contributions totaling $189,000, with VITA partners, followed by other non-profit sector and private donor sectors, being the sources of these contributions, followed by other non-profit sector and private sector donors.

The Financial Clinic

General Background

Founded in 2005, The Financial Clinic is a New York City-based non-profit financial services organization that is focused on improving the financial security and well-being of low-income individuals and families through three main levers: (1) providing financial education and personalized coaching to clients; (2) consulting with external organizations to help build their capacity to reach underserved populations; and (3) engaging in advocacy activities to promote policy reforms to help improve the financial environment for working poor individuals and families.

The services that The Financial Clinic provides are primarily financial coaching and free tax preparation services for income-eligible individuals. The Financial Clinic provides financial coaching and services through a series of programs and engages with several community partners to run its programs. Although program composition has changed somewhat, key financial coaching partnerships The Financial Clinic operated as of January 2013, when this study was underway, included:

- *Single Stop USA*: The Financial Clinic coaches provide one-on-coaching at over a dozen single-stop sites across four boroughs. The financial coaching is meant to supplement the free benefit screenings and legal services clients come in to receive.
- *MoneyUp*: This program is a partnership with the United Way of New York City, and combines free tax preparation and legal services with one-on-one financial coaching by The Financial Clinic's coaches at Nazareth Housing in Manhattan.
- *NYC Financial Empowerment Center*: Financial Empowerment Centers are an initiative developed by the New York City Department of Consumer Affairs' Office of Financial Empowerment. The Financial Clinic operates a Financial Empowerment Center in Queens and has partnered with neighborhood organizations to provide financial coaching to the community.
- *Newark One Stop Career Center*: The Financial Clinic has a partnership with the Newark Workforce Investment Board and provides financial coaching at two One-Stop Career Centers in Newark, NJ. The financial coaching services supplement the employment assistance and benefit screening that the clients receive at the career center.

In addition The Financial Clinic also operates the Now and Later Program, which is an account program developed by The Financial Clinic to help customers manage lump sum payments, such as tax refunds, into a monthly stream of income, as well as a program called Financial Aid U, which is a partnership with the National Community Tax Coalition to help low-income and first generation New York City students apply for financial aid to attend college.

Program Model

The Financial Clinic's financial coaching program consists of a team of professional financial coaches, as well as a group of "Financial Fellows," recent college graduates who provide coaching as a part of a one-year fellowship, who provide individualized coaching services at The Financial Clinic's main office in Midtown as well as at partner organizations throughout the greater New York City area and Newark, NJ.

The Financial Clinic's coaching model consists of one-on-one coaching sessions for clients, although customers can bring members of their family or household to the session with them. The first session is typically 60 minutes long and includes an intake and assessment, and the succeeding coaching meetings are also typically 60 minutes long, focused on client goals. Coaches are encouraged to address client concerns, and also improve customer status across several areas of financial stability.

The coaching staff has a weekly check-in at The Financial Clinic's main office in Midtown to discuss their caseloads and to troubleshoot client issues. The weekly check-in is typically one hour long. The financial coaches also have a listserv and Google chat capabilities that they use for support during the week. For example, if a customer has a question the coach needs guidance on, the coach can post the question to the listserv and will often receive an answer from another financial fellow or senior financial coach before their session with the client is over.

Target Population and Client Recruitment

Clients who receive coaching services typically come from low-income or low-to-middle income backgrounds. Clients are recruited into services through a variety of channels, with most referrals coming from partner community-based organizations. New York City 311 callers who are looking for financial assistance are referred to various Financial Empowerment Centers, some of which are operated by The Financial Clinic. The Financial Clinic also places coaches at NYC Single Stop locations

throughout the city, including at local universities. The Financial Clinic's tax time program also serves as a large recruitment stream, where customers who come into The Financial Clinic or its partner sites for free tax preparation services are asked if they would like free financial coaching. The Financial Clinic also conducts various workshops on credit and money management at partner locations throughout the city. The workshops at these locations serve as recruitment tools to engage clients and pique their interest in financial coaching, which is introduced as a service at the end of the workshop.

Staffing

The Financial Clinic is led by its Executive Director, Mae Watson Grote, who founded the organization in 2005, and is also on the eleven member Board of Directors. The Financial Clinic's senior management consists of a Director of Services, a Director of Strategic Initiatives, a Director of Policy and Advocacy, and a Director of Finance and Operations. The Director of Strategic Initiatives oversees an Associate Manager of Strategic Initiatives, and the Director of Services oversees an Assistant Director of Services. The Director and Assistant Director of Services are also responsible for overseeing the Financial Coaching program and for managing the Financial Fellows program.

Financial Operation

In Fiscal Year 2013, The Financial Clinic dedicated close to 60 percent of its total funding, or about $1,050,000, to its coaching program. The two major funders of the organization's coaching services were SingleStop USA and the New York City Department of Consumer Affairs. Financial Institutions and non-profit organizations were also major sources of funding, adding up to $523,000.

Chapter 4. Methodology and Data Sources

Recruitment and Randomization

Study Recruitment

The Urban Institute research team, Branches, and The Financial Clinic jointly developed the study recruitment procedures. The program directors at each site were responsible for the training of their staff involved in the study on the recruitment procedures. The staff—including coaches and other program administrators—introduced potential participants to the study using a script that the Urban Institute research team developed with input from each site tailored to the specific programs. The method was chosen to avoid delaying services to people in crisis, and while the control group was unable to access coaching services during the study period, they were able to access them afterwards. The script described the evaluation in detail and noted any potential participation risks as determined by the Urban Institute Institutional Review Board. In addition, the script provided wording for staff to administer the program intake application form and to obtain informed consent forms with participant signatures for those opting into the study. With input from the programs, the Urban Institute research staff developed the informed consent document to give the research team permission to track and use their program data throughout the duration of the study. While the recruitment process did not offer incentives to enroll in the study itself, it did provide information on incentives that would be extended to participants for completing the outcomes survey.[7]

The Financial Clinic recruitment process occurred in two ways. The first was between January and April of 2013, during the Volunteer Income Tax Assistance effort the program' operates, which helps individuals file their taxes for free. The second was between September 2013 and March 2014 through credit, debt, and budgeting workshops that served as a "light touch" intervention, and that were offered at several of its satellite locations in community-based organizations. The recruitment sites included various Brooklyn Public Library branches, the Church of Latter-Day Saints, Nazareth Housing, the New York City Housing Authority's Hamilton Houses, Ridgewood Bushwick Senior Citizens Council, and St. Nicks Alliance (table 4.1). Regardless of enrollment process, The Financial Clinic staff presented clients

[7] This information collection was approved by the Office of Management and Budget (OMB) under OMB No. 3170-0030.

with information about the study and asked if they were interested in participating. Those who were interested received the scripted explanation tailored to The Financial Clinic's program explaining the client's role as a study participant and that there would be an equal chance that they would be randomized into the control or treatment group.

TABLE 4.1

Study Participants and Recruitment Sites

Branches Recruitment Sites	Treatment	Control	Total
Housing Agencies			
Centro Campesino	16	24	40
Opa-Locka Community Development Corporation	12	12	24
Neighborhood Housing Services of South Florida	15	11	26
Miami-Dade County government			
Animal Services	20	15	35
Parks and Recreation	10	9	19
Public Works and Waste Management	75	71	146
Regulatory and Economic Resources	12	20	32
Transit	85	85	170
Water and Sewer	3	3	6
Port of Miami	9	7	16
Total Branches	**257**	**257**	**514**
The Financial Clinic Recruitment Sites	**Treatment**	**Control**	**Total**
Tax time			
Nazareth Housing	87	80	167
Tax time and workshops			
The Financial Clinic's office on 30th Street	29	31	60
Ridgewood Bushwick Senior Citizens Council	35	44	79
Workshops			
Brooklyn Public Library: Grand Army	8	7	15
Brooklyn Public Library: Other locations	11	8	19
Brooklyn Public Library: Business and Career Library	9	6	15
Local 79	19	14	33
St. Nicks Alliance	21	13	34
Other	4	5	9
Total The Financial Clinic	**222**	**209**	**431**
Total Combined	**479**	**466**	**945**

Sources: Branches and The Financial Clinic administrative data

For Branches, the recruitment process started in May 2013 and continued through the remainder of the recruitment period in March 2014. The majority of Branches' participants belonged to a pool of applicants interested in receiving employer-facilitated services. The employer was the Miami-Dade County government. Participants included employees from seven county agencies: Miami-Dade Animal Services (Animal Services), the Department of Parks and Recreation (Parks and Recreation), Miami-Dade Department of Regulatory and Economic Resources (Regulatory and Economic Resources), Miami-Dade Public Works and Waste Management Department (Public Works and Waste Management), the Miami-Dade Transit (Transit), and Miami-Dade Water and Sewer Department (Water and Sewer), and the Port of Miami, (table 4.1). At the employer sites, program staff held recruitment sessions during which they solicited interest in coaching services, sometimes accompanied by a light-touch financial education workshop. To augment lower than expected enrollment, Branches brought on as partners three housing agencies serving individuals similar in geography and personal characteristics: Centro Campesino, Neighborhood Housing Services of South Florida (Neighborhood Housing Services) and Opa-Locka Community Development Corporation (Opa-Locka CDC). Recruitment in these three sites took place in a manner similar to those entering the study through workshops at The Financial Clinic: after being offered a light-touch financial workshop, Branches offered them the possibility of coaching. Those who were interested received the scripted explanation tailored to Branches' program explaining the client's role as a study participant and about the equal chance of being randomized into the control or treatment group. Combined, the housing groups represented 18 percent of people enrolled at Branches to participate in the study.

In all, 945 people enrolled in the study, with 479 selected into the treatment group and 466 selected into the control group. There were 514 from Branches and 431 from The Financial Clinic.

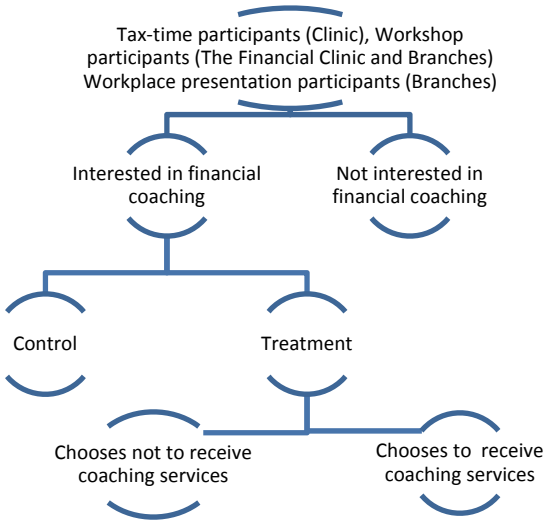
Randomization Process

Once individuals at Branches and The Financial Clinic signed the consent form to opt into the study, a staff member at one of the coaching groups entered these study participants into an online tool created and maintained by Urban Institute researchers. The online tool ran an algorithm that automatically randomized clients into the treatment (immediate access to coaching services) or control (delayed access to coaching services) group. Through its development, the Urban Institute research team worked to ensure that the online tool was user-friendly, accessible, and that the randomization algorithm was working as intended.

Individuals assigned to the control group were deferred from enrollment until at least the end of the evaluation period in October 2014. Program staff enrolled individuals assigned to the treatment group into the financial coaching program, either immediately or within a few days from the date of the workshops or tax time services. Individuals who were enrolled into financial coaching and assigned to the treatment group had the option of attending as many financial coaching sessions as they wished and could be referred to other services provided by the programs (e.g. legal aid at The Financial Clinic and business training at Branches) or by other agencies (e.g. housing assistance). Control subjects still were able to access services from other agencies. Figure 4.1 illustrates the randomization process at Branches and at The Financial Clinic.

FIGURE 4.1

The Financial Clinic and Branches Sample Design



We emphasized the importance of the randomization process to Branches and The Financial Clinic staff members facilitating the evaluation to ensure that the randomization processes was faithfully performed. To ensure that follow-up comparisons between treated and deferred applicants were valid, we closely monitored the assignment process.

DIFFERENCES ACROSS TREATMENT AND CONTROL

The data suggest that randomization was successful. As expected with proper randomization, there are minimal differences between treatment and control in demographic and financial characteristics (tables 4.4, 4.5, 5.1, 5.2, and 5.3). Our comparison of the treatment and control groups found equal proportions of men and women, nearly identical average ages, and equal shares of those married, U.S.-born citizens, English speakers, and those indicating race or ethnicity of Asian, Hispanic or Latino, and White. The highest level of education completed was equal for those with high school diplomas (or GEDs) or less, those with vocational certificates and associates degrees, and those with a bachelor's degree or higher. Among labor force participants, the treatment and control groups did not differ with respect to level of employment (full-time, part-time, or not currently working). Differences in household income were not significant, and neither were average balances across savings, checking, and emergency accounts, nor for total liquid assets. There were no differences across the treatment and control groups in financial goals. The baseline credit bureau data also support the success of our randomization tool, with limited differences between treatment and control study populations, including no statistically significant differences in credit scores, the share of people holding a credit card, the number of cards held, account balances by category, and other account details.

There were some measures with small but statistically significant differences between treatment and control. In terms of race and ethnicity, those identifying as Black and "Other" had significant differences between treatment and control: 55 percent of those in the control group identified as Black versus 48 percent in the treatment group; 4 percent of those in the control group and 7 percent in the treatment group identified as "Other". Naturalized citizens made up a modestly smaller share of the control group than the treatment group (18 percent versus 22 percent, respectively). In terms of household composition, while the marriage rates for both treatment and control groups were nearly identical, the control group had fewer adults (1.3 versus 1.5 for treatment) and more children (0.9 versus 0.8 for treatment) than the treatment group. Those with some post-secondary education made up a higher share of those in the control group (21 percent) versus those in the treatment group (15 percent). The only baseline credit bureau indicators with significant differences were the percent of balances past due (21 percent in control versus 16 percent in treatment) and the number of items in collections (2.0 percent in control versus 1.7 in treatment), both of which were somewhat higher for the control group than the treatment group. Finally, the reported habits of setting money aside showed some differences, with the treatment group marginally more likely to either never put money aside or put money aside twice a month than the control. There are no differences in how frequently bills are paid on time.

Data Sources

Baseline Survey

Branches or The Financial Clinic staff overseeing recruitment asked all program applicants to complete a 15-minute pen-and-paper self-administered baseline survey. The survey collected demographic data, measures of financial well-being, a few questions getting at financial behavior, and personal identifiers. We trained the Branches or The Financial Clinic staff administering the survey in proper implementation techniques. While the clients took the survey individually, a financial coach was present in the room and available to clarify any questions. The 945 individuals (514 at Branches and 431 at The Financial Clinic) who completed the baseline survey were enrolled in the study (table 4.1).

Administrative Data

The Financial Clinic and Branches both collect data on program participants, including frequency and nature of coaching sessions. These data supplemented the survey and credit bureau data to inform the outcome and impact evaluation analyses. Both sites initially used Efforts to Outcomes to manage their administrative data. Efforts to Outcomes is a case management software tool that allows users to manage and track data on clients across a customizable set of indicators and metrics. Branches continued to use Efforts to Outcomes for the life of the study, but toward the conclusion of service delivery for study participants, The Financial Clinic migrated their data to Change Machine, which is an online financial coaching platform developed by The Financial Clinic that includes client tracking and reporting capabilities. While there are some differences between the two systems, they do not affect any of the measures reported in this study.

Observations, Interviews, and Focus Groups

To better understand the programs and to complement the quantitative data gathered from the surveys, we undertook a process study, separately commissioned by the Annie E. Casey Foundation. We conducted three full site visits to each of the two programs between January 2013 and March 2014. The first visit to each site included observations of coaching sessions and other program operations, observations of study recruitment sessions, observations of randomization processes, and group and

individual conversations with program staff. The second and third visits involved rounds of semi-structured interviews with program administrators, coaches, and study participants in the treatment group. We audio-recorded and later transcribed the interviews and focus groups.

Table 4.2 details the various activities that took place at each site for the process study. Each activity is described in greater detail below.

TABLE 4.2

Process Study Activities

	Branches	The Financial Clinic	Total
Coaching sessions observed	11	9	20
Recruitment presentations observed	1	2	3
Semi-structured treatment -participant interviews	19	18	37
Semi-structured administrator/staff interviews	2	4	6
Informational group discussions with management and/or staff	3	3	6
Focus groups with coaches	1	1	2
Interviews with coaches	2	2	4

Source: Urban Institute.

COACHING SESSIONS OBSERVED

With the consent of the clients, we sat in a total of 20 financial coaching sessions, nine at The Financial Clinic and 11 at Branches. No more than one researcher joined a coaching session at any given time. We followed an analytical guide that draws focus to the setting and content of the coaching session, as well as to coach-client dynamics.

RECRUITMENT PRESENTATIONS OBSERVED

The research team sat in three recruitment presentations that occurred during group workshops, taking note of the material covered and of the delivery of the recruitment pitch. Two of these were The Financial Clinic presentations which took place at the Brooklyn Public Library and Local 79 Union and one was a Branches presentation in Tropical Park for Parks and Recreation. In addition, we observed 3 individualized recruitment efforts at The Financial Clinic during their tax time enrollment.

SEMI-STRUCTURED TREATMENT PARTICIPANT INTERVIEWS

We conducted key informant interviews, lasting approximately 45 minutes, with study participants from the treatment group. The team interviewed a cross-section of 17 applicants at each site, for a total of 34. These interviewees were part of a sample that the team selected to represent a diverse pool of

applicants and included a balanced number of male and female interviewees, a wide range of ages, races and ethnicities, various periods of enrollment into the study, and various numbers of coaching sessions attended. This included individuals in the treatment group who did not receive coaching services. The interview guide covered topics such as program content and involvement, client background, program goals and content, and program outcomes.

The treatment participants were deliberately selected to ensure we spoke with a sample balanced with respect to the number of coaching sessions received and demographic and socioeconomic characteristics. The focus groups included nearly all the coaches who have provided financial coaching as part of the RCT study (those who could not attend had scheduling conflicts). We conducted additional telephone interviews to ensure that we interviewed a substantial number of individuals in the treatment group who had decided to not pursue coaching services.

SEMI-STRUCTURED ADMINISTRATOR/STAFF INTERVIEWS

The research team conducted key informant interviews with senior staff from each program on program design and implementation. A total of six staff—four from The Financial Clinic and two from Branches—consented to participate in interviews. The researchers used an interview guide covering various topics, including the interviewee background, the program design and services, customer recruitment and involvement, staffing and staff training, and program outcomes.

INFORMATIONAL GROUP DISCUSSIONS WITH MANAGEMENT AND/OR STAFF

During each site visit the research team had the opportunity to have informational group discussions with management and/or staff. These interactions allowed the team to become familiar with program management and staff and their professional backgrounds and leadership styles—all qualities that affect how the programs approach service delivery.

FOCUS GROUPS WITH COACHES

The research team conducted one in-depth focus group per program with financial coaches, each lasting approximately one hour. Selection of focus group participants was restricted to staff who have had experience at The Financial Clinic and Branches directly interacting with study participants. Participation was voluntary, and all participants were given active, informed consent to agree to join the focus group. The focus groups were facilitated by a researcher from the Urban Institute. The focus groups concentrated on understanding the processes by which the programs operated, and the mechanisms through which clients improved their financial decisionmaking.

INTERVIEWS WITH COACHES

To reach coaches unable to be included in the focus groups, we conducted four key informant interviews with coaches, lasting approximately 45 minutes. We used an interview guide covering the topics of coach background, servicing clients, challenges and expectations, and coach training.

Outcome Follow-up Survey

We contracted with Social Science Research Solutions (SSRS) to conduct the follow-up survey fielded between August and December 2014. Expanding on the baseline survey in terms of scope and questions asked, the outcome survey collected demographic data, and measures of financial behavior, financial stress, and financial knowledge.

The survey examined seven categories of outcomes:

- Savings behavior, levels, and account types
- Expenses, bill payment patterns, and debt (types and levels)
- Alternative financial services
- Financial planning and budgeting
- Financial stress, wellbeing, and confidence
- Credit report familiarity
- Financial Knowledge

The outcome survey was a compilation of field-tested and custom-designed questions that targeted the programs' goals of improving the household balance sheet, reducing financial stress, improving financial behavior and decisionmaking, increasing financial knowledge, and assisting individuals in achieving their financial goals. In creating the survey, staff reviewed survey instruments used in other studies, data collection forms used by the programs, and held extensive conversations with program managers. We provided detail on each survey measure used for impact analysis in Appendix A.

The survey was comprised of yes/no questions, multiple choice questions, and a few questions requesting dollar amounts, such as account balances and earnings. Skip patterns were simple (typically involving skipping one question or an entire block of questions). We translated the survey instrument

into Spanish, and SSRS conducted the survey in either language, according to the preference of the respondent.

SURVEY ADMINISTRATION

To maximize response, SSRS used multiple modes of contacts and survey administration, detailed below.

POSTAL MAIL CONTACTS

Respondents received up to two communications by postal mail. The first contact was an advance letter with $2 cash, and the second was a reminder postcard. SSRS mailed the advance letter to all study participants approximately one week prior to the start of data collection. The letter reminded study participants about the nature of the study, advising them of the remaining incentive, and assuring them of confidentiality. The remaining $28 was provided following completion of the survey.

EMAIL CONTACTS

For the email communications, SSRS sent an email invitation to the web-survey, at least six reminder emails over the course of the field period, and a tailored email to those who had initiated, but not completed, the survey.

TELEPHONE CONTACTS

For the telephone component of this study, SSRS contacted respondents frequently at varied times and days of the week. SSRS made at least 14 calls between August and December 2014 to each study participant who did not complete the survey online. SSRS left voice mails on the third and seventh consecutive answering machines reached, and the messages included a call-in number for respondents. The number was a toll-free number for respondents to call-back and conduct the survey at a time convenient to them.

IN-PERSON CONTACTS

SSRS began to augment the web and phone surveys with in-person interviews in early October. In Miami and in New York, interviewers attempted to reach study participants at their residences. In addition, in Miami, the survey team conducted outreach at selected job sites that had been part of the initial study recruitment efforts but had low levels of survey completion. Both Branches and SSRS contacted site supervisors, who forwarded reminder letters and scheduled survey team on-site visits.

INTERVIEWER TRAINING

Prior to the start of the study, the SSRS project director, in cooperation with Urban Institute staff, briefed and trained each interviewer on the issues specific to the study. The SSRS project director explained study objectives, procedures, and questionnaire content to interviewers, who reviewed each question and conducted mock interviews to ensure that procedures were followed correctly. The briefing was digitally recorded to ensure consistency across all briefing sessions. Written "job decisions" were also created for use as a manual and record of how to handle uncommon responses to the questionnaires.

SURVEY TIMING AND DISPOSITION

The survey firm entered the field on August 11, 2014, the survey closed on December 19, 2014. Sixty-four percent of the total sample, 607 individuals, completed the survey (table 4.3). The response rate for Branches was lower than that of The Financial Clinic (59 percent at Branches, 71 percent at The Financial Clinic). While only 10 percent of study participants definitively refused to complete the follow-up survey, this was a challenging group to engage, as 26 percent were entirely non-responsive or unreachable. SSRS successfully surveyed 64 percent of baseline applicants, with multiple attempts and four distinct modes of contact.[8]

[8] For comparison, the Financial Capability Outcomes Adult Pilot six-month follow-up survey had a 58 percent response rate, and its twelve-month follow-up survey had a 48 percent response rate (Wiedrich *et al.* 2014, 12).

TABLE 4.3

Survey Disposition

	Totals		Branches		The Financial Clinic	
	N	%	N	%	N	%
Total Completes	607	64%	303	59%	304	71%
Telephone	114	12%	53	10%	61	14%
Web	276	29%	116	23%	160	37%
Field Telephone	158	17%	96	19%	62	14%
Field In Person	59	6%	38	7%	21	5%
Refused	96	10%	65	13%	31	7%
Non-responsive, suspended, or otherwise unreachable	242	26%	146	28%	96	22%
Totals	**945**	**100%**	**514**	**100%**	**431**	**99%**

Note: Numbers do not total to 100 percent due to rounding.
Source: SSRS

Credit Record Data

We contracted with a large credit bureau to obtain de-identified credit information, including Vantage credit scores, for study participants at two points in time.[9] The first point was December 2012, before the financial coaching treatment period started. The second was October 2014, after the conclusion of the treatment period. These data allowed us to assess changes that took place during the study period. We received these data after destroying personally identifying information.

The credit bureau was able to successfully match 734 study participants (78 percent) at baseline and 752 study participants (80 percent) at follow-up. This means that the credit bureau could not provide data on 211 study participants (22 percent) at baseline and 193 (20 percent) at follow-up. Of the 211 study participants missing credit data at baseline and the 193 missing at follow-up, 192 were missing at both points in time, 19 had data at follow-up, but not baseline, and one had data at baseline but not at follow-up.

The most common reason that the credit bureau could not return a study participant's credit record (158 of 212 cases) was the inability to find a match or the inability to parse multiple potential matches (such as multiple people of the same name at the same address). (The credit bureau cannot distinguish between these two scenarios.) The remaining unmatched records were due to problematic input data

[9] Study participants provided informed consent for this and all study data collection at the time of enrollment into the study.

(e.g. name or address) or consumer suppression (e.g. an active dispute). Item response was not an issue, as no indicators were missing for any participants with credit data.

Credit data informed several domains of interest, including:

- Expenses, bill payment patterns, and debt (e.g. curing delinquent accounts, balance on open accounts, accounts recently closed, etc.)
- Delinquency, bankruptcy, collections, and liens (e.g. percent of debt past due, balance in collections, tax liens, etc.)
- Credit score (VantageScore, a scoring model created by the three main credit bureaus, TransUnion, Equifax, and Experian. Our analysis was based on VantageScore 3.0, which uses a 300-850 scale)
- Financial stress (e.g. utilization rates)

We provided detail on each credit record measure used for impact analysis in Appendix A.

Randomization across Data Sources

Successful randomization was not compromised by non-response to the survey or credit data matching—i.e. we did not see evidence of differential non-response across the two randomization groups. When looking at baseline characteristics for survey respondents and credit matches (tables 4.4 and 4.5), we find only a very few variables that differ across treatment and control. At Branches (table 4.4), the number of children in household is not different between the treatment and control groups when looking at the full sample, but control participants who responded to the survey or were matched in the credit data, on average, had slightly more children than their treatment counterparts. The same holds true at The Financial Clinic (table 4.5). Additionally there were slightly larger percentages of control group participants who responded to the survey or were matched in the credit data that were enrolled at Centro Campesino, Regulatory and Economic Resources, and Ridgewood Bushwick Senior Citizen Council. Overall, these findings give us confidence that differential non-response did not compromise the conclusions of the follow-up survey or credit data.

TABLE 4.4

Branches: Randomization Across Respondents

	Baseline Survey		Baseline Credit		Follow-up Credit		Outcome Survey	
	T	C	T	C	T	C	T	C
Age								
Mean	44	44	44	44	44	43	44	44
Median	45	44	44.1	44	44	43	44	44
Gender								
Male	52%	54%	41%	45%	41%	47%	52%	52%
Marital status								
Married	45%	44%	43%	40%	43%	40%	48%	46%
Household								
# adults in household	1.6	1.5	1.7	1.5	1.7	1.5	1.6	1.5
# children in household	1.0	1.2	1.0**	1.3**	1**	1.3**	1.1**	1.2**
Race								
Asian	0%	0%	0%	0%	0%	0%	0%	0%
Black	56%**	67%**	54%**	65%**	54%**	65%**	54%**	63%**
White	3%	2%	2%	1%	2%	1%	2%	2%
Hispanic	39%*	31%*	40%	33%	40%	34%	43%	34%
Other	4%	2%	5%	2%	5%	2%	3%	2%
United States citizenship and nativity								
Citizen, born in US	66%	68%	65%	66%	65%	66%	61%	67%
Naturalized citizen	27%	23%	29%	26%	29%	26%	29%	23%
Language spoken								
English speaker	81%	82%	82%	82%	82%	82%	80%	83%
Education								
Less than HS or HS diploma/GED	50%	46%	50%	45%	50%	45%	47%	45%
Some post-secondary ed.	15%*	21%*	14%	21%	14%	20%	13%	15%
Certificate from vocational/ technical or assoc. degree	21%	19%	22%	20%	22%	20%	24%	22%
Bachelor's or Masters/Grad. degree	14%	14%	14%	15%	13%	15%	16%	16%
Employment								
Employed full time or self-employed	91%	88%	90%	89%	90%	89%	88%	90%
Employed part time	7%	11%	8%	10%	7%	10%	10%	10%

	Baseline Survey		Baseline Credit		Follow-up Credit		Outcome Survey	
	T	C	T	C	T	C	T	C
Not currently working	2%	1%	2%	1%	2%	1%	2%	0%
Student	0%	0%	0%	0%	0%	0%	0%	0%
Finances								
Annual income (mean)	$39,224	$39,596	$39,158	$39,526	$38,745	$39,615	$38,396	$41,304
Percent of on time trades	37%*	31%*	37%*	31%*	37%*	31%*	39%*	33%*
Enrollment site								
Housing agencies								
Centro Campesino	6%	9%	6%*	12%*	6%**	12%**	8%*	9%*
Opa-Locka CDC	5%	5%	6%	5%	6%	5%	5%	5%
Neighborhood Housing Services	6%	4%	7%	4%	7%	4%	6%	4%
Miami-Dade County government								
Animal Services	8%	6%	8%	5%	8%	5%	10%	7%
Parks and Recreation	4%	4%	4%	4%	4%	4%	5%	4%
Public Works & Waste Mgt.	29%	28%	25%	24%	25%	24%	25%	23%
Regulatory and Economic Resources	5%	8%	5%*	11%*	5%*	10%*	6%*	8%*
Transit	33%	33%	34%	31%	34%	31%	30%	34%
Water and Sewer	1%	1%	2%	1%	2%	1%	1%	2%
Port of Miami	4%	3%	3%	4%	3%	4%	3%	4%

Sources: Baseline survey, pre- and post-intervention credit record data, and outcome survey
Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

TABLE 4.5

The Financial Clinic: randomization across respondents

	Baseline Survey		Baseline Credit		Follow-up Credit		Outcome Survey	
	T	C	T	C	T	C	T	C
Age								
Mean	41	40	41	41	41	41	40	41
Median	41	40	41.4	41	41	41	40	41
Gender								
Male	46%	44%	46%	44%	46%	43%	45%	44%
Marital status								
Married	15%	15%	15%	16%	15%	16%	15%	16%
Household								
# adults in household	1.3	1.2	1.4**	1.1**	1.4**	1.1**	1.4**	1.1**
# children in household	0.5	0.6	0.4	0.6	0.4	0.6	0.5	0.6
Race								
Asian	4%	4%	3%	3%	3%	3%	5%	4%
Black	40%	40%	41%	43%	41%	42%	41%	45%
White	12%	15%	13%	15%	13%	15%	13%	15%
Hispanic	40%	41%	39%	39%	38%	40%	37%	37%
Other	11%*	6%*	10%	5%	10%	6%	11%*	5%*
U.S. citizenship and nativity								
Citizen, born in US	70%	75%	70%	79%	71%	78%	69%	76%
Naturalized citizen	17%**	10%**	19%**	9%**	18%**	10%**	17%*	9%*
Language spoken								
English speaker	85%	86%	87%	88%	87%	87%	88%	87%
Education								
Less than HS or HS diploma/GED	37%*	29%*	36%	28%	38%	27%	30%	28%
Some post-secondary ed.	14%	20%	14%*	18%*	13%*	20%*	14%	18%
Certificate from vocational/ technical or associate's degree	20%	19%	22%	20%	21%	19%	22%	21%
Bachelor's or Masters/Graduate degree	27%	30%	27%	31%	27%	30%	32%	30%

	Baseline Survey		Baseline Credit		Follow-up Credit		Outcome Survey	
	T	C	T	C	T	C	T	C
Employment								
Employed full time or self-employed	43%	43%	44%	47%	45%	45%	45%	43%
Employed part time	20%*	13%*	21%**	12%**	21%**	13%**	19%	14%
Not currently working	31%	34%	29%	33%	29%	33%	28%	33%
Student	5%	9%	4%	8%	4%	8%	6%	9%
Finances								
Annual income (mean)	$21,612	$22,642	$21,672	$23,564	$22,053	$23,250	$22,666	$22,288
Percent of on time trades	38%	37%	38%	37%	38%	37%	42%	38%
Enrollment site								
Nazareth Housing (tax time)	39%	39%	39%	38%	39%	38%	39%	41%
Ridgewood Bushwick Senior Citizens Council (tax time & workshops)	16%	21%	14%*	20%*	14%*	20%*	14%	19%
The Financial Clinic's office on 30th Street (tax time & workshops)	12%	14%	13%	16%	13%	16%	11%	16%
St. Nicks Alliance	10%	6%	8%	7%	9%	7%	9%	8%
Local 79	9%	7%	9%	8%	9%	8%	10%	6%
The Brooklyn Public Library	13%	10%	14%	10%	14%	10%	15%*	8%*
Other	2%	2%	2%	1%	2%	1%	2%	3%

Sources: Baseline survey, pre- and post-intervention credit record data, and outcome survey
Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

Data Analysis

Qualitative Analyses

The goal of the Annie E. Casey-commissioned process study is to understand the processes by which the programs operate and the mechanisms by which financial decisionmaking is improved among clients. The process study complements the CFPB-commissioned impact study and investigates how the two financial coaching programs operate. We examined the motivating factors that lead clients to pursue coaching, the nature and frequency of the services provided, client perceptions of coaches and services received, differences between individuals who persisted in the programs and those who did not, and variations in services provided by different coaches and at different locations within each organization.

This process study analyzed how closely actual implementation aligned with program goals and why discrepancies occurred. It examined the key aspects of the programs so as to better understand what the programs intended to accomplish, how the goals changed as the programs were implemented across locations, and how the programs followed and diverged from the initial goals as they were implemented in the field. We divided program services and client activities into discrete components, documented how the components fit together in client flow, and obtained a variety of perspectives from people inside and outside the program on the strengths and weaknesses of the various components.

We structured the process study around the following research questions:

- What motivated clients to pursue financial coaching?
- What are the backgrounds of financial coaches?
- How do clients view coaches?
- What characterized clients who persisted in coaching versus those who didn't?
- What form and focus did coaching services take?
- How did clients perceive changes in their perspectives around finances?

To answer these questions, we used NVivo10, a qualitative analysis software package, to analyze our dataset. We organized our data into the framework below, which allowed us to topically categorize our information and uncover patterns and themes, as well as inconsistencies and divergences.

QUALITATIVE ANALYSIS FRAMEWORK

Program background

- Coaching program design and model from an administrator perspective. Including broad program design, concrete tools, and content and structure of coaching, community partnerships for providing coaching services, coaching training and organizational supports for coaches
- Staff professional background, including administrators and coaches
- Client recruitment and referral streams

Client information

- Client background, including client demographic characteristics, client financial background, level of financial stress before coaching, and previous financial knowledge, financial attitudes, and financial wellbeing
- Client financial goals
- Motivation for seeking financial coaching
- Successful/Unsuccessful client traits (as defined by staff)
- Feelings about financial matters (e.g. privacy, pride)

Coaching Services

- Program strengths from perspective of client and staff, including client perspectives on good coach practices
- Program shortcomings from the perspective of clients and staff
- Challenges to serving clients
- Content of coaching session, including topics covered and tools used during session
- Length and intensity of coaching services, including session length and overall duration
- Household involvement/non-involvement in coaching
- Plans for continued involvement in coaching

- Staff Turnover
- Logistics, includes initial outreach and follow-up once coaching has begun, transit, geography, and scheduling

Program Outcomes

- Outcomes related to credit, including changes in financial knowledge or behavior related to credit
- Outcomes related to savings, including changes in financial knowledge or behavior related to savings
- Outcomes related to non-credit card debt, including changes in financial knowledge or behavior related to non-credit card debt
- Outcomes related to money-management and budgeting, include opening of accounts, and changes in financial knowledge or behavior related to savings and money
- Progress on financial goals
- Non-financial outcomes , include referral to or help with other social services and home-purchasing orientations

Study Effects

- Changes from routine procedure (e.g. recruitment/outreach, time or place of meeting, follow-up efforts)
- Differences between study population and routine clientele (e.g. demographics, level of motivation, presenting problems, etc.)
- Staff role in study implementation
- Narrative account of study rollout
- Hindsight improvements to study implementation

Predicting Treatment Take-up

Before analyzing the effects of coaching, we first determined which characteristics predicted treatment take-up among those assigned to the treatment group. To do so, we began by examining the mean differences in baseline characteristics between participants who took up treatment (treated) versus those who did not (untreated). We calculated statistical confidence intervals for these differences using standard distributional assumptions.

We then used regression analysis to estimate the probability of receiving coaching from among those to whom it was offered. We do so given several baseline demographic, economic, and enrollment site characteristics, using a probit model estimated using maximum likelihood estimation, by maximizing the following log likelihood function:

$$L(\beta) = \sum_{\mathbf{i}=1}^{n} \ell_i(\beta)$$

Where

$$\ell_i(\beta) = y_i \log[G(ind_i\beta)] + (1 - y_i)\log[1 - G(ind_i\beta)]$$

and where y_i is a dummy variable for whether or not the individual took up treatment, ind_i is a vector of individual information from the application data and site information: age, age squared, gender, marital status, race/ethnicity, income, employment status, college education, having a financial goal (self-reported), credit score, and enrollment site and time, and G(·) is the standard normal cdf, making $\hat{\beta}$ the probit estimator. We then estimate the average marginal effect of each of the covariates and calculate the standard errors of these marginal effects using the delta method.

These estimates, reported in the service use chapter, indicate how much each characteristic contributes to the likelihood of taking up financial coaching, holding all other variables constant.

Impact Estimates

We offer several sets of estimates of the impact of financial coaching to understand both the overall average treatment effect and the average treatment effect conditional on actually taking up treatment; there is no single approach that provides a comprehensive picture of the impacts of financial coaching. The overall average effect of the financial coaching ("average treatment effect") is estimated using an intent to treat method, whereby we estimate the effect that financial coaching had on all participants in the study, whether or not they actually participated in coaching. This tell us whether coaching had an

effect on the treatment group as a whole, which may indicate how useful coaching would be on the whole if offered to a larger population. We then generate treatment on the treated estimates, or the average treatment effect conditional on taking up coaching. To do so, we use an instrumental variables approach to account for the selection bias caused by participants choosing to participate in coaching. This estimate tells us how effective coaching was for those who actually took it up, which may be more relevant for policy and allows us to detect effects that were drowned out by nonparticipation in the intent to treat estimates. These methods are detailed further below.

INTENT TO TREAT (ITT) ANALYSES

Because this study was undertaken using an Randomized Controlled Trial (RCT), we are able to estimate the causal impacts that access to financial coaching had on program participants' financial outcomes. In an RCT, participants are randomly assigned to treatment and control groups, where the treatment group is offered the proposed intervention (immediate access to financial coaching) and the control group is not. The impact of the intervention is then measured by differences in outcomes between the different groups. Because the groups are randomly assigned, they are not expected to differ in any systematic way that might explain the difference in outcomes.

The first method that we use to estimate the impact of financial coaching on financial outcomes is the Intent to Treat (ITT) estimate, which studies outcomes based on initial treatment assignment. In this model, we compare the average outcomes for participants who were provided access to coaching against the outcomes of those who were not. Participants offered access may or may not have actually taken up coaching, thus the term "intent-to-treat."

The main strength of this method is it falls fully within the causal framework, allowing us to be certain that the difference in effects between the treatment and control groups are due to access to coaching rather than due to selection bias or other issues. However, the effects of coaching may be diminished by nonparticipation in the ITT framework since participants who were offered coaching did not actually take it up. Therefore, while the ITT estimates can be causally interpreted, the true effects may be less detectable due to low rates of participation.

ITT Differences of Means

Assuming that the randomization process was carried out properly, the causal effects of access to financial education services are simply the differences in each financial outcome between the treatment and control subjects. We calculate these differences using data from the outcome survey and the credit bureau data in the following manner:

$$ITT = \bar{y}_t - \bar{y}_c$$

where $\bar{y}_t$ is the mean of the outcome variable for those in the treatment group, and $\bar{y}_c$ is the mean of the outcome variable for those in the control group. We also calculate statistical confidence intervals for these differences using standard distributional assumptions.

ITT Regression Analysis

A comparison of mean differences in outcomes between the treatment and control groups in an RCT can provide estimates of the causal effects of the program of interest. However, even in an RCT, sampling variation can lead, by chance, to differences in the average characteristics of treatment and control participants, particularly in small samples. These differences may then lead to distinct outcomes between the two groups that cannot not be attributed to the effects of the program. Regression-based approaches can be used to better control for observed differences between the treatment and control groups. Therefore, we estimate the following regression for each outcome variable:

$$y_i = \alpha + \beta_1 T_i + X_i \delta + e_i$$

where y_i is one of the various outcome variables, T_i is a dummy variable equal to one if the individual was in the treatment group, X_i is a vector of control variables, and e_i is an error term.[10]

Including control variables in the analysis of RCT data can reduce the variance and increase the precision of the impact estimates when outcome variables are correlated with observable factors such as age or education level. Including control variables that are strongly correlated with the outcome variable can reduce the amount of unexplained variance and sample size needed to detect an effect. However, including covariates that are influenced by the treatment can cause bias in the estimates. This means that control variables must be collected before randomization occurs. Therefore, all of our controls come from the baseline survey or pre-enrollment credit data.

Covariates increase the precision of the estimate as long as they help to explain a large portion of the unexplained variance in the outcome measures. Including too many control variables is likely to reduce, rather than increase, the precision of the estimate of the effect of the program. In addition, adding covariates that are highly correlated with each other offers little marginal value, and may actually reduce the precision of the impact effect.

[10] We also estimated the effect using a difference-in-difference panel model for outcome measures for which we had the same baseline measure. Results were robust to different model specifications; OLS results are presented for all outcome measures for ease in comparing across outcomes.

We use the following control variables in our regressions:

- When available, the baseline level of the final outcome variable;
- Age;
- Age squared;
- Black;
- White and other races; and
- Natural log of post-tax monthly income.[11]

The most important control variable to include in the analysis of RCT data, if it is available, is the baseline level of the final outcome variable which we include whenever possible. Including this variable is similar to examining the difference in difference changes above because it controls for the individual's initial level of the outcome variable.

We estimate the program impact both with and without control variables to examine whether the estimated impact is sensitive to the different approaches. If we have chosen the covariates appropriately, the precision and potentially the statistical significance of the estimated impact will increase with the inclusion of the covariates.

TREATMENT ON THE TREATED (TOT) ANALYSES

The second method that we use to estimate the impact of financial coaching on financial outcomes is the treatment on the treated, or TOT, which estimates the effects of actually participating in financial coaching rather than just the effects of being offered access to it. This method allows us to pick up effects that may have been drowned out by nonparticipation in the ITT model, since even with the offer of free services, roughly one in two people forewent the potential opportunity to improve their financial behavior, well-being, or knowledge through financial coaching.

[11] Since income was self-reported in the surveys as either pre-tax or post-tax, we converted each observation into post-tax measures so that they are comparable. For those reporting their income as "before taxes", we estimated post-tax income based on reported income and assumptions of standard deductions, personal exceptions, Earned Income Tax Credit, and Child Tax Credit (due to imperfect information we did not estimate other deductions). For New York residents this included estimated city, state, and federal taxes. For Miami residents this only included federal taxes, as neither Florida nor Miami have personal income taxes. We also used multiple imputation to impute missing variables, since 32 percent of applicants failed to report their income in the baseline survey. All models were robust to the inclusion or exclusion of imputed income.

However, the TOT estimate no longer falls within the purely causal framework of an RCT since individuals were not randomized into actual treatment, only the offer of treatment. Moreover, participants within the treatment group who took up coaching may systematically differ in unobservable ways from those who did not take up coaching which may cause selection bias in the results; the low take-up rates for coaching may provide evidence that high levels of motivation are required for people to engage in financial coaching. Therefore, it is possible that the people who participated in coaching would have had better outcomes than those who did not even without the treatment since they may have been more motivated to begin with.

Therefore, we do not directly compare the differences in outcomes between the treated (those who actually received coaching) and control group individuals, but rather use two techniques to explore these effects in ways that account for this potential selection bias.

Bloom Adjustment

The first approach that we take to estimate the TOT is to undertake what is known as a "Bloom Adjustment" (Bloom, 1984). This adjustment estimates what the effects of coaching would be if all of the observed benefits in the treatment group as a whole were realized only by those who received coaching, and not by those who did not. It is important to keep in mind, however, that the Bloom Adjustment does not account for selection, so the Bloom estimate may capture the effect of unobservable characteristics, such as motivation, in addition to the effect of coaching. A Bloom adjustment modifies the effects of the intervention (the ITT effect) upwards by the treatment group no-show rate in the following manner:

$$\textbf{ITT} = \gamma^{*}\textbf{N}o\textbf{S}howEffect + (1-\gamma)\textbf{T}reat\textbf{S}ubjectEffect$$

where γ is the no-show rate.

Assuming the effect per no-show is zero, then:

$$ITT = \gamma * 0 + (1- \gamma)TS$$

$$ITT = (1- \gamma)TS$$

where TS is the effect for treated subjects.

Therefore:

$$TS \text{ (or Bloom Adjustment)} = ITT / (1- \gamma)$$

A stylized example may help in understanding this approach. Imagine that we find an ITT effect of 5 percentage points for a given outcome, and imagine that 50 percent of people in the treatment group were actually treated. Under the Bloom Adjustment approach, we would inflate the estimate of the impact for the treated group by assuming all of the benefits (relative to the control group) accrued through these individuals—meaning that we would estimate the effect for treated individuals was actually 10 percent points for the given outcome.

TOT Instrumental Variables Regression (Complier Average Causal Effect)

The second method that we use to account for the potential selection in the TOT estimate is an instrumental variables approach first proposed by Angrist, Imbens, and Rubin in 1996 called the Complier Average Causal Effect. In this approach, randomization into the treatment group is used as an instrument for the actual treatment. In other words, whether or not a participant was offered treatment is used as a source of information to estimate a causal relationship for actually taking up treatment. To work as an instrument, a variable must be correlated with the variable of interest (taking up treatment), but not correlated with the error term (which includes things like participant motivation which leads to taking up treatment). Since being offered treatment was completely random, it serves as a valid instrumental variable which allows for consistent estimation of a causal effect. This approach is only valid if being assigned the treatment has no impact on the outcome aside from actually receiving it, which we believe to be a valid assumption in this study.

This Complier Average Causal Effect is estimated using two-stage least squares (2SLS). In the first stage, the endogenous variable (taking up coaching, or being "treated") is regressed on the exogenous covariates plus the instrument (randomization into the treatment group) using Ordinary Least Squares (OLS) to get fitted values in the following manner:

$$t_i = \pi_0 + \pi_1 T_i + X_i \Pi + v_{2,i}$$

where t_i is a dummy variable equal to one if individual *i* took up treatment, X_i is a vector of the same control variables as in the ITT model, and $v_{2,i}$ is the error term.

In the second stage, the fitted values from the first-stage regression are plugged directly into the structural equation in place of the endogenous regressor (being "treated") in the following manner:

$$y_i = \alpha + \varphi_1 \hat{t}_i + X_i \delta + e_i$$

where $\hat{t}_i$ is the fitted value for each individual from the previous equation.

Heterogeneous Treatment Effects

It is possible that coaching will have different effects on distinct groups within the study population. For example, outcomes for older participants may differ from younger, men from women, and those with higher incomes from those with lower.

To examine these heterogeneous affects, we analyzed different subgroups defined at baseline including:

- Female or male
- Older or younger (above or below age 40)
- Married or unmarried
- Greater or less than a high school education
- Hispanic, Black, or White
- Employed full time
- Higher or lower debt levels (total debt higher or lower than median)
- Higher or lower credit score (above or below 680)
- Bill payment patterns (pays bills on time most of the time or rarely/sometimes)
- Use of alternative financial services(used any alternative financial service or used none)
- Saving deposit patterns (puts aside money one or more times per month or puts aside money less than once per month/never)

To do so, we estimate the following regression:

$$Y_i = c + \beta_1 T_i + \beta_2 A_i T_i + \beta_3 A_i + \varepsilon_i$$

where Y_i is the outcome of interest, c is a constant, A_i is a dummy variable for the subgroup variable (e.g. female) at the beginning of the program, and ε_i is the error term.

We then calculated the average marginal effect for each subgroup compared to their control group counterpart (such as women in the treatment group versus women in the control group, and men in the treatment group versus men in the control group), and then calculated whether these two measures

were different from one another ([women in treatment versus women in control] versus [men in treatment versus men in control]).

Robustness Checks

We undertook a number of robustness checks to ensure that the results were robust to various specifications and models. First, we carried out an outlier analysis to determine whether there are observations in the treatment, treated, or control groups that are biasing results due to extreme values. Since few of the outcomes of interest were continuous, outliers rarely created problems. However, most of the continuous variables did contain outlier observations on the right hand side that affected results. Therefore, we dropped the highest 1 percent of observations for each continuous variable, and present these results in the final analysis.

We also estimated each of the models with and without controls, and using various specifications such as logged dependent variables, poissons, probits, and panel models. Results were robust to these different functional forms, so we include only unlogged OLS results in our final tables with control variables (suppressed for brevity)

Chapter 5. Program Applicants at Entry

This chapter describes study participant demographic and financial characteristics at baseline. Data presented here come from baseline survey and credit bureau data. We discuss administrative data collected for the treatment group in the Service Take-up chapter (Chapter 7).

Demographic Characteristics of Study Participants

Participants at both Branches and The Financial Clinic shared a number of demographic and financial characteristics, and broadly speaking most participants at both sites were low- and moderate-income individuals of color. However, there are also several notable differences between the two sites.

Gender, Age, Race and Ethnicity, Household characteristics

Males made up a larger share of participants at Branches (53 percent, versus 45 percent of program applicants at The Financial Clinic) (table 5.1). The average age of participants was 42. Those at Branches were somewhat older as well: the average age of Branches participants was 44 (median also 44), versus 41 for those from The Financial Clinic (median of 37).

The racial and ethnic makeup also differed significantly by site. A majority of 61 percent of Branches participants identified as Black (versus 40 percent at The Financial Clinic), while the plurality of participants at The Financial Clinic identified as Hispanic or Latino (versus 35 percent at Branches; this was the only category that was not statistically significantly different across the sites). A greater share of participants at The Financial Clinic identified themselves as Asian, White, or "Other," as well.

Marriage rates differed significantly by site: while combined 31 percent of program applicants were married, 44 percent at Branches were married (compared to 45 percent in Miami-Dade County), versus only 15 percent at The Financial Clinic (compared to 42 percent in New York City).[12] Sites also differed

[12] US Census Bureau, 2013 American Community Survey, one-year estimates. Miami-Dade County, FL and New York City, New York.

by household composition: applicants from Branches had both more adults and more children in their households, on average: at Branches there were on average 1.5 adults and 1.3 children per household at The Financial Clinic there were 1.3 adults and 0.5 children.

More than two-thirds of applicants at both sites were US-born citizens, with those at The Financial Clinic making up a somewhat larger share (73 percent to 67 percent at Branches). Naturalized citizens made up a larger share of the applicants at Branches (25 percent to 14 percent at The Financial Clinic).

TABLE 5.1

Demographic Baseline Characteristics

Variable	Branches	The Financial Clinic
Age		
Age (mean)	44***	41***
Age (median)	44	37
Gender		
Male	53%**	45%**
Marital Status		
Married	44%***	15%***
Household		
# adults in household	1.5***	1.3***
# children in household	1.1***	0.5***
Race		
Asian	0%***	4%***
Black	61%***	40%***
Hispanic/Latino	35%	41%
White	2%***	14%***
"Other"	3%***	9%***
Citizenship		
Citizen, born in US	67%*	73%*
Naturalized citizen	25%***	14%***
Language Spoken		
English speaker	82%	85%
Highest level of education		
Less than HS or HS diploma/GED	48%***	33%***
Some post-secondary	18%	17%
Certificate from vocational/ technical or associate's degree	20%	20%
Bachelor's or Masters/Graduate degree	14%***	28%***
Employment		
Employed full time or self-employed	89%***	43%***
Employed part time	9%***	17%***
Not currently working	1%***	33%***
Student	0%***	7%***

Source: Baseline survey

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%

Education and Employment

Education levels by site varied substantially, especially in regards to those with the highest and lowest level of educational attainment. Program applicants at Branches were significantly more likely to have as their highest level of education a high school diploma or GED. Those at The Financial Clinic were more likely to have less than a high school diploma, but were also more likely to have as their highest level of education bachelor's or graduate degrees.

The employment status by site varied significantly, with those at Branches much more likely than those at The Financial Clinic to be working (98 percent versus 60 percent at The Financial Clinic) and working full-time (89 percent versus 43 percent at The Financial Clinic). Much of these differences can be ascribed to the different ways in which the two programs approached outreach: at Branches study participants were recruited principally from among employees at Miami-Dade County government agencies, so the near total share of participants who were fully employed was expected, and is obviously not representative of the county employment rates (49 percent working full time county wide[13]).

Financial Status, Behaviors, and Goals of Participants

Current Finances and Accounts

Unsurprisingly, given the differences between sites in employment status, the mean household income was significantly higher for applicants at Branches than at The Financial Clinic: $39,400 compared to $22,100. Both of these income levels, however, were well below respective area incomes: the 2013 mean household income in Miami-Dade County was $64,339, while it was $84,292 in New York City.[14] Average household annual incomes for applicants were about $32,000 overall (table 5.2).

Large majorities of program applicants had checking and savings accounts: 88 percent had a checking account, with an average balance of $775 and 70 percent had a savings account, with an average balance of $1,937. At 22 percent (with an average of $3,180), fewer noted having emergency savings. Applicants at Branches were significantly more likely to have checking accounts (97 percent

[13] United States Census Bureau, 2013 American Community Survey, one-year estimates. Miami-Dade County, FL. Sex by Full-Time Work Status in the Past 12 Months for the Population 16 to 64 Years, C23022.

[14] United States Census Bureau, 2013 American Community Survey, one-year estimates. Miami-Dade County, FL and New York City, New York. Median incomes were lower: $41,913 for Miami-Dade and $52,223 for New York City.

versus 78 percent at The Financial Clinic), savings accounts (86 percent compared to 52 percent), and emergency savings (25 percent compared to 18 percent). Those at Branches were also more likely to have their paycheck directly deposited (94 percent versus 47 percent at The Financial Clinic).

Credit

Participants on average had fairly low Vantage credit scores (version 3.0, which uses a 300 to 850 scale). The average credit score was 592. These lower scores make sense given the primary motivation for clients to receive coaching is to improve their credit. There was also a sizeable subset of clients who did not have available credit scores at the time of the baseline data pull. Overall, 55 percent of applicants had at least one credit card, and had, on average, 2.9 cards. The share with a credit card and the average number of cards were both significantly higher at Branches than at The Financial Clinic.

Debts and Balances

According to credit bureau data, 24 percent (176) of participants held auto loans, 15 percent (110) had mortgages, 18 percent (130) held student loans, and 56 percent (414) had revolving debt (i.e. credit cards). We next calculate the mean debt levels for each type of loan separately among those who had each form of financing. Study participants with these debts had on average approximately $14,700 in auto loans, $171,000 in mortgage loans, $21,000 in student loans, and $6,000 in other revolving debt. Approximately 19 percent of total debt being held by study participants is past due. The average utilization rate for open revolving accounts at baseline was 55 percent (utilization rates above 30 percent can have an adverse effect on individual credit scores).

Study participants at Branches were more likely to have an auto loan, and those who did had higher levels of auto debt at baseline compared to The Financial Clinic—$15,300 versus $11,300. While Branches participants were more likely than The Financial Clinic participants to have a mortgage, the average amount in mortgage debt for those with mortgages at The Financial Clinic ($253,000) was much higher than at Branches ($161,900). We can likely credit this to the higher price of homes in New York City over Southern Florida. While similar numbers of participants at each site had revolving debt, Branches clients also had higher amounts, $7,100 on average compared to $4,800 at The Financial Clinic.

TABLE 5.2

Income, Credit, and Financial Accounts Baseline Characteristics

Variable	Branches	The Financial Clinic
Income and savings		
Mean household income (post-tax)	$39,417***	$22,110***
Checking account	97%***	78%***
Average balance (of those with accounts)	$825	$719
Savings account	86%***	52%***
Average balance (of those with accounts)	$1,738	$2,236
Emergency savings	25%	18%
Average balance (of those with accounts)	$3,132	$3,251
Average savings in transaction accounts	$2,829	$2,654
Credit		
Credit Score (Vantage 3.0 300-850 scale)	597	587
Holds a credit card	63%***	47%***
Of those, number of cards held	3.1*	2.7*
Debts and balances		
Account balances (open loans)		
Auto loans (of those with this type of loan)	$15,271*	$11,271*
Mortgages (of those with this type of loan)	$161,942	$253,013
Personal finance (of those with this type of loan)	$3,163*	$7,694*
Revolving (of those with this type of loan)	$7,054*	$4,752*
Student loans (of those with this type of loan)	$17,916	$23,649
Sum of all debts	$56,250***	$10,893***
Account Details		
Credit limit on open accounts--revolving	$7,670	$7,211
Has trade – revolving	0.7	0.6
Number of open accounts--revolving	2.9*	2.4*
Any revolving accounts recently opened	0.2	0.2
Revolving accounts recently opened	0.4**	0.2**
Utilization rate of open revolving accounts	58	52
Accounts with high utilization rates	1.5	1.3
Any accounts with high utilization rates	0.6*	0.6*
Percent of on time trades	34	37
Accounts recently closed	0.2*	0.1*

Sources: Baseline survey and pre-intervention credit record data

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

Delinquencies and Accounts Past Due

There were a number of differences between the two sites in terms of delinquencies and accounts past due (measured using the credit status of applicants pulled from December 2012). Almost one quarter (24 percent) of debt held by study participants at The Financial Clinic was past due at baseline, which is significantly more than at Branches, where only 14 percent of total debts were past due (table 5.3). Compared to those at Branches, those at The Financial Clinic also had more bankcard inquiries, items and balances in collections, and items and balances in 90 to 180-day delinquencies (those at Branches had higher numbers and balances in judgements).

Financial Behaviors and Goals

Eighty percent or more of overall program applicants listed improving credit, improving financial management skills, improving financial security, paying down debts, or increasing nonretirement savings as baseline goals.[15] Although the share noting some of these goals varied significantly by site, for both sites they were still seen as goals by large majorities of applicants.

Approximately one-third of program applicants never set money aside and another third set aside money twice a month. Those at Branches were significantly more likely than those at The Financial Clinic to set aside money twice a month or every one to two months, while those at The Financial Clinic were more likely to never set aside money or do so once or twice a year. One-half of applicants stated they paid bills on time "most of the time," with significantly higher shares at Branches claiming so (57 percent versus 42 percent of those at The Financial Clinic); those at The Financial Clinic were more likely to claim they paid bills on time "very often," "sometimes," or "rarely/never."

[15] Note that the baseline survey asked about applicants' reasons for pursuing coaching separate from their financial goals.

TABLE 5.3

Delinquencies, Behaviors, and Financial Goals Baseline Characteristics

Variable	Branches	The Financial Clinic
Delinquencies and accounts past due		
Percent of balance past due	14%***	24%***
Number of bankcard inquiries	0.5***	0.2***
	2.3***	1.3***
Number of items in collections		
Balance in collections	$2,364***	1,153***
Number of items in judgments	0.05***	0.25***
Balance in judgments	$198**	$400**
Total number of 30-day delinquencies	0.1	0.1
Balance on items in 30-day delinquencies	$292	$273
Total number of 90 to 180-day delinquencies	0.2***	0.1***
Balance on items in 90 to 180-day delinquencies	$7,529***	$783.5***
Months since delinquent on student loan	15	15
Tax liens	$44	$27,776
Financial behaviors and goals		
Directly deposited paycheck	94%***	47%***
Curing (turning a trade line from 30 or more days delinquent or derogatory to satisfactory)	0.9	0.7
How frequently applicant puts money aside		
Never	28%[a]	39%[a]
1-2 times per year	13%[a]	14%[a]
Every 1-2 months	22%[a]	21%[a]
Twice a month	37%[a]	26%[a]
Most common financial goals		
Improving credit	89%	92%
Improving money management skills	84%***	93%***
Improving household's financial security	82%***	89%***
Paying down debts	81%	84%
Increase nonretirement savings	76%***	84%***
How often applicant pays bills on time		
Most of the time	57%[b]	42%[b]
Very often	19%[b]	23%[b]
Sometimes	15%[b]	23%[b]
Rarely/Never	9%[b]	11%[b]

Sources: Baseline survey and pre-intervention credit record data

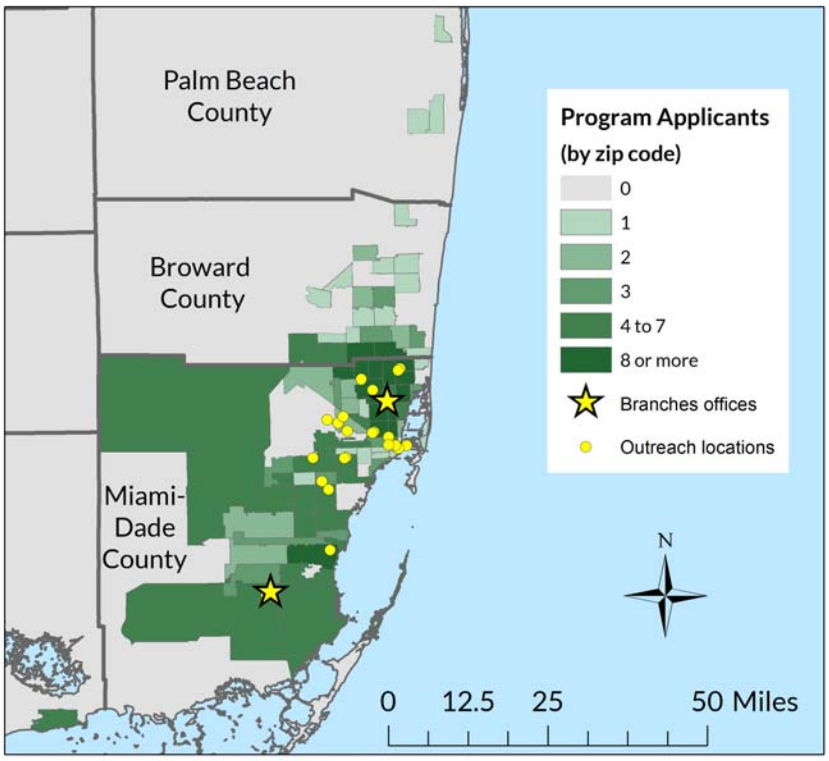
Notes: * significant at 10%; ** significant at 5%; *** significant at 1%; [a] distribution difference significant at 1%; [b] distribution difference significant at 10%

Location of Applicants

Branches serves a very large service area. Miami-Dade County has a land area of nearly 2,000 square miles, and Branches' main office in Miami (in the northern part of Miami-Dade County) and its other location in Florida City are approximately fifty miles apart. The largest concentration of program applicants lived relatively close to Branches' central office in Miami and southern Broward County (figure 5.1). While there were applicants from across the county as well as a few from other surrounding counties, these patterns roughly map onto population trends, as the southern and western portions of Miami-Dade are lightly populated. Outreach locations at job sites and elsewhere were likewise concentrated in northern Miami-Dade County.

FIGURE 5.1

Miami: Participants and Outreach Locations

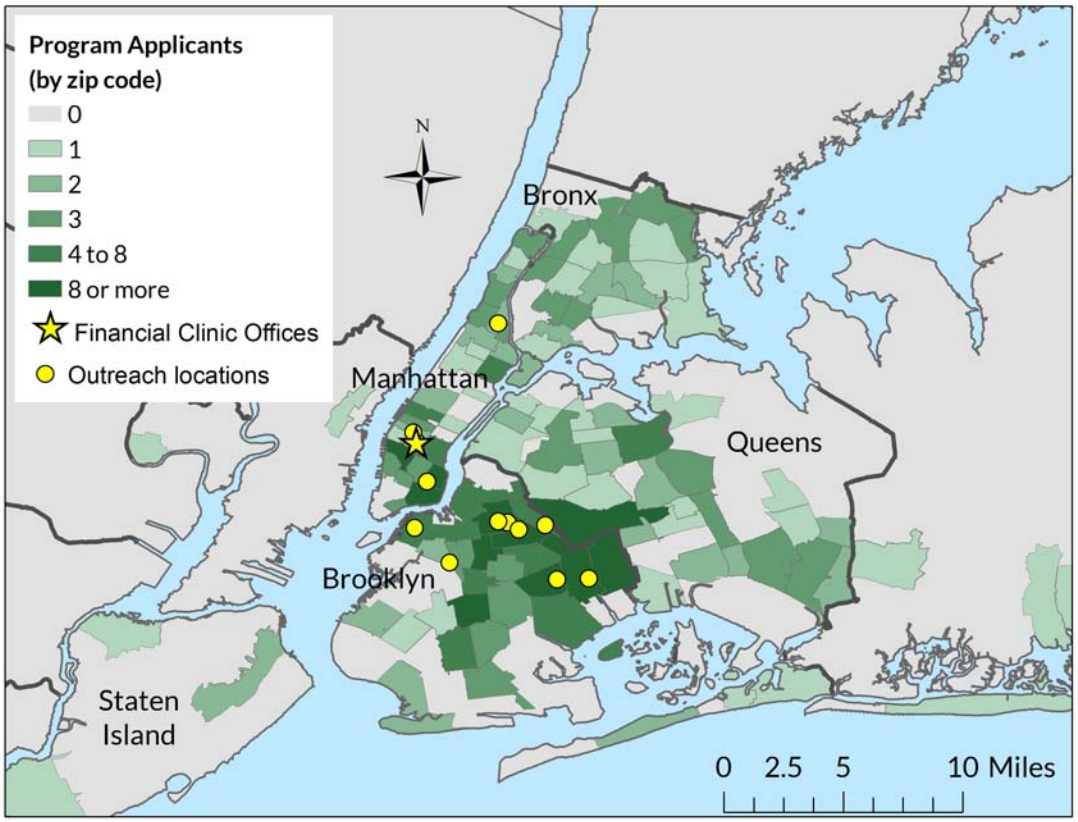


Source: Branches administrative data
Notes: Based on zip code of residence.

Program applicants from The Financial Clinic came from across New York City, with concentrations in Manhattan around The Financial Clinic's office, and in northern Brooklyn and southern Queens. Outreach sites also were concentrated in these areas. While New York City's land area of about 300 square miles is much smaller than Miami-Dade, it still covers a large area, and a few program applicants came from the outskirts of the city or surrounding counties. Despite no outreach office locations in the Bronx or in Queens, both boroughs saw a fair number of program applicants.

FIGURE 5.2

New York: Participants and Outreach Locations



Source: The Financial Clinic administrative data.
Notes: Based on zip code of residence.

Chapter 6. Program Implementation

This process study augments the information gathered from the outcome survey and credit bureau records with the baseline survey, program administrative data, on-site observations, and more than 50 interviews and focus groups with clients, coaches, and program administrative staff, together with baseline survey and administrative data. This chapter examines the personal characteristics and background of coaches and their clients, and asks questions such as the following: What attracted participants to the offer of financial coaching? What are their most pressing financial problems? What qualities—in a coach or a participant—encourage individuals to show up for coaching in the first place, or persist with coaching once initiated? We also discuss the exact nature and frequency of the services provided.

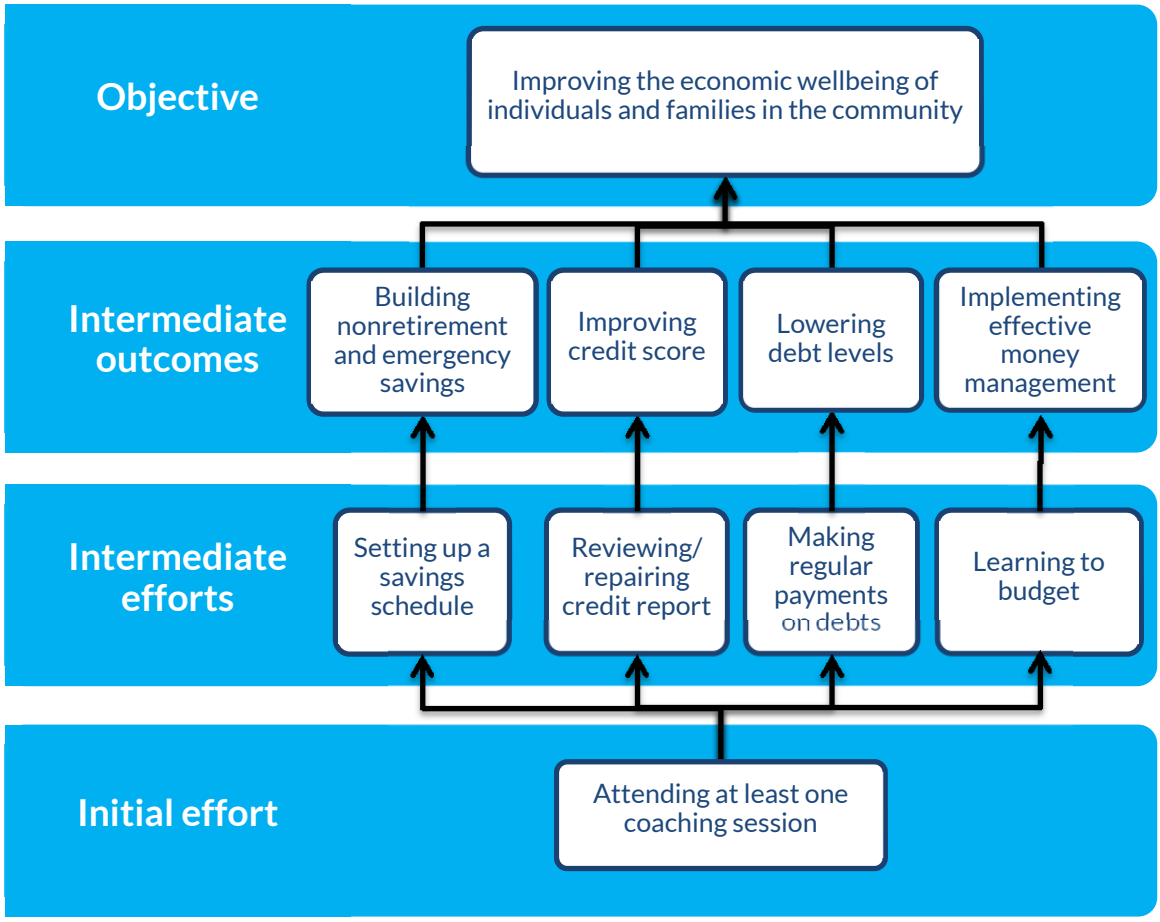
This chapter supplements the program model discussion in the Program Sites and Models chapter (Chapter 3) by providing a theory of change model for both programs and investigating how closely the programs adhere to their program models. Do the clients get the "dosage" of coaching that the models prescribe? What is the actual content, flow, and atmosphere of the coaching sessions? This chapter also examines consistency of coaching across The Financial Clinic and Branches's various program locations.

Theory of Change for Financial Coaching Programs

The coaching programs at Branches and The Financial Clinic have some differences but share a common goal: improving the financial well-being of members of their communities. Below, we outline an abstracted theory of change model for financial coaching programs, based on documentation and conversations with staff from the programs in this study (figure 6.1). Note however, that because financial coaching is a personal experience for each client, and there exists substantial variation among different financial coaching programs.

FIGURE 6.1

Theory of Change Model for Financial Coaching



At both Branches and The Financial Clinic, the initial financial coaching session was seen as the essential first step that clients needed to take to meet their financial goals. While representatives from both programs noted that, in their ideal scenario, clients would attend multiple coaching sessions, one quarter (at Branches) to one half (at The Financial Clinic) of study participants who received coaching only attended one session. (We discuss the drivers of take-up and persistence subsequently.) Once The Financial Clinic realized the high frequency of single sessions they modified their first coaching session and extended it to 90 minutes in length. This allows the coach more time to get the client invested in the services, and also to provide the client with enough resources to pursue financial wellbeing on their own, should they choose not to return.

Coaches help clients work toward their financial goals, but there are four cornerstones (intermediate efforts) that serve as the basis for financial stability: making regular deposits to

nonretirement savings, reviewing and monitoring client credit reports, paying down debts with regularity, and budgeting. Clients who successfully implement these intermediate efforts are able to achieve key intermediate outcomes that can pave the way to financial stability. These outcomes include, among others: building nonretirement and emergency savings, improving client credit scores, lowering overall debt levels, and practicing effective budgeting and money management. The coaching model at both programs expects clients who make strides in these four areas to experience improved economic wellbeing.

Motivation for Seeking Financial Coaching

While the demographic characteristics of the study population outlined in the Program Applicants at Entry chapter provide a summary profile of the coaching applicants, other questions on the baseline survey, as well as the interviews conducted with study participants and program staff, provide additional details about the motivations of individuals in pursuing coaching.

In the baseline survey, study participants were asked about their primary reasons for considering financial coaching. At The Financial Clinic, some people entered the study through free tax preparation clinics, while others entered through financial education workshops offered at community sites such as the Brooklyn Public Library. At Branches, most individuals were county employees recruited at Miami-Dade County departments, while a small number were recruited at local nonprofits that provide homeownership training and other housing-related services. Although the various avenues through which study participants were recruited led to some variability in clients' motivation for seeking coaching and their main financial goals, the issues that participants were most interested in addressing were largely consistent.

As table 6.1 shows, the most frequently cited reason for pursuing coaching, mentioned by four in ten applicants, was credit.[16] Addressing "credit" can mean different things for different clients, but it covers issues of improving general creditworthiness, including clients wanting to raise their credit score, gain access to credit, or learn about their credit report.

When asked about the most common issues faced by study participants and other coaching clients, one Branches coach said emphatically: "Common problem: credit, big C. Big C. Credit, credit, credit…increasing credit score, just having too much debt, debt-to-income ratios." Another Branches

[16] Note that the baseline survey asked about applicants' reasons for pursuing coaching separate from their financial goals.

coach noted that credit was as much an issue for the unemployed, who represent a good portion of Branches' routine clientele, as for the employed, who made up most of the study group:

"Still, credit. I think credit is the main issue… it does play a big role. Credit means a lot. I mean, it's in everything [they're] applying for. Even for rent, they check your credit. Even for a job, they check your credit; buying a car; buying a home. Anything nowadays."

Concerns about debt was the second most commonly cited reason for interest in coaching; one in five applicants reported this as a motivation. Interviews with study participants and coaching staff suggested that the types of debt clients most commonly struggle to pay are credit card debts and student loan debts.

Interviews suggest that the reasons that participants had accumulated large amounts of credit card debt differed across the sites. Almost all Branches respondents were concerned about high credit card debt resulting from what they reported as financial mismanagement, overspending, and living beyond their means. Branches coaches and clients said that one of the areas they work on is getting clients to change their financial values and spending tendencies—for example, to reduce their cable or smartphone plans, to eat out less frequently, to buy fewer electronics, or to sell their extra vehicle (or, in one case, a leisure boat).

For The Financial Clinic clients, high credit card debt appeared to be more likely a result of trying to make ends meet than from nonessential consumer spending. Interview respondents at The Financial Clinic were also much more likely to report concerns about high levels of student debt.

Baseline survey responses indicate a few other substantial differences between the sites. Twice the fraction of applicants from The Financial Clinic (21 percent) compared to Branches (11 percent) identified money management as a main concern. A much larger fraction of Branches applicants (24 percent) was interested in homeownership compared to The Financial Clinic (just 3 percent). This is likely at least in part due to the greater fraction of Branches study participants who were employed and the proportion recruited into the study from housing organizations (18 percent of Branches study participants). However, the higher housing costs in New York City compared to Miami undoubtedly also play a role.

Study participants also cited general financial knowledge (16 percent of all applicants), financial stability (13 percent), and savings (10 percent) as reasons for interest in financial coaching, but, as table 6.1 shows, there were smaller differences in the appeal of these reasons between the two programs.

TABLE 6.1

Reasons for Considering Financial Coaching

	Branches		The Financial Clinic		Total	
	N	Percent of Respondents	N	Percent of Respondents	N	Percent of Respondents
Budgeting/money management	48	11%	85	21%	133	16%
Credit	199	47%	114	28%	313	38%
Debt	72	17%	89	22%	161	20%
Financial stability	55	13%	57	14%	112	14%
General financial knowledge	59	14%	77	19%	136	17%
Home/homeownership	102	24%	13	3%	115	14%
Increase income	2	0%	3	1%	5	1%
Investment	12	3%	5	1%	17	2%
Savings	45	11%	39	10%	84	10%
Taxes	11	3%	25	6%	36	4%
Other	7	2%	9	2%	16	2%
Total	**612**		**542**		**824**	

Source: Baseline survey

Notes: This question was open ended and responses were recoded to fit one of the 11 categories above. Individual respondents gave multiple reasons for considering financial coaching.

The interviews suggested that not just the source of motivation varied between the two programs, but the extent or level of motivation may have varied as well. Further, the extent of motivation appeared to be different for different recruitment channels.

Both sites had a mix of clients who were highly motivated and those who, while they applied, did not appear to be truly interested in coaching. Based on interviews, as well as service take-up information drawn from administrative data (and discussed in the Service Take-up chapter), it appears that a greater share of applicants who entered the study through free tax preparation clinics offered by The Financial Clinic or through the employer-based recruitment presentations at Branches may have signed up as much because the offer of coaching was easily available, rather than due to a strong motivation for the service, when compared with the other enrollment channels.

In contrast, New York study participants who entered the study via a coaching workshop, such as those held at the Brooklyn Public Library, appeared to be more motivated. Such applicants had to make an extra or special effort to learn about and attend a financial workshop compared with those who enrolled in coaching while seeking another service (e.g. help with tax filing). Likewise, those enrolled through Miami housing organizations seemed to have higher levels of motivation because they

recognized that their finances needed to be in order before buying a home and because they hoped to secure the lowest possible interest rate on their mortgage. One client recruited through a Miami housing partner took up financial coaching in hopes that an increased credit score would lead to a lower mortgage interest rate:

> "If [my husband's] credit score is a little bit higher than 720, the interest rate would be lower on the house, which is what we're looking for. We don't want a house with a high interest rate."

A relatively small share of Miami applicants enrolled through the housing organizations, while a relatively larger share of New York applicants enrolled through special purpose workshops. Given this, it appeared, based on the interview and service take-up data, that The Financial Clinic applicants were, on the whole, more motivated to engage in coaching than the Branches applicants.

BOX 1

Getting a Handle on Spending

Anna is a social worker in New York City and found that there are not many resources out there to help individuals with their finances. With a case load of over 50 individuals, three children and a grandchild at home, and currently attending computer literacy classes, middle-aged Anna lives a busy life. One of her daughters suffers from epilepsy, and while Anna could use the help of her retired husband at home, he relocated to another state to take care of his ill parents. While it helps that her husband pays their house's mortgage and water bills, Anna is responsible for the rest of the household expenses. She received an advanced degree in 2010 but still owes $35,000 in student loans, and while she loves her job, she considers her salary mediocre and lacks retirement and other benefits, so she is in the process of looking for a better-paying job. Anna was motivated to attend The Financial Clinic's Financial Empowerment Workshop to receive financial coaching because she found herself living paycheck to paycheck, without really understanding where her money was going.

Anna thinks that financial coaching has taught her to watch her money closely on a daily basis. She now resists buying things she doesn't consider necessary and, instead of buying lunch daily as she used to, she brings it from home. Besides having learned to obtain and read her credit report, Anna has a clearer picture of her long term goals, which include improving her credit score and saving for retirement. Thanks to her coach, who she found patient and helpful, Anna has come to realize that her

finances are not out of control and that declaring bankruptcy—which she had seriously contemplated—was unnecessary. Anna mentions she no longer feels as hopeless about her finances.

Coach Characteristics, Clients Views of Coaches, and Coaching Environment

Coach Characteristics and Backgrounds

Coaches from Branches and The Financial Clinic came from a variety of backgrounds and had varying levels of experience. The Financial Clinic had two types of paid coaches who provided coaching as part of the study: Financial Fellows, recent college graduates interested in pursuing a career in the financial sector; and career coaches, with work experience in social services or financial management. As described in the Program Sites and Models chapter, the Financial Fellows typically have no prior experience providing financial advice before they join The Financial Clinic and are new to New York City. The fellowship program lasts one year, so the fellows' experience is limited to one year, and the fellows do not remain as coaches at The Financial Clinic once their fellowship is over. Alongside this temporary team, The Financial Clinic also employs financial coaches with experience in financial services, other private sector firms, or non-profit organizations. They typically have years of experience providing financial advice and have lived in the metropolitan New York City area for a number of years.

The Financial Clinic began the study with many clients being served by Financial Fellows, but during the second half of the study, transitioned to principally using a professional coach. The Financial Clinic chose to hire a single coach specifically to work with study participants so that one person would ultimately be responsible for coaching and follow-up, and could provide consistency of service across clients. Having one coach work exclusively with study participants was also more convenient. The Financial Fellows program included projects and professional development outside of providing financial coaching, and did not has as much scheduling flexibility as the professional coach. . At the end of their term, the Financial Fellows' clients were transitioned to a different financial coach. While some clients found to be frustrating, having one coach diminished coach turnover that clients experienced with the Fellows and ensured coach continuity.

The coaches at Branches came from a variety of backgrounds, but generally had work experience in the non-profit sector or for-profit financial services before joining Branches as a coach. Coaches involved in the study included one with years of experience as a certified public accountant and two others in small business development programs. At the time of this study Branches administrators expressed a preference for hiring coaches with business and financial planning backgrounds and training them to work with the targeted populations, over hiring social service workers and training them on business and financial planning.

Coaches at Branches and The Financial Clinic do not have to meet any set coaching accreditation standards. Some financial coaches are hired without previous coaching experience, and are provided with staff training during their on-boarding process. A significant part of the training for newly hired coaches involves shadowing various coaches as a means of reflecting on the different coaching styles. The Financial Clinic has its own ToolKit curriculum that it trains new coaches to use, and Branches adapts their training from other models including ones by NeighborWorks and the Central New Mexico Community College financial coaching curriculum. While the majority of professional coaches at Branches and The Financial Clinic have background and experience providing coaching and in financial services, only one Branches coach we spoke to was working toward a formal certification from the Association for Financial Counseling and Planning Education.

Coaches at both Branches and The Financial Clinic noted that there are challenges they face when coaching clients that they felt unprepared for, and additional training might be useful. As one Branches coach notes:

> "I want to make sure that at the end of the day when a client comes here I don't have to keep saying I don't know … But when the question gets brought, like retirement... that's one when that question gets brought to me I just have to begin doing my research … And just because I've done the research one time doesn't mean I become an expert, so I would totally love to get more certifications or official trainings."

Client Views of Coaches

Clients from both programs had, for the most part, positive assessments of their coaches. Phrases used to describe coaches were: "very intelligent," "very compassionate," "easy to reach," and "detail-oriented." Clients appreciated the coaches' patience, their accessibility, and their flexibility. One study participant from The Financial Clinic said the following of his coach's strengths: "Supportive, patient, knowledgeable, and resourceful. Oh, and he follows through. That's very important. He follows

through." While a few clients were less than satisfied with the depth of their coaches' knowledge or experience, the overall dearth of criticism of the coaches' performance was notable.

Feelings about the relative youth of the Financial Fellows at The Financial Clinic were mixed. For most, coaches' youth was not an issue and clients found the fellows to be capable coaches. One younger client felt that her coach had a great sympathy for and understanding of her issues for being close in age, while a few others expressed preferences for a more experienced coach. Since Fellows work at The Financial Clinic for only one year, one client bemoaned the impending departure of her coach, to whom she had grown attached. When asked about her coach's strengths and weaknesses, this client had the following comment, which she punctuated with a rueful laugh: "[S]he had an answer for every question that I had, and definitely that's one of her strengths. She knew exactly what to say and, like, she knew her stuff. Just put it that way, you know. And her weakness is that she's leaving."

Although Branches had seen little staff turnover at the mid-point of the study, with one coach leaving to work for a new organization, another four of their coaches left their positions late in the study, one for a new organization and one for an administrative position within Branches. One client we interviewed volunteered that she would be dismayed if her coach left, and indeed this was one of the coaches who did leave the coaching ranks.

BOX 2

Reducing Debt to Move Ahead

Erica has lived in Miami all her life, and although she now lives with her husband, she remains only a block away from her mother. Erica earned an advanced degree, has no educational loans, and is now employed by the city of Miami. Though initially reluctant to attend Branches' financial workshop at her jobsite and enroll in financial coaching, Erica thought that with a baby on the way she would likely benefit from some financial tips, so she did sign up. She was interested in advice on creating a nest egg for starting a family, improving her credit score, and possibly purchasing a home. While she was not highly stressed about her finances, she did have a large amount of credit card debt, owing to spending beyond her means and purchases accumulating over time. Erica and her coach have concentrated on eliminating her credit card debt and, with the help of her husband, she pays $400 on her outstanding card balance every month.

Erica thinks that meeting regularly with her coach—approximately once per month—has helped her focus on her finances and better plan for the future. Since their first meeting, Erica has enrolled in a budgeting website that sends notifications of her spending on a weekly basis. Her coach encouraged her to find out from her insurance company how much she should expect to pay for expenses related to the birth of her child. She has developed the habit of saving $100 each paycheck to cover those expenses. Erica also says that coaching helped her to significantly improve her credit score, with her credit score moving from the 650 range when she began into the low 700s in only a few months.

Erica appreciates that her coach is non-judgmental and helps her set realistic goals. In fact, Erica's financial goals have readjusted several times since she started financial coaching; she decided, for instance, that because her husband is in the military and they relocate frequently, investing in a home might not make sense for them at this time. While Erica and her coach mainly meet in person, they also correspond via email, and what Erica finds the most helpful is that her coach acts as a cheerleader. Erica claims that her coach has done her job well and that she now has the tools to continue steering her finances toward a secure future for her and her family.

Coaching Environment

The physical location of coaching sessions varied greatly, with differences both within and across programs. In New York City, clients met with coaches in both private offices and more public and sometimes noisy and crowded spaces, such as areas with cubicles. The private spaces themselves were quite varied. The Financial Clinic's main office was an open-floor-plan space with office walls consisting of ceiling-to-floor glass. While sound did not travel through these walls, the coaching participants were in clear view of all present on the floor. On the other hand, more conventional private office space was used for coaching sessions at the offices of The Financial Clinic's community partners where coaches met their clients.

Branches had similar variation. Most clients met alone with coaches in private offices, and in conference rooms at one of the Branches office locations. Some coaching sessions were conducted at county job sites. While clients benefited from not having to travel for these sessions, some of the settings were less than ideal. For example, during one of our site visits we observed three financial coaches meeting simultaneously with clients from Animal Services in a conference room large enough for a table to seat about 12 people. While some Branches clients may be concerned about privacy, the clients we spoke with who were served in this setting articulated that they were not actually concerned

by the relative lack of privacy, and would not have necessarily preferred isolated sessions, if it meant traveling off site for services. Clearly, coaches and clients must make trade-offs between different objectives such as accessibility and privacy when finding a coaching location.

Content of Coaching Sessions

Branches and The Financial Clinic both have coaching content and structures that they use to relay information to clients. There are many similarities in the topical content of coaching sessions for both sites, with focuses on improving credit and money management. One key area of difference between the sites is the format of the coaching. The Financial Clinic follows a more structured approach to their coaching sessions, relying on their ToolKit, while Branches' coaching content is less-structured. Both sites place a strong emphasis on the first coaching session, which is the most structured session for both Branches and The Financial Clinic, because in addition to coaching, it involves intake and assessment, and often, pulling a client's credit report.

The First Coaching Session: Initial Meeting and Assessment

The first coaching session at Branches is the only one that follows formal procedures. Branches coaches have clients complete a hard copy intake and assessment form (these forms were developed by Branches specifically for their coaching program), the information from which is later entered by the coach into an Efforts to Outcomes database. The client intake form asks for referral source, demographic information, household size, language preference, permanent resident status, annual income, financial products, emergency savings, public benefit receipt, and assistance needs (e.g. applying for food stamps, public benefits, foreclosure prevention assistance, Ways to Work auto loans, employment/career counseling).

The client assessment form goes into greater detail on some of the topics covered in the intake. The form asks for the names of individual household members, emergency contact information, whether there are financial accounts the client does not have (checking, savings), client interest in opening these accounts, means of income access (check casher, in person deposit, direct deposit, payday lender), whether clients have 3 months of emergency savings, and if emergency savings is a goal for them, insurance information, housing and child care information, total household employment information, primary mode of transportation, and financial goals. There is also a narrative section that allows clients

to tell Branches "their financial story." The form also includes an "income/expense and net worth" worksheet for the total household that asks clients to itemize their income and expenses, as well as their individual assets, debts, and liabilities.

One of the more critical elements of the Branches assessment is the final page of the assessment form, which is called the "Financial Stability Plan." The Financial Stability Plan is a management plan that allows clients to outline their goals and their strategy for achieving them. The financial coach completes the Financial Stability Plan during the first coaching session, and the coach becomes more familiar with the client's background. The form asks the following questions:

- What would you to like to talk about today? / What is your financial story?
- What methods have you tried already? What has worked and what hasn't worked?
- Why is this important to you? / What is most important to you? / What motivates you?
- Goals: What do you really want? / What would be your ideal outcome? / What would that look like specifically?
- What are the steps you can take to achieve your goals?
- What positive behavior change are you willing to make to achieve these goals?
- How will you hold yourself accountable to these goals? How will I [the coach] know once you've done it?

At the end of the first session, the coach asks the client to sign the Financial Stability Plan and provides a photocopy for the client to take home for his or her own records. In addition to being a tool that explicitly outlines client goals, it also serves as a means of giving clients accountability.

The Financial Clinic conducts intake and assessment through a client interview process, where the coach and client have a conversation, and the coach enters information into The Financial Clinic's online data system as the client responds. The intake and assessment tools for The Financial Clinic cover basic demographic information on clients and their households, their referral source, sources of income and employment status, banking status and alternative financial services use, assets and unsecured debts, and public assistance usage. The Financial Clinic assessment also includes information on the client's "presenting issues," which are grouped into several categories: tax, bankruptcy, child support, credit, housing, debt, garnishment, frozen account, judgment, other, savings, and budgeting. The final piece of the assessment is financial goals, which are described as action-driven goals that are "asset-oriented,

forward thinking, passionately held." The goals are split into the following categories: nonretirement savings, retirement savings, savings for children/grandchildren, housing, large purchases, education, vacation, entrepreneurship, general financial security.

The Financial Clinic's guides all sessions with their ToolKit, which is a coaching curriculum specifically developed by The Financial Clinic for its coaches. All of the coaches use this ToolKit, which was, prior to the introduction of Change Machine (which integrated all of the ToolKit tools), distributed to coaches in hard-copy form in a binder. The documents outline The Financial Clinic's coaching procedures and provide materials to support client growth. Coaches can select content from the ToolKit to fit clients' specific needs. The ToolKit focuses on six broad outcome areas: financial goals, assets, banking, credit, debt, and taxes. The beginning of the ToolKit provides tips for coaches to guide conversations with clients, to help clients overcome their financial challenges, and to encourage them to work across all six areas, regardless of a client's presenting issue.

Each of the six sections of the ToolKit has a "Coach's Map" that helps coaches guide clients to reach various milestones, as well as a "Coach's toolbox" that includes related worksheets and tip sheets for client use and reference. For example, in the chapter dealing with assets, the Coach's Map helps the coach guide clients toward consistent savings, and identifies steps along the way such as, developing a monthly spending plan, maximizing income supports, and establishing auto-deduct into a savings account. The Coach's Map also highlights key milestones in each of the six areas. For assets, the three key milestones are: "customer maximizes cash flow," "customer implements regular savings plan," and "customer implements asset development and protection strategies." These milestones are key performance measures for The Financial Clinic's coaching program. The Financial Clinic has a set of 67 total Actions (which are equivalent to other organizations' milestones) that record progress for each of their financial coaching clients, divided into the six outcome areas. The completion of these milestones, as well as the financial coaching session during which it was achieved, is recorded in the Change Machine data platform by each financial coach.

Credit Report Review

During the first session, clients at both The Financial Clinic and Branches are typically expected to review their credit report with their financial coach. Coaches differ in their approach to pulling credit reports. At The Financial Clinic, all of the coaches we interviewed attempt to pull their clients' credit reports during the session. Some coaches at Branches ask clients to pull their credit report from all three credit reporting agencies on their own and bring them to the first session, while other coaches pull

the reports during the session. Coaches will also pull client credit scores during the session. (Coaches have the ability to perform a soft pull of clients' credit that will not affect their credit score.) In instances where clients are unable to pull their credit reports electronically, and have to request paper copies through the mail, coaches will wait to review the credit report, which usually takes two to three weeks to arrive.

When reviewing the credit reports with clients, Branches and The Financial Clinic coaches will go through every line item, verifying them and discussing their effect on the client's credit score. For example, for clients with credit card balances that appear to be close to the limit, coaches will explain that carrying such a high balance lowers their credit score, and that they should consider paying off the balances on these cards, or at least keeping them at or below 30 percent of their credit limit.

A common occurrence when reviewing credit reports is that they contain incorrect items. When this happens, coaches work with clients to get false items removed by helping them call or write credit-reporting agencies. Often, the coach will call or email the credit-reporting agency during the session, which the client observes. If there are additional false items on the report to address, the coach will have the client call or write the remaining credit reporting agencies on his or her own between sessions. Coaches at both Branches and The Financial Clinic emphasize clients being able to understand their credit report and feeling comfortable reaching out to creditors to dispute items.

One client at The Financial Clinic described her experience this way:

> "I had a couple issues with my credit. In my building there's someone with the same name as me ... [my coach] helped me fill out the papers notifying Experian [a credit reporting agency]. I live on the 12th floor, the [other] lady lives up on the 13th floor; she has the same exact name and they put her bill into my credit report ... And [my coach] ended up resolving that problem for me. She typed the letter; she was like, 'Okay, we got to type this.' She ended up having stamps too; I didn't have to pay for stamps! She took out an envelope and I mailed it and it came back and it was off my credit report!"

Building Budgeting and Money Management Skills

As described by coaches during interviews and focus groups, and as we observed, the first coaching session is principally devoted to intake, assessment, and pulling credit reports. During the first session coaches at The Financial Clinic and Branches may also begin to review client bank and credit card statements, if possible, when discussing money management. This allows the coach a chance to see how the client is spending his or her money, and where there are opportunities to cut back on spending.

Review of a client's credit report and bank statements also allows coaches to realistically assess client goals and develop a strategy for meeting them.

As detailed in the Service Take-up chapter, a number of clients never return for a second session. For those who do attend subsequent coaching sessions, coaches use these to focus on a variety of topical issues, of which budgeting and money management are central. One of the key pieces is the coach helping the client lay out all of their income and expenses to see if there is room to cut back, and helping clients cut unnecessary expenses. Coaches do this in a variety of ways. During one coaching session, we observed a Branches coach using a paper pad on an easel where he drew a line that split the page into two columns, listing all of the income sources on one side, and all of the expenses on the other side. The sum of each side was totaled, and almost equal in size. The coach then sat down to discuss what expenses the client thought could be cut back, including looking for more affordable rental housing, and discussed how the client could potentially qualify for additional public assistance benefits, such as SNAP, that might help increase his income and decrease cash food expenses.

During observations, Branches coaches helped clients see patterns in spending behavior, and helped them set up a budget that aligned with their goals to curb negative patterns of spending behavior. One Branches client who was pregnant realized that she was spending excessively on clothing:

> "It was perfect working with [my coach] because she kind of helped me and gave me a lot of tips…on ways that I could save and things that I should and shouldn't buy…she was very honest about, you know, 'don't waste your money, just buy two or three pairs of pants, don't go buy ten pairs of pants.'"

The coach also helped this client set up a savings account with the money she was saving from cutting back unnecessary spending.

The Financial Clinic also places a strong emphasis on establishing budgeting and money management skills. As part of their assets milestone, The Financial Clinic has a Monthly Income and Expense worksheet that coaches ask clients to fill out as homework between the first and second coaching session. While many clients at The Financial Clinic find the budgeting worksheet to be helpful, other's found the prospect of working on it alone to be overwhelming.

For instance, a young client of The Financial Clinic who was new to money management and struggling with student loans stated: "I was hoping to kind of have my hand held. Have someone say, 'This is what you should do, like to budget.'"

While building budgeting skills is emphasized at both coaching programs, and our interviews with clients show that they perceive benefits from establishing a budget, the process of implementing a budget is not always easy. In addition to interviews, the baseline survey asked all study participants whether or not they kept a budget. For those who did not, the survey asked why they chose not to use a budget. The most common answer was that they did not think they had enough money to make budgeting worthwhile. In our interviews, those who did not use a budget, knew what budgeting was and how it might be helpful, but had not done it with the level of detail that the coaches suggest. Inventorying every expense can be daunting for clients, and some clients noted that even after working on the budget, they still were unsure how to adapt their budget to changing financial circumstances.

Setting Financial Goals

Coaches at both programs are expected to provide clients with tools to achieve their specific goals. Goals are discussed and reassessed during each coaching session to help clients remain on track. While some goals, such as improving a credit score, can be fairly straightforward, there are instances when coaches encourage clients to readjust their goals during their coaching sessions. This is often the case when clients' immediate goals are unrealistic given their current financial status and available resources.

As a Branches coach explained:

> "Let's say for example they want to get rid of all their credit card debt. We work on their budget and there's no way they can get it down in three months, but maybe we can work to get them down to 30% of their debt to limit ratio so at least their credit score goes up. They're still not where they want to be, so we use "SMART" goals in order to break down how we want to get them there.'"

As defined by this coach, a "SMART" goal (the acronym stands for: "Specific, Measurable, Attainable, Realistic, Time-bound") is one that can be broken into steps, where the coach is able to say to the client:

> "we'll get you here by month three, we'll get you here by month nine, we'll get you here by month twelve. It's going to be a lengthy process but we're going to get you down to the finish line.'"

The Financial Clinic pushes clients to distinguish between what they call goals and objectives. One of the organization's principles involves how "presenting issues" are related to financial goals. For example, a client may express a goal of improving his or her credit score, but a coach would articulate that the goal lies within what an improved credit score would allow that client to achieve—for example, improving financial security or preparing for homeownership.

As one coach at The Financial Clinic explains:

> "The vast majority of people come in, you know, when I ask them what their goals are, they say, I want to save a certain amount of money, or I want to improve my credit, or get rid of debt. And I tell them, those aren't goals, those are objectives. Those are the objectives that we use in order to reach the goal."

BOX 3

Getting Comfortable with Opening up about Finances

Sharon, a 38-year-old widowed mother of three and life-long resident of New York City, came to The Financial Clinic seeking help with tax preparation after her cousin referred her there. Upon the completion of her tax return, a staff member at The Financial Clinic offered her the opportunity to participate in the study, and without much hesitation, and with the aspiration of one day owning her own apartment in Manhattan's Lower East Side, she accepted.

Having begun working with a financial coach in February 2013, Sharon had attended multiple coaching sessions by June of the same year and had scheduled another session for the following month at the time she was interviewed for this study. She was skeptical about sharing her financial information with her coach at first, but as her coach gained her trust, Sharon became an "open book" with her. Through her coaching sessions, Sharon developed and started following a budget, which helped her pay closer attention to her spending habits and discouraged her from buying unnecessary items, like new articles of clothing that she would likely only use a few times. In addition, meeting with her coach helped Sharon discover and successfully dispute erroneous information in her credit report. With the help of her coach, Sharon also renegotiated her credit card debt, automated her IRA contributions, started paying more than the minimum payment for her credit cards, and even renegotiated a medical bill. In less than four months, Sharon's credit score improved by 83 points, up to 712. Sharon believes that this wouldn't have been possible without the dedication of her coach, who she considers sweet, knowledgeable, accessible, and helpful. Sharon was disappointed, however, that her coach's one-year fellowship was approaching an end and confessed to feeling uncomfortable to have to share her private financial life with a new coach. Sharon was satisfied with the influence financial coaching had on her life although she believes that being fully-employed facilitated its effects.

The Big C: Helping Clients with Credit

Coaches at both Branches and The Financial Clinic noted that a large proportion of their coaching content is focused on helping clients with their credit. Much of the work that coaches did with clients on credit involved increasing their financial knowledge around how credit works, and applying that knowledge to their current credit situation. One key rule that coaches at both sites emphasized is the "30 percent" rule, which states that credit card balances should be kept at or below 30 percent of the card's credit limit. Higher credit utilization adversely affects credit scores, a fact that was new information for a many clients, as reported by coaches and clients. One Branches client explained:

> "[the coach] showed us that on a credit [card] when you spend more than 30 percent, you're going on the high risk. And I said, 'What?'…he [taught] us the way the credit card worked, I never knew that."

Coaches also taught clients some basic rules regarding their credit score, such as how late payments on debts can have a negative effect on their credit score. They also explained that it is not a good idea to apply for many credit cards at once, because it can make an individual look desperate for credit, and having their credit score retrieved by third party creditors can also lower the credit score.

Another key area of focus for coaches at Branches and The Financial Clinic was helping clients increase savings overall, and introducing them to the concept of emergency savings. Coaches ask clients if they have emergency savings, and if not, will encourage clients to build their emergency savings. As one Branches client described: "He asked me the first time, do I have [emergency savings]? And I said, 'No, we don't have it. Emergency is every day.'"

Emergency savings was generally a new concept to clients, and can be defined as a savings cushion solely for emergencies, for use to cover unexpected expenses, or for when a client's income source were to disappear. Clients were ultimately encouraged to save enough to support their household for three to six months, and to save intermediate amounts as needed.

When dealing with issues of credit card debt, Branches coaches presented clients various debt management strategies and laid out the benefits and disadvantages of each. One strategy for paying down credit card debt was called the "snowball effect": this has clients make minimum payments on all of their credit cards except for one, which is their card with the lowest balance. That one they will pay down aggressively. When that card balance is paid off, they move to the one with the next lowest balance until most or all of the balances are paid off. In contrast, The Financial Clinic, coaches taught clients to pay off their highest interest credit cards first and to adhere to the "30 percent rule"—that is, not to have a balance of more than 30 percent of one's credit limit (and ideally not go over 10 percent).

Coaches will also discuss balance transfers as a method of lowering interest fees on their remaining balances. Once clients begin to pay off credit cards, coaches advise them not to close their cards, because in some circumstances closing card accounts can have a negative effect on their credit scores. For clients with thin credit files looking to access credit, coaches will help clients apply for a secured credit card, which is a credit card that requires a cash collateral deposit that equals the credit limit for the card. These cards can help clients establish credit if their credit file is thin, or re-establish credit if they have a credit file but are unable to access unsecured credit because of past payment performance.

For clients struggling to make payments on their credit cards, coaches at both Branches and The Financial Clinic often encouraged them to reach out to credit card companies to try and get their interest rates lowered. This strategy however had mixed results at both sites. Clients who did attempt to secure lower interest rates by following coaches' advice did not always achieve the desired result when they reached out to credit card companies. One Branches client expressed frustration during her coaching session over the lack of assistance from credit card companies that did not want to help her. However, the coach was also unable to help lower her interest rates. As one Branches client describes:

> "That third meeting that we met, I showed her what the outcome was [regarding credit card company outreach]…I told her that I was very disappointed that they did not want to work with me…and she told me, 'unfortunately, since you're not late in payment and all that…the credit card companies don't care."

The Financial Clinic also had a large proportion of clients self-reporting student loan debt. In this situation, coaches worked with clients to strategize payment options and consolidate loans if possible. If the loans were in default, the first step for the coach was to help the client get the loans out of default status. A key objective for the coaches was to get clients comfortable with talking to their creditors and requesting financial information from them. One client at The Financial Clinic was glad that her coach was able to walk her through consolidating her student loans:

> "So the student loans we talked out first. So that's when [my coach] was like, 'I want you to get used to calling the people who you have loans with, talking to them, seeing where you stand. Let them know where you are. See if you can consolidate them so you can have one huge loan' and so forth and so forth. So we did that, and that was a long, tedious process, but he was there with me...which was very helpful, because if I did that at home, I would've been like, this is too much, I'm going to watch New Girl."

For clients carrying student loan debt without enough income to make payments, coaches will look into whether clients qualify for income-based repayment, which is a program for federal student loans that allows eligible individuals to adjust their monthly payment amounts based on their income. Often clients who carry large student loan debts and are struggling to find employment qualify for the

program. However, coaches reported that clients often would not have known about or applied for the program without their help.

Coaches also use a variety of tools with clients to help them reach their goals. For example, clients may not be fully aware of the consequences of their spending patterns and how they might keep them from achieving their goals. There are a variety of budgeting worksheets that coaches give to clients. Branches provided clients with both coach-designed Excel spreadsheets, and a "Fritter Finder" (a pocket sized paper budgeting list that helps clients see the money that they "fritter" away) to help clients keep track of spending. One Branches client who was a self-proclaimed "impulsive spender" explained:

> "I might not spend no money for a whole month, then I'll go and spend $500…you wanted things [as a youth] and you didn't have it. So when you become an adult you wanted to get these things that you thought you wanted…then I suffer the consequences later. And I kept doing and doing and doing it."

Branches coaches advise clients to keep the pocket forms in their wallet or purse so that whenever they make a purchase they can record it. Similar to Branches, The Financial Clinic coaches typically assign tasks for clients to complete in between sessions.

Often, coaches will ask clients to track their spending for the week and bring the list to their second coaching session to look at where spending can be curbed. As one Branches client stated, the exercise:

> "showed me how much money I was spending…[my coach] helped me see how I could manage my money better, and when you itemize all your stuff, you can see it then, but you know, when you're paying your bills, just paying them, you don't see it."

Branches coaches also help clients create a bill calendar for each month to take home with them, that shows when income is coming in and when bills are due so that clients can stay on top of their finances. Coaches expressed that this helps clients become more likely to make their bill payments on time, avoiding late fees, and helps them to stretch their income far enough across the month so as to meet all financial obligations. During the first coaching session, coaches may attempt to complete a budgeting worksheet with clients, but time constraints often required the client to complete the worksheet on his or her own between sessions.

Coaches at Branches and The Financial Clinic also helped clients set up online tools to assist them with their budgeting and spending. A popular application that Branches and The Financial Clinic coaches recommend is mint.com, which is an online budgeting tool that allows clients to track bank account balances and transactions, bill payments, and spending on credit and debit cards. Clients generally found these resources helpful:

> "I do receive notifications from Mint on a weekly basis of different things going on so it helps me remember, you know, or keep a constant focus on what I'm spending or what's coming in and out of my accounts. Before I didn't know anything about Mint or how to use it, so that's been really helpful in monitoring my finances. So I'll continue with that."

For clients comfortable with technology, these types of online tools can be helpful for managing their finances. In addition to mint.com, coaches at both Branches and The Financial Clinic also recommend Quizzle.com and CreditKarma.com, which are both online credit monitoring sites.

Client Persistence with Coaching

What makes a client likely to stick with coaching? The coaches we spoke to said that higher levels of motivation were associated with a number of traits, including willpower, passion for making change, exhaustion with the current state of affairs (i.e., "hitting rock bottom"), and patience. While one might expect that clients who had children or other dependents would be more likely to persist at coaching since they have others depending upon their financial well-being, The Financial Clinic coaches noted that they have seen comparable success with singles and with clients with children or dependents.

Clients who persist tended to be very motivated to make a change or are very tired of being financially insecure. In the words of one coach at The Financial Clinic:

> "[I]f I look for a common thread, really, it's typically passion or fatigue. Meaning, they're really, really, really passionate about changing their lives or… they're really tired of just…not being able to be financially secure or buy certain things, do certain things, and that they knows that they can do better, they just don't know how."

The earlier in the coaching session that a client understands and buys into the changes that coaching can provide, the more likely they will be to return for further coaching sessions. When clients understand that coaching is not designed to provide a quick fix, but is part of a longer-term process, they are most likely to stick with coaching.

Not surprisingly, clients who have significant demands in their lives are less likely to persist with coaching, as are individuals who are unwilling to change their behavior. The Financial Clinic coaches asserted that client motivation can vary by point of entry; people coming into the program with referrals from community partners, on the whole, less motivated than clients seeking out The Financial Clinic services on their own. Additionally, clients who are in crisis can become frustrated with the pace of coaching. They may need or wish to find a quick solution to their immediate problem and do not have the patience work within the longer-range framework of coaching.

Last, when coaches are able to build rapport and trust with their clients, those clients are more likely to return. If coaches are not able to build trust, then clients are less likely to be forthcoming about the "root causes" of their financial problems.

BOX 4

Motivated to Buy a Home

Derek, in his mid-thirties, started financial coaching at Branches after hearing of its services during an eight-hour course at a housing counseling organization in South Florida. Derek currently lives with his parents and two sisters—and is looking forward to purchasing a home for his family in collaboration with his oldest sister. Derek has an advanced degree and a stable job, but he does not think he has a strong hold of his finances. Despite having a retirement savings account to which he contributes five percent of his salary, and despite saving $100 monthly on the side, his student loans debt has been overwhelming at times, and he claims he has never really budgeted in his life.

After attending his first coaching session, Derek learned and was pleasantly surprised that his credit score was not as bad as he expected it would be. While he admits it's not excellent, he is confident that he can improve it. He is especially excited to have begun coaching because he is ready to improve his finances and he thinks it will not be as challenging now that he has a financial coach. He compares a financial coach to a sports coach—someone who is there to bring the best out of those he or she coaches and whose oversight keeps them accountable.

Influence of the Research Study and Adherence to Program Models

The Financial Clinic and Branches have distinct program models for delivering coaching services to clients, but they both allow the content of coaching sessions to be highly influenced by clients and their goals and concerns. Throughout the duration of the process study, both programs adhered to their program models with respect to allowing coaching session content to be driven by clients. However, both programs also diverged from their program model over the course of the study (due, in part, to the extension of the enrollment period) in several key ways. For example, while at start of this evaluation, The Financial Clinic's model included the use of Financial Fellows, The Financial Clinic administrators

decided to rely on their long-term staff coaches during the second phase of enrollment. They did so to minimize the need for clients to transition to a new coach during their engagement, to boost engagement levels, and to better accommodate clients' schedules. The Financial Clinic also increased the length of its first coaching session from 60 minutes to 90 minutes. This was done upon realizing that coaches were struggling to engage clients for more than one session, with hopes that it would allow coaches more time to demonstrate the value of the service and get clients invested.

Both programs diverged from their conventional model in regards to the intensity of follow-up, and therefore, the average duration of a coaching relationship. As reported by coaches and management, The Financial Clinic conducted more extensive follow-up efforts to bring people in for coaching than they would have in the ordinary course of operations. The nature of follow-up at Branches appeared to vary more by coach, as clients noted that their experience with coaches varied. As one Branches employment-site client described:

> [My colleague's] experience is completely different from mine. She doesn't really meet with her coach that much. As you see, I walked in with a big folder full of stuff that me and her have talked about, our agreements that we have signed, and some people don't have anything—no paper, nothing.

The Financial Clinic and Branches both modified their recruitment procedures and service delivery processes to achieve the volume of study participants needed for research purposes. Branches expanded its partnerships and developed relationships with various branches of Miami-Dade County government, an arrangement that was new to the organization. Although some of these new strategies had been under development before the study, implementation was accelerated due to the evaluation. The Financial Clinic also developed new partnerships with several organizations to do workshops.

Both programs also conducted more intensive outreach to potential clients (i.e. the treatment group) than they would have done in the ordinary course of business. For example, one coach at The Financial Clinic mentioned that he left more voice messages trying to schedule clients in the treatment group than he was typically used to doing. As reported by coaches, the two programs typically focus on the most motivated clients; enrollment targets resulted in both programs reaching out more broadly than they otherwise may have. As one Branches coach put it:

> "A lot of the work is put on the client. That's kind of the big difference, that we're not counselors, that they're not buying into it as much as we are, then there's only so far we can go. And that what I've really learned about the coaching process that it takes a lot for the client that has to give in order for us to help them. And so [if] they're not putting in that effort, then my time's better spent putting it to those who are wanting to put in that effort."

Chapter 7. Service Take-Up

This chapter analyzes service take-up, the extent to which those in the treatment group actually engage in services. We first provide an overview of take-up rates in terms of session attendance, how these rates varied across coaches, and the length and intensity of engagement. Next, we use descriptive and multivariate analyses to discuss factors associated with engagement. Finally we use qualitative information collected for the process study to discuss coach and study participant perceptions of the impediments to receiving coaching.

Take-up Rates and Duration

A persistent challenge for both sites was engaging treatment group members to actually take up services. Coaches attempted to reach clients multiple times, encouraging them to attend or following up on missed appointments by telephone and email. The proportion of treatment group members who had at least one coaching session was 37 percent at Branches and 56 percent at The Financial Clinic. This was a continuing issue at both sites, but especially at Branches.

Coaching Session Attendance

At Branches, 63 percent of clients randomized into the treatment group never attended a coaching session (table 7.1). Of those that did, the plurality (32 percent of the treated, i.e. those attending at least one session) attended two sessions, followed by those attending one session (25 percent of the treated).

A greater portion of clients at The Financial Clinic attended at least one coaching session (table 7.2), though a greater share of treated clients at Branches attended more than one session (75 percent) than at The Financial Clinic (62 percent). The Financial Clinic did, however, have a greater share of clients attending five or more sessions: 13 percent of treated clients at Branches attended five or more sessions, while 23 percent of those treated at The Financial Clinic did so.

TABLE 7.1

Sessions Attended at Branches

Number of sessions attended	No. in treatment group	Percent of treatment group	No. treated (in treatment group)	Percent of treated treatment
0	161	63%	*n/a*	*n/a*
1	24	9%	24	25%
2	32	12%	32	33%
3	17	7%	17	18%
4	11	4%	11	11%
5	5	2%	5	5%
6+	7	3%	7	7%
Total	**257**	**100%**	**96**	**99%**

Source: Branches administrative data
Notes: Figures may not total to 100 percent due to rounding

TABLE 7.2

Sessions Attended at The Financial Clinic

Number of sessions attended	No. in treatment group	Percent of treatment group	No. treated (in treatment group)	Percent of treated treatment
0	98	44%	*n/a*	*n/a*
1	47	21%	47	38%
2	21	9%	21	17%
3	14	6%	14	11%
4	14	6%	14	11%
5	10	5%	10	8%
6+	18	8%	18	15%
Total	**222**	**99%**	**124**	**100%**

Source: The Financial Clinic administrative data
Notes: Figures may not total to 100 percent due to rounding

At Branches, study participants assigned to the treatment group attended one session on average, while treatment group members at The Financial Clinic attended two sessions on average (table 7.3). Of those who received coaching at Branches, the mean number of coaching sessions was 2.7 and at The Financial Clinic, the mean number of sessions was 3.1, according the administrative data provided by the two programs.

TABLE 7.3

Total Coaching Sessions: Branches and The Financial Clinic

Branches		The Financial Clinic	
Total coaching sessions	262	Total coaching sessions	382
Clients treated	96	Clients treated	124
Treatment group - coaching sessions		**Treatment group - coaching sessions**	
Mean	1.0	Mean	1.7
Median	0	Median	1
Treated of treatment group - coaching sessions		**Treated of treatment group - coaching sessions**	
Mean	2.7	Mean	3.1
Median	2	Median	2

Sources: Branches and The Financial Clinic administrative data

Coaches

As might be expected, some coaches appeared more adept at encouraging clients to come in for coaching, and the number of coaching sessions varied by coach. Comparing between the two sites is particularly difficult on this point, since they organized coaching differently. Branches assigned coaches, for the most part, at the point of study enrollment, while The Financial Clinic coaches were typically assigned at the point of scheduling the first session.

At Branches, engagement rates—the share of clients who took up coaching—varied by coach. Of the six coaches with more than one client assigned to them,[17] engagement rates ranged from a low of 27 percent to a high of 50 percent. The number of total sessions held by an individual coach ranged from 20 to 81. There was also variability in the mean number of sessions per client: ranging from 1.9 to 4.5. Branches assigned clients to coaches prior to the initial session, so we know that more than half the clients assigned to every coach there failed to hold a single session. At The Financial Clinic, the total number of sessions per coach ranged from 5 to 179, with the mean number of sessions per client ranging from 1.0 to 3.6.

[17] One coach at Branches was assigned only one treatment participant.

Length and Intensity of Treatment

The two sites showed notable differences in terms of the length and intensity of engagement by treated clients. While considerable variation existed within each program, a picture emerges that clients at The Financial Clinic typically met with coaches over a longer time period, while clients at Branches typically met more intensively over a shorter time period.

Starting with length, we see that over 60 percent at Branches were involved in coaching for two months or less, and none were engaged for over a year (table 7.4). By contrast, of those served by The Financial Clinic, over half engaged for six months or longer, with 35 percent involved for a year or more. The median treated client at Branches was involved for two months, while the median treated client at The Financial Clinic was involved for four months. Means were higher for both programs; averages were pulled up by some individuals with high durations of engagement.

Coaches and management staff at both sites articulated during interviews that they consider a cycle of coaching to last about two to three months, with some people remaining for another cycle and others considering their coaching complete. While staff provided an estimate for the "average" client, staff stressed during interviewers that the coaching experience is open-ended. The administrative data indicated that the duration of the coaching relationship varied from one day (for those who attended only one session) to one year at Branches and 18 months at The Financial Clinic.

In terms of the number of sessions per month, Branches demonstrated a higher intensity of service than did The Financial Clinic. The median Branches client attended 1.0 session per month that he or she engaged, while the median client at The Financial Clinic attended 0.5 sessions per month.

TABLE 7.4

Length and intensity for treated clients

Length of Engagement	Branches		The Financial Clinic	
Not engaged	161	63%	98	44%
Engaged only once	24	9%	47	21%
2 months or less	38	15%	7	3%
2-4 Months	13	5%	13	6%
4-6 Months	7	3%	10	5%
6-12 Months	14	5%	18	8%
Over 12 Months	0	0%	29	13%
Total	257	100%	222	100%
Median months (for treated only)	2		4	
Mean months (for treated only)	2.7		5.7	
Intensity (total sessions/months of engagement for those with at least two sessions)				
Median sessions per month	1.0		0.5	
Mean sessions per month	1.2		0.6	

Sources: Branches and The Financial Clinic administrative data
Notes: Mean and median length of treatment calculated only among treated individuals. Mean and median sessions per month calculated only among treated individuals who attended at least two coaching sessions.

Analysis of Treatment Take-up

To understand which characteristics predict treatment take-up, we first examined the mean differences in baseline factors between RCT participants who took up treatment (treated treatment) versus those who did not (untreated treatment) (table 7.5).

We then conducted a multivariate analysis controlling for the effects of individual factors while holding other observable factors constant (table 7.6). We used a probit model to estimate the probability of participating in coaching for those in the treatment group, given baseline demographic, economic, and enrollment characteristics. These estimates indicate how much each individual factor contributes to the likelihood of taking up financial coaching, holding constant the other variables included in the model. We run these regressions for each program alone, and then combined. The combined model helps us to gain statistical significance on some variables by increasing the sample size, but can be less informative since the two sites had somewhat different models of recruitment and coaching. We selected variables to include in this model based both on which ones were most highly correlated with treatment take-up at each site in the descriptive statistics and which ones helped to

increase the predictive power of the model. With the goal of presenting a more parsimonious model, we do not include variables in the model that were not correlated with take-up and did not add to the model's predictive power.

Not all factors that were significant in the descriptive analysis were significant in the multivariate analysis, and the reverse. For simplicity, we discuss the multivariate findings and not descriptive findings, though these figures may also be informative depending on what the reader seeks to learn. Additionally, while we provide figures for both sites combined, we principally discuss each program's findings separately.

TABLE 7.5

Treatment Group: Baseline Characteristics by Untreated and Treated Individuals

	Branches		The Financial Clinic		Combined	
Characteristic	**Untreated**	**Treated**	**Untreated**	**Treated**	**Untreated**	**Treated**
Age						
Age - mean	45	43	41	41	44	42
Age - median	45	43	39	38	44	39
Gender						
Male	55%*	45%*	50%	44%	53%*	44%*
Marital status						
Married	52%***	34%***	17%	14%	39%***	23%***
Household						
# adults in household	1.6	1.6	1.4	1.3	1.5	1.4
# children in household	1.0	1.0	0.6***	0.3***	0.9***	0.6***
Race						
Asian	0%	0%	2%	6%	1%	3%
Black	56%	57%	37%	42%	48%	48%
White	3%	2%	10%	14%	6%	9%
Hispanic	40%	37%	49%*	34%*	43%	35%
Other	3%	5%	10%	12%	6%**	9%**
U.S. citizenship and nativity						
Citizen, born in US	65%	68%	71%	69%	67%	68%
Naturalized citizen	27%	26%	14%**	20%**	22%	22%
Language spoken						
English speaker	78%	85%	84%	86%	80%	86%
Education						
Less than HS or HS diploma/GED	54%	45%	46%**	31%**	51%**	37%**
Some post-secondary ed.	13%	18%	21%***	9%***	16%**	13%**
Certificate from vocational/technical or associate's degree	18%	25%	20%	20%	19%	22%
Bachelor's or Masters/Graduate degree	14%	12%	10%***	39%***	13%***	27%***
Employment						
Employed full time or self-employed	90%	91%	39%	45%	71%	66%

	Branches		The Financial Clinic		Combined	
Characteristic	**Untreated**	**Treated**	**Untreated**	**Treated**	**Untreated**	**Treated**
Employed part time	7%	7%	20%	19%	12%	14%
Not currently working	2%	1%	35%	29%	15%	17%
Student	0%	0%	3%	6%	1%	3%
Finances						
Monthly income (mean)	$4,029	$3,278	$1,768	$1,958	$3,235**	$2,525**
Credit Score	594	607	567**	598**	583*	602*
Percent of on time trades	34%**	41%**	29%*	43%*	32%**	42%**
Had at least one financial goal	89%*	96%*	92%**	98%**	90%***	97%***
Enrollment site						
The Financial Clinic						
Nazareth Housing (tax time)			43%	37%	16%	21%
Ridgewood Bushwick Senior Citizens Council (tax time & workshops)			18%	14%	7%	8%
The Financial Clinic's office (tax time & workshops)			10%	14%	4%*	8%*
St. Nicks Alliance			15%***	5%***	6%	3%
Local 79			9%	8%	4%	5%
The Brooklyn Public Library			4%	19%	2%	11%
Other			0%	3%	0%	2%
Branches: Housing agencies						
Centro Campesino	6%	6%			4%	3%
Neighborhood Housing Services	4%	8%			3%	4%
Opa-Locka CDC	6%*	2%*			4%**	1%**
Branches: Miami-Dade County government						
Animal Services	3%**	17%**			2%**	7%**
Parks and Recreation	6%***	0%***			4%***	0%***
Public Works and Waste Management	36%**	18%**			22%***	8%***
Regulatory and Economic Resources	4%	5%			3%	2%
Transit	32%	35%			20%	16%
Water and Sewer	1%	1%			1%	1%
Port of Miami	1%*	7%*			1%	3%
Enrollment Period						
January – August 2013	37%**	23%**	68%*	56%*	49%	42%
September – December 2013	31%**	46%**	7%**	17%**	22%*	30%*
January – April 2014	32%	31%	24%	27%	29%	29%

Sources: Baseline survey and Branches and The Financial Clinic administrative data

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

TABLE 7.6

Predictors of Financial Coaching Take-up, Probit Regression Results

	Branches	The Financial Clinic	Combined
Age	-0.020	0.036**	0.012
	(0.019)	(0.015)	(0.026)
Age squared	0.000	-0.000**	0.000
	(0.000)	(0.000)	(0.000)
Male	-0.004	-0.057	-0.058***
	(0.075)	(0.065)	(0.010)
Married	-0.117*		-0.072*
	(0.069)		(0.041)
Race/ethnicity			
Black	0.144**	0.071	0.132***
	(0.067)	(0.072)	(0.032)
White or "Other" races	0.162	0.023	0.112*
	(0.127)	(0.083)	(0.064)
Hispanic	(omitted reference group)	(omitted reference group)	(omitted reference group)
College graduate	0.011	0.277***	0.192
	(0.110)	(0.072)	(0.119)
Employed full time or self-employed	0.018	0.063	0.037
	(0.112)	(0.062)	(0.031)
Household monthly income (nat. log)	0.013	-0.005	0.000
	(0.058)	(0.012)	(0.006)
Credit score			
Poor credit (score<550)	0.156*	0.304***	0.171***
	(0.085)	(0.099)	(0.038)
Subprime credit (550≤score<620)	0.156	0.267***	0.155***
	(0.096)	(0.099)	(0.013)
Acceptable credit (620≤score<680)	0.275***	0.451***	0.354***
	(0.105)	(0.113)	(0.056)
Good credit (680≤score<740)	0.028	0.562***	0.222
	(0.108)	(0.118)	(0.230)
Excellent credit (740≤score<850)	0.384***	0.566***	0.415***
	(0.119)	(0.112)	(0.067)
No credit record or score	(omitted reference group)	(omitted reference group)	(omitted reference group)
Had at least one financial goal	-0.006	0.435***	0.182
	(0.144)	(0.131)	(0.183)
Enrollment site			
Animal Services	0.339***		0.401***
	(0.070)		(0.009)
Public Works and Waste Management	0.533***		0.192***
	(0.032)		(0.008)

	Branches	The Financial Clinic	Combined
Port of Miami	0.687***		0.490***
	(0.042)		(0.041)
The Financial Clinic			0.321***
			(0.013)
All other Branches enrollment sites	(omitted reference group)		
Enrollment date			
Enrolled between 9/2013 and 1/2014	0.472***	0.213**	0.223***
	(0.040)	(0.086)	(0.001)
Enrolled in 2014	0.505***	0.166**	0.185***
	(0.045)	(0.079)	(0.041)
Enrolled before 9/2013	(omitted reference group)	(omitted reference group)	(omitted reference group)
Observations	228	194	418
Adjusted R Squared	0.1614	0.2163	0.1591

Sources: Baseline survey and Branches and The Financial Clinic administrative data
Notes: Robust standard errors in parentheses, clustered by site. * significant at 10%; ** significant at 5%; *** significant at 1%. Results are average marginal effects from a probit model, so they are interpreted as probabilities; for a one unit change in a baseline measure, the probability of treatment take-up changes by the coefficient. For example, a treatment group individual at Branches who was married was 11.7 percentage points less likely to engage in financial coaching.

Demographic Characteristics

The multivariate results show that, holding other variables constant, at Branches, marital status and race were significant predictors of treatment, while age and gender were not. Married participants were 11.7 percentage points on average less likely to take up treatment than unmarried participants, and Black participants were 14.4 percentage points on average more likely to take up treatment than Hispanic participants.

At The Financial Clinic race and gender did not have a statistically significant relationship with treatment take-up (nor did marital status which is why it was omitted from the regression, since even correlations for this variable were insignificant). However, participants who were older were more likely to participate in coaching, increasing at a slightly slower rate as ages grew.

The combined model deviated in a few cases from the individual program models. When looking at the combined model, where sample sizes were larger, we also find that participants of White or "Other" races (American Indian, Aleut, Eskimo, Alaska native, Asian, native Hawaiian/Pacific Islander, or other) were 11.2 percentage points more likely to take up treatment than Hispanic participants at both sites

combined. Also, men were 5.8 percentage points less likely than women to take up treatment at both sites combined.

Education, employment, and Income

At Branches, education level, income, and employment status were not significant predictors of receiving coaching services. At The Financial Clinic, participants who had graduated from college at baseline were on average 27.7 percentage points more likely to take up coaching. As at Branches, income and employment status were not significantly related to service take-up. This was also true to the combined model.

Credit and Goals

Credit score was a strong predictor of service receipt, with higher credit scores generally increasing the likelihood that a participant chose to participate in coaching. At Branches, participants with poor credit were 15.6 percentage points more likely to take up treatment than those with no credit, those with acceptable credit were 27.5 percentage points more likely, and those with excellent credit were 38.4 percentage points more likely to take up treatment than those with no credit score (differences for those with subprime or good credit were not statistically significant).

At The Financial Clinic, participants with poor credit scores were 30.4 percentage points on average more likely to take up treatment than those with no credit score (the omitted reference group). Participants with subprime credit were 26.7 percentage points more likely than those with no credit to take up treatment, those with acceptable credit 45.1 percentage points more likely, those with good credit 56.2 percentage points more likely, and those with excellent credit 56.6 percentage points more likely.

Participants who had at least one financial goal as defined by the program application were on average 43.5 percentage points more likely to take up treatment at The Financial Clinic than those who did not. Having a goal, however, was not a significant predictor of engaging in coaching at Branches. Having at least one financial goal could be construed as a proxy for motivation although most people had at least one financial goal at both sites at the beginning of the program; 93 percent of participants in the overall treatment group had at least one goal at the time of application.

Enrollment: Location and TimING

Enrollment location and time were strong predictors of engaging in coaching at both Branches and The Financial Clinic. At Branches, participants who enrolled at Animal Services, Public Works and Waste Management, and the Port of Miami, were more likely to participate in coaching. Specifically, Public Works and Waste Management participants were 53.3 percentage points more likely to take up treatment than the omitted reference group (Centro Campesino, Opa-Locka CDC, Neighborhood Housing Services, Parks and Recreation, Regulatory and Economic Resources, Transit, and Water and Sewer), Port of Miami participants were 68.7 percentage points more likely, and Animal Services participants were 33.9 percentage points more likely.

Timing also mattered at Branches, where participants enrolling between September of 2013 and December of 2013 were 47.2 percentage points more likely to take up treatment than those who enrolled at the beginning of the study to September 2013. Those who enrolled between January 2014 and April 2014 were 50.5 percentage points more likely than those who enrolled early in the study period.

At The Financial Clinic, participants who enrolled between September of 2013 and December of 2013 were 21.3 percentage points more likely to take up treatment than those who enrolled early in the study period (prior to September 2013). Those who enrolled at The Financial Clinic between January of 2014 and April of 2014 were 16.6 percentage points more likely to take up treatment than those who did prior so September 2013.

When we combined data from both sites and predict treatment service receipt, we find that, holding all else constant, participants at The Financial Clinic were 32.1 percentage points more likely to participate in financial coaching than those at Branches, controlling for other demographic, economic, and enrollment characteristics.

Impediments to Pursuing Coaching

The treatment rates presented above are evidence that even though potential clients may be open to the idea of financial coaching, they may not follow through. Even with the offer of free services, roughly one in two people decided to forgo the potential opportunity to improve their financial knowledge, behavior, or well-being, and of those who did come in for coaching, and less than half of those who came

once at both programs returned for more than two sessions. In this section we explore further, based on our qualitative research, some of the reasons why.

Geography and Transportation

Like any other new commitment outside of work and family, finding time to attend a financial coaching session requires an adjustment of one's schedule. Some study participants were willing to make this change, others were not. Clients with changing schedules found it difficult to keep appointments, and some lost momentum over time.

Geography and transportation were significant hurdles for both Branches and The Financial Clinic clients. The Branches service coverage area is sprawling and includes all of Miami-Dade County, from the urbanized northern end, where the city of Miami is located, to the farmland of Homestead to the south (see figure 5.1 in the Program Applicants at Entry chapter). Whether coaches are traveling to their clients or clients are traveling to a central location, both need to budget substantial time for transit and both need high levels of motivation. Most of the clients interviewed in Miami had their own vehicles, but those without their own transportation would require even longer journeys by public transportation. In Miami, Branches coaches provided coaching at some of the County agencies that served as recruitment sites, but not at others. We heard repeatedly in interviews that if coaches had come to work sites to offer coaching, the study participants would have been more likely to follow up. However, as discussed earlier, not all of these job sites had ideal arrangements for coaching.

Likewise, The Financial Clinic's service footprint is quite large (see figure 5.2 in the Program Applicants at Entry chapter). In New York City, many clients of The Financial Clinic had to make long journeys by public transit to get to the coaching site. Not surprisingly, those who lived or worked closer to coaching sites—or to transit lines that made the coaching sessions easily accessible—reported they were more likely to show up for coaching sessions.

Feelings of Pride and Privacy about Money

A recurring theme for clients was reluctance to talk about finances with others—friends, family, co-workers, or supervisors. Despite clients who felt workplace coaching would be convenient, one participant at The Financial Clinic, who had not followed up with coaching because of a busy work schedule, said that he would not want a coach to come to his workplace to provide coaching because it

would be embarrassing and that his manager might think that he was having financial difficulties or, he half-jokingly added, a gambling problem.

One Branches coach said that a spouse's feelings about privacy and finances could interfere with a potential client's willingness to continue with coaching. This coach shared the following account about one client:

> "She was doing great. I had two sessions with her…. She was very motivated. And then all of a sudden, she mentioned that her husband really didn't like the idea, because we touched budget and finances. And he was the one, you know, bringing in the money. And he said forget it, so that was it."

Coaches sometimes encourage spouses or other members of households who participate in the household's financial decisions to attend coaching sessions. Although in the case just described this method likely would not have been productive, coaches sometimes encouraged spouses or other family members to attend so that the client has support at home for the improvements in financial matters that he or she is trying to make.

A comment from one The Financial Clinic client speaks to reluctance to discuss money:

> "I feel like there's a really large divide in my generation, especially in New York City, it's people whose parents are paying for everything and people who are doing it on their own and are broke. And it's like very fifty-fifty and that's totally on me like that I felt this way about this person, but I felt like, 'Oh gosh, like here I am revealing myself, and I don't want to be doing that,' 'cause it's very like no one wants to talk about not having money and no one wants to act as if they don't have money here.'"

Managing Client Expectations for Immediate Improvements

Coaches and other program staff reported that clients sometimes enter into the coaching relationship with unrealistic expectations about what financial coaching can provide. A common instance of this is high expectations for how quickly they can improve their credit scores or otherwise improve their credit records. Said one coach:

> "[W]here I've seen drop-off from clients has been, like, people have wanted to come in and want to have…instant results. We just don't have that. They have to put in the work. It is going to take time. And when they don't call back, it's because we don't have that magic wand, we don't have that Band Aid, we don't have that…instant answer they're looking for, and often are not willing to trust the process in going to a real honest answer about the root cause."

Coaches reported that when clients understood that coaching could not provide a quick-fix and that the changes they were working on were part of a long-term process, they were most likely to stick with coaching. Clients in crisis could become frustrated with the pace of coaching. Their need or wish to find a quick solution to an immediate problem meant they did not have the patience to work within the long-range framework of coaching.

Building Trust

Coaches noted that when they were able to build rapport and trust with their clients, those clients were more likely to return. If coaches were not able to build trust, then clients were less likely to be forthcoming about the "root causes" of their financial problems. It is understandable that conversations about the "root cause" of poor financial decisions and behaviors require a certain level of trust between coach and clients, a level of trust that does not usually develop over the course of only one or two sessions. As one The Financial Clinic coach put it:

> "[W]e know that in order to really have an impact on anyone's life…we need to see them [several times]. One meeting is not enough, two meetings could be in very few instances, but three or four meetings, three or four meetings we see where people start achieving our outcomes."

One Branches coach said that one key to establishing trust and encouraging clients to return is to focus explicitly on the issue that brought a client to coaching. This client-driven method is central to the coaching model, and this coach said that his coaching had shown that people remain involved "as long as you engage exactly or specifically what they came for. If they came here for a certain problem, then you deal with that and address that first, and then you add the additional support we provide."

Importance of a Good First Impression

The Financial Clinic found that one key to establishing trust and setting realistic expectations and goals for the coaching relationship was to allow for a sufficiently long first session. For that reason, they adjusted the time allotted to a first session from 60 minutes to 90 minutes.

Although both programs usually try to pull a client's credit report during the first session, technical difficulties (e.g. poor or no internet connection) or an address that does not match the information on record with the credit report companies may require a client to obtain his or her credit report by mail. This occurred in one session was observed for this study, and the client seemed very discouraged with a

two- to three-week wait for the report. Because his main concern was items on this credit report and, he had been eager to look at the report with the coach. Had the pull been successful, it would have given him and the coach more to discuss in the first session and, possibly, greater motivation to return for a second session.

Age and Experience Levels of Coaches

Some of the coaching at The Financial Clinic is provided by Financial Fellows, young people just out of college. Large age gaps between client and coach can undermine coach credibility with older clients in the beginning. Typically, however, the age gap becomes a non-issue after the first coaching session, once the coach has established that he or she is knowledgeable. In some cases, the youth of some coaches at The Financial Clinic helped build coach-client rapport, depending on the age and outlook of the client. The Financial Clinic client quoted above who noted the reluctance to discuss money issues also thought that "I felt like I was speaking with a peer about my financial problems."

One impediment to overcoming the age gap is if coaches are so new to the role that they are not yet confident in their role as coaches or comfortable with the material they are imparting. The learning curve for new coaches is steep, and they may not come across as authoritative in their early weeks or months as a coach. In reaction to being asked if she felt confident providing coaching in her first few months as a new Financial Fellow, one coach responded: "Definitely not, definitely not. I think I relied on the ToolKit a lot more. Like questions, I would just look it up and try to give them stuff if I couldn't answer it."

Language as a Barrier

Finally, language can be a hindrance. Branches has Spanish- and Creole-speaking coaches, who are able to communicate with the majority of the non-English-speaking clients in Miami. The Financial Clinic provides coaching in Spanish, and one Fellow during the evaluation spoke Mandarin, but not in other languages. New York City, has a large diversity of languages spoken by coaching clients. Coaches at both programs reported finding it difficult to assist clients when they (the coaches) are not fluent in their client's language.

Chapter 8. Program Impacts

Impact Study Population and Research Questions

As described in the Program Applicants at Baseline and Program Implementation chapters, study participants and coaches work together to set financial goals, rather than following a rigid set of targets laid out by the program. As a result, financial coaching outcomes can vary considerably from person to person—in addition to variation across coaches, sites, and programs. For one person, a positive outcome may be an increase in his or her credit score, and for another, it may be the purchase of a home. If study participants are all working toward different objectives, this can make it difficult to detect effects on the entire treatment group relative to the entire control group for any single objective. Because financial goals and outcomes for study participants shifted considerably during the course of the study period, it is not possible to base the impact analysis on generalized "attainment of personal goals".

We find, despite these complications, that financial coaching produced a number of significant effects on a variety of outcomes. We divide the results of this impact analysis into nine research questions. We largely describe the ITT regression adjusted and TOT regression adjusted findings, but also report the unadjusted ITT differences in means and TOT Bloom adjustment. The questions are:

- Did financial coaching alter participants' savings?
- Did financial coaching affect participants' expenses, bill payment patterns, or debt?
- Did financial coaching influence participants' delinquencies, bankruptcies, collections, or liens?
- Did financial coaching impact participants' use of alternative financial services?
- Did financial coaching affect participants' credit report or score?
- Did financial coaching alter participants' use of budgeting and financial planning?
- Did financial coaching impact participants' financial stress, well-being, or confidence?
- Did financial coaching affect participants' credit report familiarity?
- Did financial coaching affect participants' financial knowledge?

One final note at this point is that in this chapter we present impact findings for each program separately since the programs varied quite a bit in terms of participant characteristics, take-up, and results. We also ran for each indicator a pooled model, assessing the impacts of both programs combined—in essence treating them as one program. We conducted this pooled analysis to boost the analytic sample size—though we caution that there are many cases where findings from the two programs diverge, and therefore, examining them combined may not add new insights beyond examining them individually. These combined results can be found in Appendix B.

Savings

Savings are an important aspect of financial health for many reasons. Savings allow a household to weather emergencies and unexpected circumstances, and they are necessary for many large investments such as purchasing a house. They are also necessary to ensure a safe and comfortable retirement. To be considered financially secure, financial planning experts suggest that an individual or household should save at three to six months' worth of expenses. To reach this amount, it is generally recommended that the household save 10- 20 percent of their net income until the appropriate amount of savings is reached. [18] At Branches and The Financial Clinic, coaches helped clients map out their disposable income after expenses and help set a dollar amount to be pulled aside monthly, depending on their comfort level.

We examined a number of savings measures, and found that financial coaching had fairly strong, positive effects on some savings outcomes, while not improving others. Specifically, we found that financial coaching positively affected the number of savings deposits made by participants at both sites, the size of participants' total account balance at The Financial Clinic, and their perceived progress toward increasing their nonretirement savings or emergency rainy day funds at both sites. We did not detect improvements in account access, direct deposits, automatic transfers, or retirement savings. These results and others are detailed by subcategory below.

Account Types

The first step toward growing savings is establishing a savings or other account that can be used to accumulate funds. In this study, we did not find any significant effects on the likelihood that those

[18] See, for example, http://financeintheclassroom.org/downloads/WhatSavingswhyimportant.pdf.

offered access to coaching (or those who actually took up coaching) were more likely to have an active checking or savings account, or a retirement account (table 8.1). However, almost all participants in both the treatment and control groups at Branches had an active checking or savings account; 98 percent of the treatment group did and 99 percent of the control group did. At The Financial Clinic, these rates were slightly lower but still quite high: 87 percent of the control group had an active checking or savings account, and 91 percent of the treatment group did.

Having a retirement account was slightly less common, but still fairly frequent, at Branches where all participants were public employees. Study participants at The Financial Clinic—both treatment and control—held retirement accounts at rates far less than those at Branches. At follow-up, neither site saw gains for the treatment group relative to the control group in terms of retirement account holding, but this is not surprising since it was not a focus of either program.

TABLE 8.1

Impact of Financial Coaching on Account Types

Branches

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Active checking or savings account (Y/N) [ab]	0.99	0.98	-0.01	-0.009	1.00	-0.024	-0.021
				(0.017)			(0.038)
Retirement account (Y/N) [a]	0.70	0.77	0.07	0.066	0.84	0.177	0.146
				(0.053)			(0.115)

The Financial Clinic

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Active checking or savings account (Y/N) [ab]	0.87	0.91	0.03	0.021	0.94	0.038	0.032
				(0.035)			(0.055)
Retirement account (Y/N) [a]	0.31	0.30	-0.01	-0.016	0.37	-0.029	-0.024
				(0.055)			(0.086)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Number of Savings Deposits

The next step in building up robust savings is increasing the number of deposits made into savings and other accounts. Even if the amounts of the deposits are small, the frequency with which an individual makes a savings deposit can create long term behavioral changes that help to improve overall finances.

We found that financial coaching did have moderate and positive effect on the number of savings deposits at both sites (table 8.2). At Branches, participants offered access to treatment made 2.6 (±2.2) more deposits into savings since enrollment than did the control group, holding all else constant. Participants who actually took up coaching made on average 5.3 (±4.6) more deposits into savings than the control group controlling for other factors. To put these numbers into perspective, participants in the control group made an average of 13.7 deposits since study enrollment, and those in the treatment group made an average of 15.6 since enrollment.

At The Financial Clinic, participants in the control group had an average number of savings deposits of 6.7, and those in the treatment group had an average of 9.0 deposits – likely lower since The Financial Clinic participants were not all employed like Branches clients were. Even though these numbers were smaller, both the difference in means and the regression adjusted coefficients were statistically significant: participants offered access to coaching had on average 2.1 (±1.7) more deposits into savings since enrollment than those in the control group, and those who actually took up coaching had about 3.2 (±2.6) more.

Although we found effects on the number of deposits into savings, we did not find effects on the likelihood of having a direct deposit into savings at either site. Although coaches at both Branches and The Financial Clinic encouraged using automatic transfer or deposits set up for future use (such as an emergency or other set-aside fund), we did not find an effect on the likelihood of this.

TABLE 8.2

Impact of Financial Coaching on Savings and other Deposits

Branches

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Number of deposits into savings	13.70	15.64	1.94	2.583*	15.69	6.916*	5.321*
				(1.317)			(2.760)
Direct deposits into any account [a]	0.93	0.93	-0.01	0.002	0.96	0.005	0.005
				(0.033)			(0.071)
Automatic transfer or deposit for future use [ab]	0.78	0.76	-0.02	-0.027	0.84	-0.072	-0.059
				(0.049)			(0.108)

The Financial Clinic

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Number of deposits into savings	6.67	8.95	2.29**	2.141**	8.57	3.833**	3.153**
				(1.044)			(1.568)
Direct deposits into any accounts [a]	0.69	0.70	0.013	0.023	0.71	0.041	0.035
				(0.059)			(0.088)
Automatic transfer or deposit for future use [ab]	0.42	0.49	0.08	0.066	0.57	0.118	0.103
				(0.060)			(0.093)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Savings Amounts

The final step in building savings is increasing the actual balance of savings accounts. We found that financial coaching had some fairly large effects—when considered as a share of savings levels evident among individuals in this study—on the total account balances for participants at The Financial Clinic, but not for those at Branches (table 8.3). As will be seen in a later section, participants at Branches made progress in paying down their debt (likely because they had much higher debt to begin with than did participants at The Financial Clinic), which may account for the differences seen here in accumulating savings.

At The Financial Clinic, participants in the treatment group had a total account balance of $2,190 at the end of the study, compared to the control group who had an average balance of $1,316—meaning savings levels were roughly two-thirds higher for the treatment group. The regression adjusted models indicates that participants offered access to financial coaching increased their total account balance by $1,187 (±$1,012) more than did the control group, and those who actually took up coaching increased their balance by $1,721 (±$1,438). Although this amount is likely much smaller than the three to six months' conventionally cited as necessary for emergency savings, it amounts to a robust increase in percentage terms.

Although we did find effects on overall savings at The Financial Clinic, we were not able to detect similar impacts at Branches. Further, the amount of participants' retirement savings did not increase for either site, but this was not generally a focus or goal of most coaching relationships.

TABLE 8.3

Impact of Financial Coaching on Savings Amounts

	Branches						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Mean	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Total account balance [b]	1,908	2,563	655	791.6 (530.8)	2,736	2,119	1,709 (1,161)
Retirements savings balance	21,943	23,659	1,716	3,494 (7,762)	19,977	9,354	7,001 (15,663)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Mean	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Total account balance [b]	1,316	2,190	875*	1,187* (610.3)	2,476	2,125*	1,721** (868.3)
Retirements savings balance	22,792	16,689	-6,103	-7,373 (8,859)	16,028	-13,199	-8,682 (10,453)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Perceived Progress toward Savings

Financial coaching also appeared to have an impact on participants' perceived progress toward nonretirement savings (table 8.4). At Branches, among those who had increasing nonretirement savings or emergency 'rainy day' funds as a goal at either baseline or follow-up, participants offered access to financial coaching were 10 percentage points (±9.6) more likely to report that they had made some or a lot of progress toward this goal compared to the control group (ITT regression adjusted), and those who actually took up coaching were 22 percentage points (±21) more likely to do so (TOT regression adjusted). Interestingly, we did not detect a change in total account balances at Branches, which may

indicate that perceived progress differed from actual progress, or that individuals in the treatment group made actual progress in terms of savings, but the scope of that progress was sufficiently small that we were unable to detect it as changed relative to the control group.

At The Financial Clinic, among those who had increasing nonretirement savings or emergency 'rainy day' funds as a goal at either baseline or follow-up, ITT regression coefficients show that participants offered access to treatment were 16 percentage points (±9) more likely to state that they had made some or a lot of progress toward increasing nonretirement savings or emergency rainy day funds. Those who actually took up coaching were 25 percentage points (±14) more likely to say so (TOT regression adjusted). This finding complements the earlier result of higher account balances at The Financial Clinic.

We did not detect differences in perceived progress toward increasing retirement savings or children's education savings at either site. This coincides with the previous retirement account balance findings.

TABLE 8.4

Impact of Financial Coaching on Perceived Progress toward Savings

Branches

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Progress toward increasing nonretirement savings or emergency rainy day funds [a]	0.28	0.38	0.10*	0.101*	0.41	0.270*	0.221*
				(0.058)			(0.129)
Progress toward increasing retirement savings [a]	0.30	0.39	0.08	0.081	0.46	0.217	0.166
				(0.060)			(0.122)
Progress toward increasing children's education savings [a]	0.21	0.25	0.03	0.039	0.24	0.104	0.080
				(0.063)			(0.129)

The Financial Clinic

	Control *mean*	Treatment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Progress toward increasing nonretirement savings or emergency rainy day funds [a]	0.20	0.35	0.16***	0.163***	0.38	0.292***	0.250***
				(0.055)			(0.086)
Progress toward increasing retirement savings [a]	0.23	0.27	0.04	0.044	0.29	0.079	0.066
				(0.055)			(0.082)
Progress toward increasing children's education savings [a]	0.17	0.22	0.05	0.044	0.19	0.079	0.073
				(0.067)			(0.111)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Expenses, Bill Payment Patterns, and Debt

The next set of measures that we examined related to expenses, bill payment patterns, and debt. In some scenarios, an increase in debt can be a sign of a positive change—it can reflect the individual making an investment in a home or education. However, high levels of debt relative to present and future earnings, and in particular unpaid or delinquent debt, are signs of financial stress and can be detrimental in both the short and long run.

Overall, we found that financial coaching helped participants to reduce or pay down some levels of debts, and also to cure some. We found that coaching produced some reductions in late fees and increases in paying bills on time, but had no effect on the renegotiation of debts. We also saw no detectable change in participants' income to expense ratio (as self-reported in the surveys), indicating that although some movements occurred in certain types of debt, the overall ratio of household income to household expenses was not altered by financial coaching.

Levels of Debt

Analysis showed that financial coaching had some effect on reducing levels of some, but not all forms of debt (table 8.5). At Branches, no effect was detected for self-reported sum of all debts, student loans, personal loans, unpaid taxes, monthly credit card balance, balance on open accounts, unpaid medical bills, or other debt amount. However, regression results showed that those offered access to financial coaching had, on average, a reduction in total debt of $10,644 (±$7,891, with a confidence of 90 percent) relative to the control group, as measured by the credit bureau data. However, the standard errors on these coefficients are quite large, so all we can say with some certainty is that participants offered access to coaching reduced their overall debt by somewhere between $2,754 and $18,535 relative to the control group.

The differences between the total debt results from the credit bureau data and those from the survey data are likely because the credit data regressions include a baseline value for total debt and the self-reported data did not; whereas the actual levels of debt between the treatment and control group were not statistically different from one another, the changes in debt between the two groups were. In addition, people tended to underreport their total debt by quite a bit – the mean level of self-reported debt for the treatment and control group was $6,029 and $6,764 respectively, whereas the credit data showed means for the treatment and control of were notably higher, at $56,269 and $60,643. Under-reporting total amounts of debt is a common occurrence, as illustrated by Zinman (2009) who found

that in 2004, the total amount of credit card debt reported by respondents in the Survey of Consumer Finances was only one-third the amount of debt owned by credit card lenders, and Brown et al. (2011) who found that self-reported debt is one-half the amount of debt recorded in credit report data from Equifax.

At the Financial Clinic, we saw no effects for self-reported or credit data sum of all debts, student loans, personal loans, unpaid taxes, monthly credit card balance, balance on open accounts, or other debt amount. However, participants at The Financial Clinic had much lower overall levels of debt to begin with, likely due to fewer participants in New York City owning homes and having mortgages. Debt may be harder to move when it is lower, and it may not have been as strong of a focus of coaching at The Financial Clinic since it was not as large on average as the debt for participants in Miami.

We did detect reductions in unpaid medical debts among both participants offered access to coaching and those who actually took up coaching at The Financial Clinic, relative to the control group. Participants offered access to coaching had approximately $203 (±$194) less in unpaid medical bills than those in the control group, who had approximately $396 in unpaid medical bills. Participants who actually took up coaching had an average of $352 (±337) less in unpaid medical debt than the control.

We also examined whether financial coaching had an impact on participants' utilization rate, which is the percentage of available credit that has been used. Credit utilization is a key component of credit scores, and a high credit utilization ratio can lower a credit score whereas a low one can raise it. Generally, credit issuers like to see a utilization rate of somewhere between 30 and 35 percent or less.

To explore the effect of coaching on utilization, we examined both the utilization rate of open revolving accounts, and whether or not the participant had any accounts with high utilization rates. We did not find any significant effect at either site on the latter, but we did find that financial coaching helped participants to reduce their utilization rate of open revolving accounts at The Financial Clinic: participants offered access to coaching reduced their utilization rate by about 8 percentage points (±7) on average, and those who took up coaching reduced their utilization rate by about 12 percentage points (±11) on average relative to the control group. This is a move from a utilization rate of about 55 percent down to about 46 percent, which is a significant change but still well above the recommended rate of 30 to 35 percent. However, this again implies that participants are moving in the right direction.

TABLE 8.5

Impact of Financial Coaching on Levels of Debt

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Sum of all debts, survey data	6,764	6,029	-735	-898.3	7,846	-2,405	-2,293
				(1,553)			(3,980)
Sum of all debts, credit data [b]	60,643	56,269	-4,374	-10,644 **	52,263	-28,499**	-12,416
				(4,784)			(19,449)
Student loan amount	27,636	26,703	-933	-2,394	28,090	-6,409	-5,174
				(1,988)			(4,362)
Personal loan amount	8,344	8,905	561	-391.5	13,344	-1,048	-859.5
				(336.0)			(741.3)
Unpaid taxes amount	6,950	5,370	-1,580	-150.6	2,054	-403.2	-328.2
				(227.7)			(496.3)
Monthly credit card balance	1,603	1,650	46	-131.3	1,632	-351.5	-250.2
				(403.8)			(771.4)
Balance on open accounts [b]	6,214	5,173	-1,042	-1,357	5,093	-3,634	-3,039
				(1,066)			(2,379)
Unpaid medical bills amount	175	246	71	49.74	268	133.2	125.7
				(89.40)			(226.0)
Other debt amount	9,455	8,432	-1,022	-55.34	6,186	-148.2	-121.8
				(174.7)			(384.6)
Utilization rate of open revolving accounts [b]	0.52	0.52	0.0	-0.032	0.49	-0.09	-0.072
				(0.045)			(0.102)
Any accounts with high utilization rates [ab]	0.63	0.65	0.02	-0.029	0.62	-0.078	-0.063
				(0.057)			(0.125)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Sum of all debts, survey data	7,611	7,929	317	156.2	10,771	279.6	275.1
				(1,625)			(2,860)
Sum of all debts, credit data [b]	13,884	13,300	-584	-1,602	17,285	-2,869	-1,009
				(2,734)			(5,824)
Student loan amount	27,002	29,080	2,078	-888.9	35,792	-1,591	-1,390
				(2,241)			(3,515)
Personal loan amount	2,540	5,387	2,847	154.2	6,610	276.0	242.8
				(175.2)			(277.3)
Unpaid taxes amount	5,052	9,833	4,781	-18.07	10,788	-32.35	-28.04
				(172.3)			(267.5)
Monthly credit card balance	2,578	2,072	-506	-513.6	2,171	-919.4	-648.7
				(825.8)			(1,043)
Balance on open accounts [b]	3,944	3,188	-755	-792.7	2,796	-1,419	-1,188
				(865.7)			(1,291)
Unpaid medical bills amount	396	166	-230*	-202.7*	92	-362.9*	-352.4*
				(117.7)			(204.7)
Other debt amount	4,193	6,170	1,977	-91.92	9,127	-164.6	-144.3
				(227.5)			(356.5)
Utilization rate of open revolving accounts [b]	0.49	0.46	-0.02	-0.080*	0.46	-0.14*	-0.119*
				(0.043)			(0.065)
Any accounts with high utilization rates [ab]	0.57	0.56	0.00	0.024	0.58	0.043	0.037
				(0.068)			(0.105)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Debts Paid Off

Another important measure of financial health relating to debt is whether or not participants were able to successfully pay off any debts. In some cases, it is good for individuals to pay off debts completely, since it means no longer having to pay interest on those loans and reducing the number of bills from month to month. In other cases, completely closing down lines of credit is discouraged since it can negatively affect an individual's credit score.

We found no difference in the ITT adjusted regression result that financial coaching had an effect on paying off debts at Branches or on participants' likelihood of stating that they had made some or a lot of progress toward paying down debts (table 8.6).

At The Financial Clinic, we did not detect an effect on paying off debts. However, both participants offered treatment and those who participated in coaching at The Financial Clinic were more likely to report that they had felt that they had made substantial progress toward paying down their debts; participants offered access to treatment were about 12 percentage points (±10) more likely to feel that they had made progress toward this goal relative to the control group, and those who actually took up coaching were about 19 percentage points (±15) more likely to say so. This suggests that although participants were not able to completely pay off their debts—and debt levels were largely unchanged—they perceived making progress toward doing so.

TABLE 8.6

Impact of Financial Coaching on Debts Paid Off

Branches

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Paid off debts [a]	0.32	0.41	0.09*	0.088	0.46	0.236	0.191
				(0.057)			(0.123)
Progress toward paying down debts [a]	0.47	0.53	0.05	0.055	0.56	0.147	0.118
				(0.062)			(0.133)

The Financial Clinic

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Paid off debts [a]	0.35	0.40	0.05	0.037	0.41	0.066	0.057
				(0.057)			(0.090)
Progress toward paying down debts [a]	0.31	0.43	0.12**	0.122**	0.51	0.218**	0.186**
				(0.061)			(0.092)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

Renegotiating and Curing

Another sign that debt health may have improved is whether participants were able to renegotiate or cure any of their debts. Renegotiating debts refers to when a borrower and a lender modify a loan to make it easier for the borrower to pay. This could involve lowering the interest rate, changing it from an

adjustable-rate loan to a fixed-rate loan, or lengthening the repayment period or forbearing principal.[19] Curing refers to turning a trade line from 30 or more days delinquent or derogatory to satisfactory.

We did not detect an effect of coaching on self-reported renegotiation of debts, but we did find that financial coaching had positive effects on curing at both sites, as reported in credit bureau data (table 8.7). At Branches, participants offered access to coaching increased their number of cured trades by approximately 0.64 trades (±0.41), on average relative to the control group, during the study period from a baseline of approximately 0.82. Those who actually took up coaching increased their number of cured trades by 1.61 trades (±1.02) on average. At The Financial Clinic, participants offered access to treatment increased their number of trades cured on average by 0.39 (±0.32) relative to the control group from a baseline of 0.74, and those who actually took up coaching increased their number of cured trades by 0.70 (±0.56).

[19] http://www.investopedia.com/terms/r/renegotiated-loan.asp#ixzz3ZprW3aMS

TABLE 8.7

Impact of Financial Coaching on Renegotiating and Curing

Branches

			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Renegotiated any debts [a]	0.10	0.15	0.05	0.046	0.13	0.123	0.101
				(0.041)			(0.091)
Curing (turning a trade line from 30 or more days delinquent or derogatory to satisfactory) [b]	0.84	1.32	0.47**	0.643***	1.64	1.722***	1.614***
				(0.245)			(0.619)

The Financial Clinic

			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Renegotiated any debts [a]	0.13	0.08	-0.05	-0.036	0.12	-0.064	-0.055
				(0.037)			(0.058)
Curing (turning a trade line from 30 or more days delinquent or derogatory to satisfactory) [b]	0.79	1.03	0.24	0.389**	1.26	0.696**	0.700**
				(0.191)			(0.336)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Payment Patterns

Bill payment patterns are also a significant gauge of financial health relating to debt, and can indicate an improvement in behaviors that can lead to positive long term outcomes. We found that financial

coaching created some improvement in payment patterns, but no improvement in the ratio of income to household living expenses (table 8.8).

At Branches, we did not detect an effect for whether participants paid their bills on time or whether their total income was greater than their household's living expenses, but did see an impact on the likelihood of paying a late fee on a loan or bill in the previous two months. Participants in the treatment groups were 10 percentage points (±9.4) less likely relative to the control group to have paid a late fee on a loan or bill in the previous two months, and those who actually took up coaching were 21 percentage points (±21) less likely to have done so.

At The Financial Clinic, financial coaching was found to have an effect on whether participants paid their bills on time, but not on whether they paid late fees on bills or on whether their income was greater than their living expenses. For the former, participants in the treatment group were 11 percentage points (±8) more likely to have paid their bills on time relative to the control group in both the difference in the regression adjusted model, and those who actually took up coaching were about 17 percentage points (±12) more likely to have done so.

TABLE 8.8

Impact of Financial Coaching on Payment Patterns

Branches

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Pays bills on time most of the time or very often [ab]	0.76	0.80	0.05	0.064 (0.048)	0.77	0.171	0.138 (0.104)
Late fee on loan or bill in last two months [a]	0.43	0.33	-0.10*	-0.097* (0.057)	0.30	-0.259*	-0.212* (0.127)
Total income > household's living expenses [a]	0.528	0.58	0.05	0.070 (0.064)	0.61	0.187	0.158 (0.143)

The Financial Clinic

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Pays bills on time most of the time or very often [ab]	0.70	0.81	0.11**	0.109** (0.047)	0.82	0.195**	0.167** (0.073)
Late fee on loan or bill in last two months [a]	0.42	0.43	0.01	0.020 (0.059)	0.37	0.036	0.031 (0.092)
Total income > household's living expenses [a]	0.51	0.50	-0.01	0.010 (0.065)	0.54	0.018	0.015 (0.099)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

From the qualitative interviews, we learned that many of the participants who were interviewed felt that they had gained a better understanding of their spending habits from their financial coaches. One Branches client shared the following account of gaining an understanding of his spending habits:

> So, the second time, we brung my wife, and we really opened up. Then he gave us a calendar… and he told me to write the bills on the calendar, and I said, "This guy crazy. Now this ain't going to work." So…[my wife] wrote on the calendar. So when we came back to that next meeting, she had it on the calendar and then we looked at it like, "Wow. This worked," because the calendar was what date each bill [was] due so you could know how much you got to pay with [our paychecks]. And then we come to find out…we allocate more out than we bring in. Then he said, "Now the object is to [find out] what you can eliminate that you don't really have to have?

Debit Cards, Credit Cards, and Other Trades

The final set of outcome measures relating to expenses, bill payment patterns, and debt were those surrounding the use of debit cards, credit cards, and other revolving and non-revolving trades (table 8.9). Although many of these outcomes were of similar sign by site (even if their significance was not), notable differences in effects occurred between the two in terms of credit cards: participants assigned to treatment at Branches were less likely to have taken on a credit card during the study period, whereas participants at The Financial Clinic were more likely to have taken on a credit card but also more likely to have closed down a trade (which may or may not have been revolving). Financial coaching at Branches seems to have discouraged participants from going from zero to at least one revolving trades more so than what they would have done in the absence of coaching.

Specifically, at Branches, the change in having an open revolving accounts between the baseline and follow-up periods was 8 percentage points (±6) lower for those offered coaching than those in the control group, and those who took up coaching were 19 percentage points (±15) lower. (Whereas the control group went from a share of 66 percent to 78 percent who had at least one open revolving account pre- and post- coaching, the treatment group only went from 72 to 74 percent). In addition, participants offered access to coaching at Branches were 9 percentage points (±8) less likely to have recently opened a revolving trade, and those who actually took up coaching were 20 percentage points (±19) less likely to have done so. This includes both individuals who already had an open trade prior to coaching and those who did not. Participants at Branches also reduced their number of active credit cards by 0.5 cards (±0.45) on average for those offered access to treatment and 1 card (±0.94) for those who actually took up coaching, but this was likely for people who had multiple credit cards pre-treatment.

Relative to the control group, participants at The Financial Clinic, on the other hand, actually increased their likelihood of having any number of open revolving accounts due to coaching by 11.6 percentage points (±7.7) for those offered access and 18.3 percentage points (±11.8) for those who

actually took up coaching, and were more likely to have recently opened a revolving trade by 10.4 (±8.7) and 16.3 (±13.7) percentage points respectively as well. Interestingly, they were also more likely to have recently closed an account (revolving or not) by 8 (±7) and 13 (±10) percentage points for ITT and TOT.

The Financial Clinic participants were no more likely to use a debit card and, among those offered coaching, no more likely to have at least one credit card. The likelihood of having at least one credit card was marginally significant in the TOT framework, though; those who actually took up coaching were 13.2 percentage points (±13.17) more likely to have at least one credit card. The effect of coaching on the total number of active credit cards at The Financial Clinic was still negative, though, similar to Branches, but the effects were not significant.

The differences in these outcomes by site were likely due to differences in program approaches to credit card use. It appears that Branches may have steered participants away from opening a revolving account, whereas The Financial Clinic seemed to have encouraged it (at least for those who did not have one to begin with). This may have been due to a more behavioral approach at Branches where, even though having a revolving account may actually help individuals' credit scores and long term access to credit, the behavioral costs of taking on one more debt may have proven too much for some with high debt in other areas. And at The Financial Clinic, coaches may have focused more on getting participants at least one revolving trade, but also reducing the overall number of trades.

TABLE 8.9

Impact of Financial Coaching on Debit Cards, Credit Cards, and other Trades

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Uses a debit card [a]	0.92	0.95	0.03	0.020 (0.030)	0.94	0.054	0.043 (0.064)
Has a credit card [ab]	0.65	0.71	0.06	0.074 (0.049)	0.74	0.198	0.161 (0.106)
Any number of open accounts – revolving [ab]	0.78	0.74	-0.03	-0.081** (0.039)	0.78	-0.216**	-0.186** (0.093)
Number of active credit cards [b]	1.97	1.71	-0.26	-0.518* (0.272)	1.81	-1.387*	-1.066* (0.566)
Recently opened a revolving trade [ab]	0.30	0.21	-0.09*	-0.089* (0.050)	0.22	-0.237*	-0.202* (0.116)
Number of bankcard inquiries [b]	0.54	0.57	0.03	0.002 (0.079)	0.64	0.005	0.003 (0.179)
Credit limit on open accounts--revolving [b]	8,668	8,339	-329	-256.9 (1,134)	7,454	-687.9	-574.9 (2,536)
Accounts recently closed [b]	0.17	0.16	-0.01	-0.092 (0.075)	0.09	-0.246	-0.204 (0.167)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Uses a debit card [a]	0.89	0.95	0.06*	0.056 (0.035)	0.95	0.100	0.084 (0.052)
Has a credit card [ab]	0.48	0.60	0.12**	0.084 (0.051)	0.72	0.150	0.132* (0.080)
Any number of open accounts – revolving [ab]	0.65	0.75	0.10*	0.116** (0.047)	0.83	0.208**	0.183** (0.071)
Number of active credit cards [b]	1.23	1.55	0.32	-0.059 (0.236)	2.00	-0.106	-0.087 (0.350)
Recently opened a revolving trade [ab]	0.22	0.28	0.06	0.104* (0.053)	0.30	0.186*	0.163* (0.083)
Number of bankcard inquiries [b]	0.30	0.35	0.05	0.092 (0.070)	0.38	0.165	0.148 (0.112)
Credit limit on open accounts—revolving [b]	7,318	6,481	-837	108.5 (1,165)	6,119	194.2	161.7 (1,736)
Accounts recently closed [b]	0.09	0.13	0.03	0.080** (0.039)	0.15	0.143**	0.126** (0.062)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data,

and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Delinquencies, Bankruptcies, Collections, and Liens

The next set of outcome measures that we analyzed related to delinquencies, bankruptcies, collections, and liens. These measures capture more extreme fiscal stress, and can indicate a severe problem. Generally, if a payment is more than 30 days delinquent, the three major credit bureaus are notified and the late payment will show up on the person's credit report and could stay there for several years. Eliminating delinquencies, however, can significantly improve an individual's credit score. Similarly, bankruptcy seriously hurts an individual's credit score and can stay on a credit report for up to ten years. Not filing for bankruptcy but allowing debts to go to collections also negatively affects credit, but typically not to the same extent as a bankruptcy.

Therefore, reducing the number of delinquencies, bankruptcies, collections, or liens would represent a positive outcome of financial coaching, but may be difficult to detect since some are longer term outcomes. We did find some improvements in participants' percent of on time trades, balances on items in 90 to 180-day delinquency, and balances in collection. However, coaching did not significantly move any of the other more serious delinquency measures such as bankruptcy, foreclosure, items in collections, items in judgements, or balance in judgements. However, these measures likely represent problems that took a longer time to develop, so may also take a long time to recover from. Longer term changes are hard to detect, so movement in a few of these indicators may indicate the programs were helping people to head in the right direction. These events are also lower probability events than many of the other outcomes that we measured, so detecting effects is less likely.

On Time Trades and Balances Past Due

Similar to the effects presented above relating to bill payment patterns, we found that financial coaching had some positive impacts on participants' percent of on time trades (table 8.10). However, we were only able to detect this effect at The Financial Clinic. At The Financial Clinic, participants offered access to coaching increased their percent of on time trades by about 6.5 percent (±6) and those who actually took up coaching increased their percent by 10 percent (±9). No effect was detected at either site on the percent of balance past due.

TABLE 8.10

Impact of Financial Coaching on On-time Trades and Balances Past Due

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Percent of balance past due[b]	0.09	0.06	-0.03	-0.015 (0.019)	0.04	-0.04	-0.035 (0.043)
Percent of on time trades[b]	0.40	0.43	0.03	0.018 (0.024)	0.47	0.05	0.043 (0.056)
	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Percent of balance past due[b]	0.22	0.20	-0.01	-0.056 (0.040)	0.14	-0.10	-0.087 (0.062)
Percent of on time trades[b]	0.39	0.44	0.04	0.065* (0.034)	0.51	0.12*	0.102* (0.053)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Delinquencies

Once a balance is past due for long enough, it can be categorized as a delinquency. Delinquencies can represent a serious concern, and can cause someone to lose as much as 50 to 65 points in credit score due to just a single 30 day delinquency.[20]

Our analysis found no ITT regression adjusted effect at either site for the number or balance of items 30-days delinquent or the number of items 90 to 180 days delinquent (table 8.11). However, we did find an ITT and TOT effect at The Financial Clinic for the impact of financial coaching on the balance on items 90 to 180 days delinquent; participants offered access to coaching reduced their balance on these items by $759 (±$452) on average relative to the control group, and those who actually took up coaching reduced their 90 to 180 days delinquent balance by $1,167 (±$708). So although the actual number of items in delinquency do not appear to be moving, the balance on these items did decline for financial coaching participants at The Financial Clinic.

[20] http://www.myfico.com/crediteducation/questions/credit_problem_comparison.aspx

TABLE 8.11

Impact of Financial Coaching on Delinquencies

	Branches						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Total number of 30-day delinquencies [b]	0.11	0.11	-0.01	-0.013 (0.048)	0.09	-0.035	-0.029 (0.109)
Balance on items in 30-day delinquency [b]	479.5	424.4	-55.1	-167.0 (269.6)	482.8	-447.1	-386.3 (624.8)
Total number of 90 to 180-day delinquencies [b]	0.08	0.14	0.05	0.061 (0.048)	0.13	0.163	0.140 (0.110)
Balance on items in 90 to 180-day delinquency [b]	1,059	3,521	2,462	2,300 (1,697)	1,416	6,159	5,458 (4,076)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Total number of 30-day delinquencies [b]	0.08	0.04	-0.04	-0.035 (0.035)	0.04	-0.063	-0.056 (0.055)
Balance on items in 30-day delinquency [b]	140.0	43.7	-96.29	-143.7 (112.6)	47.5	-257.2	-158.6 (146.5)
Total number of 90 to 180-day delinquencies [b]	0.14	0.06	-0.08*	-0.070 (0.051)	0.08	-0.125	-0.110 (0.080)
Balance on items in 90 to 180-day delinquency [b]	867	575	-292	-759.0*** (273.6)	901	-1,359***	-1,167*** (428.7)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Bankruptcies, Foreclosures, Judgments, and Collections

The last, and often most serious, set of measures that we examined relating to delinquencies is bankruptcies, foreclosures, judgements, and collections. Declaring bankruptcy has the biggest impact on an individual's credit score—it has been shown to lower FICO credit scores by as much as 240 points.[21] This is because the credit scoring models give the most weight to payment history, and bankruptcy is included in one's payment history. Foreclosures, judgements, and collections also negatively affect credit scores, but often not as detrimentally as a bankruptcy does, since a bankruptcy often involves more than one credit account.[22]

We found that financial coaching reduced participants' balance in collections at The Financial Clinic; participants offered access to coaching reduced their balance in collections by $662 (±$427) on average relative to the control group, and those who actually took up coaching reduced their balance in collections by $1,068 (±$688) (table 8.12). This is not an insubstantial amount, and likely significantly improved these individuals' credit scores.

However, coaching did not significantly move any of the other measures at The Financial Clinic: bankruptcy, foreclosure, items in collections, items in judgements, and balance in judgements, nor did it move any items at Branches.

[21] http://www.myfico.com/crediteducation/questions/credit_problem_comparison.aspx

[22] Ibid.

TABLE 8.12

Impact of Financial Coaching on Bankruptcies, Foreclosures, Judgements, and Collections

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Filed for bankruptcy [a]	0.13	0.13	0.00	-0.003 (0.039)	0.14	-0.008	-0.006 (0.086)
Involved in a foreclosure process [a]	0.07	0.10	0.03	0.015 (0.032)	0.07	0.040	0.034 (0.072)
Number of items in collections [b]	2.05	1.86	-0.19	0.078 (0.186)	1.97	0.209	0.181 (0.432)
Balance in collections [b]	2,280	1,735	-545	149.6 (239.8)	1,957	400.6	336.1 (539.8)
Number of items in judgments [b]	0.04	0.04	0.00	-0.015 (0.019)	0.04	-0.040	-0.034 (0.043)
Balance in judgments [b]	93.8	169.2	75.47	-0.712 (65.30)	174.3	-1.906	-1.604 (147.1)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Filed for bankruptcy [a]	0.09	0.05	-0.03	-0.032 (0.028)	0.05	-0.057	-0.051 (0.044)
Involved in a foreclosure process [a]	0.01	0.00	-0.01	-0.008 (0.008)	0.00	-0.014	-0.012 (0.012)
Number of items in collections [b]	1.02	0.91	-0.11	-0.038 (0.125)	0.74	-0.068	-0.060 (0.200)
Balance in collections [b]	1,171	669	-502*	-662.5** (259.2)	486	-1186**	-1,068** (417.2)
Number of items in judgments [b]	0.17	0.18	0.01	0.025 (0.034)	0.16	0.045	0.040 (0.055)
Balance in judgments [b]	269.9	423.3	153.42	-26.15 (63.56)	328.3	-46.82	-42.07 (101.9)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Alternative Financial Services

For many low-income individuals, getting access to formal financial services at all can be a challenge. These individuals may then turn to the use of alternative financial services such as payday loans, borrowing money from friends, or refund anticipation loans/checks that often carry with them higher interest rates or even a lack of formal enforcement mechanisms and safety (Skiba and Tobacman 2009; Theodos et al. 2010). For these reasons, reducing the use of certain types of alternative financial services could be considered a positive outcome for financial coaching.

We found that financial coaching reduced the use of two types of alternative financial services at one coaching site, and none at the other, (table 8.13). At Branches, participants who were offered access to financial coaching reduced their likelihood of borrowing money from family or friends by 10 percentage points (±9), and those who actually took up coaching reduced this likelihood by 22 percentage points (±20). Participants also reduced their likelihood of obtaining cash from a payday loan service by 8 percentage points (±7.3) for those offered access relative to the control group and 18 (±17) for those who took up coaching. However, there was not an effect for the likelihood of selling something to a pawn shop, taking out a credit card advance, obtaining a tax refund anticipation check, or using any type of alternative financial service. Note, however, the rates of some of these were very low for any participants (treatment or control) such as obtaining a tax refund anticipation check, which was just 4 percent for both treatment and control.

At The Financial Clinic, we did not detect the offer or receipt of coaching affected the use of any of alternative financial services. Payday lending is illegal in New York, which explains why rates of obtaining cash from payday lenders is much lower for both the control and treatment groups at The Financial Clinic than Branches. However, borrowing money from family and friends is more prevalent for both treatment and control group members at the New York City site than the Miami site.

TABLE 8.13

Impact of Financial Coaching on the Use of Alternative Financial Services

Branches

	Control *mean*	Treatment *mean*	ITT Diff. in Means	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Used any type of alternative financial service [ab]	0.58	0.51	-0.58	-0.085 (0.059)	0.43	-0.228	-0.188 (0.129)
Borrowed money from family or friends [ab]	0.47	0.38	-0.09	-0.096* (0.054)	0.33	-0.258*	-0.215* (0.122)
Obtained cash from payday loan [ab]	0.27	0.21	-0.06	-0.078* (0.044)	0.19	-0.208*	-0.176* (0.101)
Sold something to a pawn shop [ab]	0.14	0.11	-0.02	-0.028 (0.038)	0.07	-0.075	-0.062 (0.085)
Took a credit card advance [ab]	0.09	0.06	-0.03	-0.041 (0.032)	0.01	-0.110	-0.090 (0.071)
Obtained a tax refund anticipation [ab]	0.04	0.04	0.00	-0.006 (0.024)	0.03	-0.016	-0.012 (0.053)

The Financial Clinic

	Control *mean*	Treatment *mean*	ITT Diff. in Means	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Used any type of alternative financial service [ab]	0.60	0.61	0.02	-0.025 (0.058)	0.61	-0.045	-0.039 (0.090)
Borrowed money from family or friends [ab]	0.57	0.54	-0.03	-0.047 (0.056)	0.52	-0.084	-0.073 (0.087)
Obtained cash from payday loan [ab]	0.05	0.05	0.00	-0.005 (0.028)	0.04	-0.009	-0.008 (0.043)
Sold something to a pawn shop [ab]	0.11	0.14	0.03	0.033 (0.038)	0.11	0.059	0.051 (0.059)
Took a credit card advance [ab]	0.02	0.09	0.07**	0.039 (0.025)	0.07	0.070	0.060 (0.039)
Obtained a tax refund anticipation [ab]	0.02	0.04	0.02	0.019 (0.021)	0.04	0.034	0.029 (0.033)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).
[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Credit Score and Progress toward Improving Credit

An individual's credit score, or the three digit number derived from detailed information about his or her credit history, affects the person's long term financial health. Credit scores can influence whether or not a person is approved for a loan, and what the rates and terms of that loan will be; the higher a person's credit score, the less interest he or she will have to pay month to month and in total on many loans. Poor credit can mean having to make a large deposit to open an account with a utility company. I can result in the decision of a landlord not the lease an apartment or an employer not to extend a job offer.

This study documented that financial coaching had positive effects on some credit related variables, although these gains were not consistent across the two sites (table 8.14). Specifically, coaching increased individuals' credit scores and self-reported progress toward improving credit ratings at The Financial Clinic, but not at Branches. No effects were found at either site for self-ratings of credit or for the establishment of credit (as measured by having a credit record after the intervention occurred but not before).

Although there were no significant differences in the mean credit scores between individuals in the treatment and control groups, there were statistically significant differences in the credit scores of both treatment (ITT) and treated (TOT) participants once we controlled for other covariates including baseline credit score in a regression framework. Participants offered access to financial coaching at The Financial Clinic showed increases in their credit score of approximately 21 points (±13) compared to the control group, and those who actually took up coaching showed average increases of 33 points (±20) compared to the control group. These changes are from a baseline mean of 587 for the treatment group and 598 for the treated group (i.e. those who took-up the offer of financial coaching and received services) at The Financial Clinic.

To put this into perspective, scores of 640 or lower usually place a borrower in the subprime category for mortgages, and they can expect to be quoted significantly higher interest rates and may be offered fewer varieties of loans. In 2015, a score of about 580 was generally the minimum that will qualify for an FHA mortgage at maximum financing, and private mortgage companies usually require a

score of at least 40 points higher than those required by FHA.[23] However, since the standard errors on these coefficients are large, all we can say with some certainty is that participants offered access to coaching had an increase in credit score somewhere between 8 and 33 point and that participants who actually took up coaching had credit score increases somewhere between 12 and 53 points.

The Financial Clinic also saw effects on participants' self-reported progress toward improving their credit, which was one of the top financial goals for clients. Specifically, 42 percent of participants in the treatment group who had improving their credit as a goal said that they had made a lot or some progress toward improving their credit, whereas only 31 percent of those in the control group who had the goal felt that they had made such improvement. In the regression framework, participants offered access to coaching were found to be 13 percentage points (±10) more likely to state that they had made a lot or some progress toward improving their credit as compared to the control group, and participants who actually took up coaching were 20 percentage points (±15) more likely to feel that they had made a lot or some progress toward improving their credit.

Participants at Branches did not experience detectable gains in their credit score or on their self-reported progress toward improving credit. And, neither site saw a significant effect on participants' likelihood of stating that they believed that their credit record was "very good or good."

We used the observance of a participant being found in the post-intervention credit pull but not in the pre-intervention credit pull as a proxy for whether or not she established credit. Establishing a credit record is an important process for those interested in accessing a loan for their education, a car, or a home. While we recognize that this is an imperfect measure since many people were not matched simply due to matching error—for example, it is possible for an individual to be matched at one point in time but not at another purely based on errors in matching rather than due to files being absent—it still worthy of investigation. In the end, we do not observe a statistically higher share of clients in credit records at follow-up than at baseline (78 percent of participants were matched to the credit bureau data at baseline and 80 percent were matched at follow-up).

[23] http://www.fha.com/fha_article?id=200

TABLE 8.14

Impact of Financial Coaching on Credit Report and Score

Branches

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Credit score [b]	606	617	11	3.067 (7.054)	614.13	8.212	6.954 (16.04)
Rates current credit record very good or good [a]	0.32	0.41	0.09	0.095 (0.058)	0.46	0.254	0.206 (0.125)
Made a lot or some progress toward improving credit [a]	0.46	0.54	0.07	0.072 (0.062)	0.63	0.193	0.155 (0.133)
Found in outcome credit pull and not at baseline [a]	0.04	0.06	0.02	0.023 (0.021)	0.09	0.062	0.060 (0.054)

The Financial Clinic

			ITT			TOT	
	Control *mean*	*Treat-ment* *mean*	Diff. in Means	Reg. Adj.	*Treated* *mean*	Bloom Adj.	IV Reg. Adj.
Credit score [b]	583	601	18	20.68*** (7.756)	626.1	37.02***	33.10*** (12.31)
Rates current credit record very good or good [a]	0.29	0.37	0.1	0.081 (0.058)	0.44	0.15	0.120 (0.085)
Made a lot or some progress toward improving credit [a]	0.31	0.42	0.11*	0.131** (0.059)	0.49	0.235**	0.201** (0.089)
Found in outcome credit pull and not at baseline [a]	0.11	0.09	0.02	-0.030 (0.030)	0.08	-0.05	-0.053 (0.052)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Financial Planning and Budgeting

A major focus of financial coaching at both sites was on financial planning and budgeting. Financial plans are generally focused on setting a course toward funding long term financial goals that are 5, 10, or even 20 years down the road, whereas budgeting focuses more on immediate expenses for the weeks and months to come. Both are key aspects of securing a healthy financial future.

We found that financial coaching had some positive effects on the likelihood of having a budget and a number of other financial planning related outcomes at The Financial Clinic, with fewer positive effects detected effects at Branches.

Financial Planning

The first step toward creating a long term financial plan is creating a more immediate budget which can help to organize an individual's finances and include steps toward some of the longer term goals in her financial plan.

Although coaches at both programs emphasized the importance of having a budget, we found that financial coaching had a positive impact on the likelihood of having a budget at The Financial Clinic, but not at Branches (table 8.15). At The Financial Clinic, participants offered access to coaching were about 20 percentage points (±9) on average more likely to have a budget, and those who actually took up coaching were about 31 percentage points (±15) more likely to have one.

We also found that coaching at The Financial Clinic had a positive impact on the likelihood of participants stating that they had made some or a lot of progress toward improving their money management and budgeting skills; those offered access to treatment were 22 percentage points (±10) more likely to feel that they had made this progress, and those who actually took up coaching were 34 percentage points (±15) more likely to say so. This represents a significant difference in the percentage of those who felt that they had made such progress from 37 percent in the control group to 57 percent in the treatment group. However, there was no effect at either site on whether the individual reported that they stuck to their budget very closely.

TABLE 8.15

Impact of Financial Coaching on Financial Planning

	Branches						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Has a budget [a]	0.51	0.55	0.05	0.045	0.62	0.120	0.098
				(0.060)			(0.130)
Sticks to budget very closely [a]	0.32	0.38	0.06	0.064	0.37	0.171	0.122
				(0.081)			(0.156)
Progress toward improving money management (budgeting) skills [a]	0.42	0.47	0.05	0.077	0.52	0.206	0.163
				(0.062)			(0.130)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Has a budget [a]	0.55	0.75	0.20***	0.199***	0.74	0.356***	0.307***
				(0.057)			(0.090)
Sticks to budget very closely [a]	0.39	0.38	-0.01	-0.019	0.37	-0.034	-0.029
				(0.075)			(0.118)
Progress toward improving money management (budgeting) skills [a]	0.37	0.57	0.21**	0.218***	0.66	0.390***	0.340***
				(0.059)			(0.091)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Emergency Funds

One key step in planning for the future is setting aside emergency funds for rainy days. Financial coaching did seem to have a fairly large impact on the likelihood that participants set aside these funds

and on the amount in these funds at Branches, but not at The Financial Clinic (table 8.16). At Branches, participants offered access to financial coaching increased their likelihood of having an emergency fund by about 19 percentage points (±9) relative to the control group, and those who actually took up treatment increased their likelihood of having such a fund by about 41 percentage points (±20). These participants also showed a significant increase in the amount in their emergency funds of $741 (±450) for those who were offered treatment, and $1,560 (±991) for those who actually took up treatment.

TABLE 8.16

Impact of Financial Coaching on Emergency Funds

	Branches						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Set aside emergency funds [ab]	0.31	0.48	0.16***	0.186***	0.51	0.498***	0.409***
				(0.054)			(0.122)
Amount in emergency fund [b]	691.1	1,368	1,027**	740.9***	1,525	1,983***	1,560***
				(273.2)			(600.0)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Set aside emergency funds [ab]	0.27	0.35	0.08	0.051	0.39	0.091	0.080
				(0.056)			(0.088)
Amount in emergency fund [b]	445.3	761.9	615	260.6	857.9	466.5	415.2
				(182.6)			(293.7)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Progress toward Other Individual Goals

The baseline survey asked study participants to indicate which financial goals they were pursuing, and the follow-up survey again asked which goals they were pursuing or had recently pursued. For any goals that respondents mentioned at either point, the follow-up survey then asked about individuals' perceived progress toward these goals. We have largely reported on these goals in their relevant topic areas; we reported previously on perceived progress toward increasing nonretirement savings or emergency rainy day funds, toward increasing retirement savings, toward increasing children's education savings, toward paying down debts, toward improving credit, and toward improving money management (budgeting) skills, and report subsequently on perceived progress toward improving one's household's financial security/ability to take care of family/live more comfortably.

However, in addition to these savings, debt, credit, and security goals, budgeting and planning may focus on other goals, notably: purchasing a home, making a big purchase such as a car, investing in education or training, or starting a business. We therefore also examined whether coaching had any impact on these other types of goals.

Financial coaching had no detectable effect on these four asset building, purchase, or investment goals at Branches (table 8.17). At The Financial Clinic, participants offered access to coaching were no more likely, in the regression adjusted ITT and TOT models, to report progress toward homeownership, education/training, or starting/improving a business. However, participants offered access to coaching at The Financial Clinic were 14 percentage points (±10) on average more likely relative to the control group to state that they had made some or a lot of progress toward a big purchase such as a car, and those who actually took up treatment were about 20 percentage points (±15) more likely to say so. A robust set of previous research has documented the importance of car ownership for low- and moderate-income individuals in improving employment levels and earnings, decreasing unemployment durations, leaving TANF, and accessing neighborhoods with lower crime, higher performing schools, and greater amenities (Blumenberg 2004; Dawkins, Shen, and Sanchez 2005; Pendall et al. 2014; Raphael and Stoll 2001; Schwanen and Mokhtarian 2004).

TABLE 8.17

Impact of Financial Coaching on Progress toward Goals

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Progress toward housing: homeownership/improvement apartment rental [a]	0.31	0.33	0.02	0.024 (0.061)	0.41	0.064	0.052 (0.131)
Progress toward a big purchase, for example a car [a]	0.32	0.40	0.09	0.102 (0.072)	0.37	0.273	0.216 (0.156)
Progress toward education/training [a]	0.32	0.27	-0.05	-0.028 (0.070)	0.33	-0.075	-0.058 (0.146)
Progress toward starting/improving own business [a]	0.21	0.24	0.03	0.079 (0.072)	0.28	0.212	0.148 (0.134)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Progress toward housing: homeownership/improvement apartment rental [a]	0.22	0.27	0.05***	0.033 (0.058)	0.32	0.059	0.049 (0.086)
Progress toward a big purchase, for example a car [a]	0.15	0.31	0.16	0.140** (0.061)	0.32	0.251**	0.204** (0.089)
Progress toward education/training [a]	0.44	0.44	0.01	-0.006 (0.066)	0.48	-0.011	-0.009 (0.102)
Progress toward starting/improving own business [a]	0.22	0.19	-0.03	-0.062 (0.064)	0.19	-0.111	-0.092 (0.095)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Financial Stress, Well-being, and Confidence

The next set of outcomes we examined were those relating to financial stress, well-being, and confidence. These measures are important outcomes both because of their direct relationship with access to credit and financial health, but also because of their indirect effects on personal health and happiness. Financial stress has been linked to a number of negative health outcomes, such as headaches, backaches, ulcers, high blood pressure, depression, and anxiety (Choi 2009). Household financial stress has also been found to be related to negative impacts on children, for example leading to increased risk for experiencing mental health challenges during their teen years (Wickrama et al. 2008).

We found that financial coaching had a positive effect on reducing the level of financial stress for participants at both sites, and that coaching had positive effects on a number of well-being and confidence measures.

Financial Stress

Since financial stress is a key outcome, but it is also difficult to define; we measured financial stress in two ways. First, we directly asked participants to rate their own level of financial stress (from 1 to 7, with 7 being the highest). Financial coaching had a positive effect on reducing the level of financial stress for participants at both sites: participants offered access to coaching at Branches had on average 0.5 points (±0.4) lower self-ratings of financial stress relative to the control group, and those who actually took up coaching had an average of 1 point (±0.9) lower on their self-rating of financial stress. Although we did not detect an effect on the financial stress of those offered access to coaching at The Financial Clinic, we did find that those who actually took up coaching had a self-rating of financial stress of about 0.6 points (±0.597) lower on average than the control group (table 8.18).

We also measured financial stress by asking individuals how often they wanted to go out but could not afford to on a scale of 1 to 7. We found that financial coaching reduced participants' self-rating of the number of times that this occurs at both sites by about half a point (±0.4) for those offered access to coaching relative to the control group and three quarters to 1 point (±0.9 and ±0.6 for Branches and The Financial Clinic respectively) for those who actually took up coaching. This measure partially captures financial stress, but may also capture self-restraint which could be a sign of behavior improvement.

TABLE 8.18

Impact of Financial Coaching on Perceptions of Financial Stress

			Branches				
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Level of financial stress (1-7)	4.29	3.91	-0.37	-0.501**	4.19	-1.341**	-1.110**
				(0.240)			(0.548)
How often want to go out but can't afford to? (1-7)	3.74	3.40	-0.34	-0.440*	3.32	-1.178*	-0.968*
				(0.248)			(0.548)

			The Financial Clinic				
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Level of financial stress (1-7)	4.72	4.42	-0.30	-0.384	4.24	-0.687	-0.599*
				(0.232)			(0.362)
How often want to go out but can't afford to? (1-7)	4.79	4.48	-0.32	-0.481**	4.39	-0.861**	-0.748**
				(0.228)			(0.357)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

From the interviews, we heard that participants felt that financial coaching helped them to reduce their stress levels related to finances. One client even reported that a coach was responsible for helping her to stop smoking.

Interviewees report that reductions in stress in part related to a reframing of their financial condition and goals. Clients may have begun a coaching relationship with goals that were unrealistic or impractical in the near-term. For example, one Branches client began with a goal of homeownership,

which she revised in response to her coach's advice. The coach felt that given the client's family status, job, and plans for the next few years, she might want to put her goal of homeownership on hold. The client agreed, and this change led to an increased feeling of comfort with her finances.

Another theme that emerged was the effect that coaching had on helping participants gain a new perspective on their financial commitments. One participant at The Financial Clinic, whose main concern was student debt, put it this way:

> I think the biggest thing was just having this…student debt, because this is the biggest thing to deal with. And, you know, just the craziest thing is sometimes when you're faced with, like, this big elephant in the room, you're like, Well, how do I move it? So that's how you feel. When I came into [financial coaching], that how I was feeling. But when I sat down with him, I think he made that elephant a little bit smaller. Even though it didn't disappear, he just made it a little bit smaller because then I was able to kind of really see where I was.

Perceptions of Financial Well-being and Confidence

Other ways to understand an individual's financial health include an understanding of their perceptions of their financial well-being and confidence. A CFPB study published in 2015 noted that there is a growing consensus that the ultimate measure of success for financial literacy efforts should be an improvement in individual financial well-being (CFPB 2015). The authors explain that, prior to their study, there had been little exploration of how financial well-being was defined. That report notes that individuals can experience financial well-being quite differently even if they look similar according to other financial characteristics; financial well-being is not fully described by objective financial measures.

That same study provided a definition of financial well-being based on four factors: (1) feeling in control of day-to-day finances; (2) being able to absorb a financial shock; (3) being on track to meet financial goals; and, (4) having the financial freedom to make choices to enjoy life. In our study, we measured financial well-being using four similar variables, including participants' satisfaction with their present financial situation, their confidence in their ability to make ends meet in an emergency, their confidence in their ability to achieve financial goals, and their self-reported progress toward improving their households' financial security.

We found that financial coaching had positive effects on one of these measures at one site and a different two measures at the second site (table 8.19). At Branches, participants reported higher levels of satisfaction with their present financial situation: those offered access to treatment had an average

of half a point (±0.4) higher on their self-rated scale from 1 to 7 relative to the control group, and those who actually took up treatment had an average of a whole point (±0.8) higher on this scale. Study participants at Branches who were offered or received coaching did not report higher rates of confidence in achieving their financial goals, making ends meet in an emergency, or progress toward improving their household's financial security than did study participants in the control group.

Neither those offered financial coaching or those who received it expressed higher satisfaction with their present financial situation that we could detect at The Financial Clinic. However, treatment group and treated individuals at The Financial Clinic were more likely to report that they were very confident in their ability to achieve financial goals—10 percentage points (±9.7) more likely for those offered access to treatment, and about 16 percentage points (±15) for those who actually took up coaching in comparison with the control group. Treatment and treated individuals were no more likely than control group members to state that they were very confident in their ability to make ends meet in an emergency. But, they were more likely to report that they had made a lot or some progress toward improving their household's financial security/ability to take care of family/live more comfortably. Those offered access to treatment and who had this as a goal were about 18 percentage points (±9.6) more likely to state that they had made some or a lot of progress toward it, and those who actually took up treatment were about 27 percentage points (±15) more likely to say so.

TABLE 8.19

Impact of Financial Coaching on Financial Well-Being and Confidence

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Satisfaction with present financial situation (1-7) [c]	3.42	3.80	0.38*	0.509**	3.71	1.363**	1.109**
				(0.224)			(0.502)
Very confident in ability to achieve financial goals [a]	0.45	0.46	0.01	0.005	0.52	0.013	0.011
				(0.060)			(0.132)
Very confident in ability to make ends meet in an emergency [a]	0.31	0.37	0.06	0.067	0.43	0.179	0.147
				(0.056)			(0.123)
Progress toward improving household's financial security/ability to take care of family/live more comfortably [a]	0.43	0.45	0.02	0.027	0.54	0.072	0.058
				(0.062)			(0.132)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Satisfaction with present financial situation (1-7) [c]	3.03	3.14	0.11	0.234	3.29	0.419	0.363
				(0.217)			(0.336)
Very confident in ability to achieve financial goals [a]	0.37	0.47	0.10*	0.102*	0.49	0.183*	0.157*
				(0.059)			(0.091)
Very confident in ability to make ends meet in an emergency [a]	0.22	0.27	0.05	0.037	0.27	0.066	0.057
				(0.052)			(0.080)
Progress toward improving household's financial security/ability to take care of family/live more comfortably [a]	0.31	0.47	0.16***	0.175***	0.52	0.313***	0.274***
				(0.058)			(0.091)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated

(TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

[c] 1 = very dissatisfied and 7 = fully satisfied

A number of participants in interviews reported that they felt increased feelings of confidence or self-efficacy due to coaching. Clients said that even a small amount of information gave them confidence to take on issues or problems that had theretofore felt unmanageable or beyond their control. A comment from a Branches client illustrated this change:

> She also gave me the desire to work on my credit on my own… I know that she's doing what she needs to….but, like, I just wanted to. Once I pulled my credit report, which I did after speaking with her, I just started to tackle certain things….I guess she gave me…the confidence to do it as well. You know, because I thought it was kind of intimidating.

Credit Report Familiarity, Access, and Understanding

In interviews, coaches reported that a key step in improving financial health is helping an individual to access and understand their credit report. At both Branches and at The Financial Clinic, walking a participant through their credit report was expected to be one of the first steps in a coaching relationship. Accessing and understanding a credit report can help participants to recognize strategies to make improvements in budgeting, bill payment, and account holding, and also allow them to check for errors that they can dispute. All of these processes could lead to increases in credit score and overall fiscal health.

We examined four outcomes related to individuals' familiarity with their credit reports, to see whether coaching affected these measures. Branches showed no significant difference between the treatment and control groups in any of the four outcomes: having heard of a credit report, having seen one's credit report since study enrollment, understanding one's credit report, and checking one's credit score since study enrollment (table 8.20). It is worth noting, however, that most participants in both the treatment and control groups reported they had heard of and felt comfortable understanding their credit report to begin with—though reported rates of seeing one's credit report and score were lower.

As with Branches, at The Financial Clinic the treatment group was not more likely to have heard of a credit report, and again, most individuals in both the treatment and control groups reported they had

heard of this. However, the treatment group at The Financial Clinic was 12 percentage points (±11) more likely to have seen their credit report since baseline than was the control group, and treated individuals were 18 percentage points (±16) more likely (in the TOT regression). Those offered and receiving treatment were no more likely to report, that we could detect, that they understood their credit report. Finally, those offered access to treatment were about 18 percentage points (±9) more likely to state that they had checked their credit score since study enrollment relative to the control group, and those who actually took up treatment were about 27 percentage points (±14) more likely to say so.

TABLE 8.20

Impact of Financial Coaching on Credit Report Access, Familiarity, and Understanding

	Branches						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Heard of a credit report [a]	0.88	0.87	-0.01	-0.020 (0.039)	0.86	-0.054	-0.045 (0.086)
Seen credit report since study enrollment [a]	0.65	0.70	0.05	0.058 (0.059)	0.79	0.155	0.121 (0.122)
Very/somewhat easy to understand credit report [a]	0.89	0.88	-0.01	-0.015 (0.050)	0.92	-0.040	-0.028 (0.10)
Checked credit score since study enrollment [a]	0.56	0.58	0.02	0.045 (0.058)	0.61	0.120	0.100 (0.128)

	The Financial Clinic						
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Heard of a credit report [a]	0.79	0.85	0.06	0.045 (0.046)	0.86	0.081	0.070 (0.072)
Seen credit report since study enrollment [a]	0.51	0.61	0.10	0.119* (0.066)	0.77	0.213*	0.182* (0.098)
Very/somewhat easy to understand credit report [a]	0.86	0.92	0.06	0.069 (0.059)	0.89	0.124	0.087 (0.076)
Checked credit score since study enrollment [a]	0.32	0.50	0.18***	0.176*** (0.057)	0.63	0.315***	0.274*** (0.087)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Financial Knowledge

Improving factual financial knowledge is often a key intended outcome of personal finance interventions. Enhanced financial knowledge may lead to better financial choices and may be linked to improved financial behaviors in both the short and long run. Financial knowledge or literacy generally refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources. Financial literacy in the United States is widely acknowledged to be quite low (Lusardi and Tufano 2009), and has been demonstrated to be lower among certain groups, such as those with less formal education, women relative to men, younger people relative to older, and people of color (FINRA Investor Education Foundation 2009, Theodos et al. 2014), although, as noted in the Background Chapter, OECD's 2012 Programme for International Student Assessment (PISA) found no financial literacy gender gaps among 15-year old boys and girls (OECD 2014).. Limited financial literacy has been shown to be associated with incurring higher costs on loans and increased fees (Lusardi and Tufano 2009).

Increased financial literacy may not always lead to better decision making, however. Often times, personal finance interventions focus on behavioral techniques to alter behavior directly rather than attempting to do so through increased literacy. Behavior change may involve more than knowledge accumulation. For example, habit-based spending and difficult inter-temporal tradeoffs may induce people to make decisions that they would not have made in times of less impulsivity, even if they know the short and long term costs of their decisions. Therefore, increased factual financial knowledge does not always need to be a key outcome of financial interventions for them to be successful.

We did not find that financial coaching had any impacts on factual financial knowledge (table 8.21). Our measures included a financial knowledge test, with eight questions relating to credit cards, how banks share information, interest rates, credit reports, bounced checks, and bank fees. We did not detect any significant effect of coaching on the likelihood that participants answered any of these questions correctly, nor on whether their overall score on the test was higher or lower.

We also measured financial knowledge by examining how participants' perception of their credit score compared to their actual credit score. We calculated this measure in two ways. First, we examined whether study participants' perceptions of their credit scores were the same as their actual credit scores, and second, we examined whether their perceptions of their credit score was greater than their actual credit score. Results for both measures are reported in the table below. None of these measures were significantly changed by financial coaching either for those offered access to financial coaching or those who took up coaching. (We also examined a version of this outcome variable that was continuous

and captured whether an individual's perception was higher or lower than their actual score, but this also produced no significant effect and is omitted here for brevity.)

Interestingly, however, we did hear from the qualitative interviews that multiple participants felt that they improved their financial skills as a result of financial coaching. Some said that they had gained knowledge related to credit and learned to understand the contents of a credit report and to pull a credit score. Other knowledge gains related to savings: some respondents reported that they had learned to "pay myself first" and to set up monthly savings contributions. While none of these effects on skills or "knowledge of how to do things," were detectable in the financial knowledge outcomes measured in the randomized framework, they do align with some of the money management and savings outcomes observed.

TABLE 8.21

Impact of Financial Coaching on Financial Knowledge

			Branches				
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Score on financial knowledge test (1-8)	6.19	6.18	-0.01	-0.030 (0.161)	6.28	-0.080	-0.066 (0.355)
Perception of credit score same as actual credit score [a]	0.28	0.30	0.020	0.005 (0.053)	0.32	0.013	0.010 (0.114)
Perception of credit>actual credit score [a]	0.62	0.58	-0.044	-0.020 (0.058)	0.54	-0.054	-0.043 (0.125)

			The Financial Clinic				
			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Score on financial knowledge test	5.89	5.75	-0.15	-0.167 (0.201)	5.88	-0.299	-0.260 (0.313)
Perception of credit score same as actual credit score [a]	0.22	0.25	0.030	0.019 (0.054)	0.24	0.034	0.029 (0.080)
Perception of credit>actual credit score [a]	0.55	0.53	-0.020	-0.010 (0.063)	0.52	-0.018	-0.015 (0.093)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The

following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

Heterogeneous Effects

There may be reason to believe that financial coaching should work better for one group than another, such as for participants with lower levels of initial debt, those with higher incomes, or perhaps for older participants who are more stable in their life circumstances than for those who are starting careers and families. However, we found that there were no systematic differences in the overall outcomes of participants across a variety of baseline characteristics, including their level of formal education, their age, their gender, their race, and their marital status. We also found no evidence of systematic differences between subgroups of participants based on initial financial characteristics and behaviors, such as those with initial credit score, overall debt level, income, frequency of on time bill payment, frequency of saving, or frequency alternative financial service use.

Generally, if differences between groups were detected, it was found that both groups had positive outcomes for different measures, such as one group improving their credit score and another increasing their savings. This likely reflects differences in which outcomes were targeted based on these initial characteristics. For instance, participants who were sparse savers at the time of entry into the program were more likely to improve their savings behaviors, most likely because that is what they and their coaches chose to focus on as a first step toward improving their financial health. However, frequent savers improved relatively more in other areas, such as credit score and reducing collections. Similarly, participants with higher levels of overall debt tended to do a bit better at reducing their overall debt than did participants with a lower level of initial debt. This is likely because high debt was a problem area for the former group, so both they and their coaches focused on improving this measure as a goal for the coaching process.

Overall, it appears that financial coaching does not systematically work better for one group of people than another, but rather works in different ways for different groups. This is likely one of the benefits of financial coaching—that it can be targeted to many different types of clients, and produce outcomes in the areas that individuals identify as most beneficial to them.

Chapter 9. Conclusions and Implications

As financial coaching continues to be integrated into existing programs or introduced as a standalone intervention, it is important to understand how, for whom, and under what conditions it works. Our study is, to our knowledge, the first process and random control trial evaluation of financial coaching. This research suggests that a well-implemented coaching program with engaged clients can produce important improvements in certain key financial outcomes that can be difficult to address holistically through other approaches. The study also suggests that coaching does not prove equally successful across all programs, clients, or outcomes. This may, of course, be by design, as different clients emphasize different goals.

First, it is clear that only a subset of people who are offered financial coaching will be motivated or able to take it up. In this research study, only a portion of low- and moderate-income individuals offered the chance to participate in coaching accepted the offer. It is impossible to know if the results found among those who participated in the study would apply to those who did not, let alone to other populations, settings, and time periods (often referred to as "external validity"). It is worth noting that the study participants resemble important segments of low- and moderate-income individuals across the nation in demographic and economic characteristics, and the enrollment pathways (worksites, workshops, and VITA sites) are similar to those used by other coaching programs.

Of those who participated in the research study and were assigned to the treatment group, only 37 percent at Branches and 56 percent at The Financial Clinic decided to receive coaching. Of those who showed up, most participated in only one or two coaching sessions instead of the three to four sessions the programs advised. There appear to be a number of barriers to participating in coaching, which ranged from existing commitments to a refusal to talk about finances. Altogether, this means that coaching was actually a low-frequency intervention for most participants.

Programs seeking to implement financial coaching should consider which of their potential clients are sufficiently motivated to best take advantage of the services provided. As this study has shown, buy-in to the idea of coaching can vary across groups; for example, study participants at some Miami-Dade employment sites took up the services at relatively high rates, while others experienced low engagement. Even the way in which outreach is conducted—who is targeted and how—may matter. In this study, we found that when all else held constant participants at Branches who were unmarried,

Black, and with higher credit were more likely to take up treatment, while participants at The Financial Clinic who were older, had graduated from college, had financial goals, and had higher credit were more likely to take up treatment. That these predictors differed so much by site indicates that participation is likely to vary widely on a larger scale as well.

Program effects were robust enough that we detected significant effects on several important outcomes despite coaching take-up rates of only 37 and 56 percent at Branches and The Financial Clinic, respectively, as well as fairly limited coaching sessions among those who took it up. Most importantly, financial coaching positively affected nonretirement savings balances, number of savings deposits, total debt balances, curing delinquent accounts (including those in collections), late payments, percent of trade lines on time, payday loans, balance in collections, credit score, having a budget, financial stress, satisfaction with financial situation, and confidence in ability to achieve financial goals.

However, we also found notable gaps in outcomes. First, many of the outcomes listed above were improved at one site, but not both. Second, financial coaching, as experienced by clients of these programs during the course of the study, had no detectable effects on other measured outcomes, including having transaction accounts, student loan debt levels, paying off outstanding debts, using other alternative financial service products like pawn shops, the number of 30-day and 90- to 180-day delinquencies, filing bankruptcy, number of judgements, sticking to a budget, and financial knowledge.

Effects varied greatly between the two sites, with a number of potential factors at play. Dissimilarities in coaching tactics and program structures could play a role, as The Financial Clinic followed a more structured approach to their coaching sessions while Branches's coaching content was less systematized. Observed differences in participant characteristics and goals could also play a role, as participants at Branches were predominantly public employees with higher incomes, higher debt, and lower levels of formal education than those at The Financial Clinic.

Even though effects varied between the two sites, there did not seem to be systematic differences (heterogeneous treatment effects) in outcomes between subgroups of participants such as women versus men, older versus younger people, or those with high credit scores versus low. This may imply that observable demographic and economic characteristics are less important in predicting who benefits from financial coaching than other unobserved characteristics.

While coaching generated positive outcomes, it is a fairly expensive and high-contact intervention compared to some other approaches, even if clients only engage once or twice. Traditional financial literacy classes can be cheaper than coaching since they are usually not held in a one-on-one setting and instead involve a classroom full of participants. However, since research on the efficacy of traditional

financial literacy education has found mixed results (Hastings, Madrian, and Skimmyhorn 2013) financial coaching may be preferred on a cost-benefit basis compared to traditional classroom techniques, even if it is more costly. More investigation into the cost-benefit of coaching and traditional financial literacy programs will assist in drawing conclusions about which interventions have the most cost-effective impacts for particular purposes and populations. Other financial education methods may be even cheaper than classroom-based financial education, such as persuasive technologies that assist people with changing their behavior through vehicles like phone apps or text message reminders (Beaman, Magruder, and Robinson 2012; Bertrand et al. 2010). However, it is unclear whether such approaches work well for all populations and whether the effects endure. Further, these approaches may be best considered complements of financial coaching rather than substitutes because, for example, coaching programs can deploy defaults, reminders, apps, or classroom or online financial education as a part of their service package.

At this juncture, few expect financial coaching or any financial education effort to be the only way to help consumers improve their financial well-being. Consumers also need access to sound, straightforward, and low-cost financial products. Such products can have a much wider reach than any human service. Regulatory interventions can also have a much more universal impact than time- and labor-intensive education programs that only reach a subset of the low- and moderate-income population. Again, well-designed financial products and an attentive regulatory environment are not necessarily substitutes for financial education generally, and financial coaching specifically.

While this study was not set up to answer questions about the right mix of regulation, product offerings, and education, it provides knowledge about how financial coaching can help improve financial outcomes for clients. First, we describe in detail how coaching programs work and how clients interact with and view these programs. We do so in two different cities with programs enrolling clients in different ways. Second, we find a large congruity between perceptual (from the outcome survey) and objectively verified measures (from credit bureau records). A strength of this study was that it combined both sorts of information, and it is important for future studies to note the degree of agreement between the self-reported and credit bureau-reported data (with a few notable exceptions, including balance estimates). Third, this study provides a better understanding of the wide range of impacts affected by financial coaching. Efforts to measure the success of coaching programs with two or three metrics need to be reconsidered; something closer to a dozen may be necessary, and measuring progress should focus on different variables based on client goals and the state of the client's financial life at program entry. Fourth is the finding that program outcomes differed so significantly. As discussed, the reasons for this are not entirely known, but this introduces uncertainty in our collective

ability to generalize the findings to other populations and programs. Finally, it does not appear, according to the measures used here, that the benefits of financial coaching are directly related to gaining financial knowledge. It may be that other knowledge measures such as the development of financial skills or expertise may be more important to test—and we heard clients describe tips and tools they learned in interviews. However, the results imply that the effects of coaching may derive directly from behavioral change or skill formation, rather than through increases in more abstract knowledge. Although coaching did not have an effect on participants' understanding of their credit report, for example, it did have an impact on whether they checked their credit score. And indeed, coaching differentiates itself from traditional financial education in its emphasis on behavioral change and the development of new habits over knowledge acquisition.

In sum, although it is clear that financial coaching is not the solution for all low- and moderate-income individuals, it generated some notable positive outcomes for individuals in our study over the time period observed, indicating that there is significant promise to the approach. More studies are needed to determine not only the efficacy of financial coaching on a larger scale, but also the cost-benefit tradeoffs of financial coaching compared to other financial interventions.

Appendix A. Definitions of Impact Variables

TABLE A.1

Definitions of Impact Variables

Variable	Type	Source	Baseline	Question
Savings behavior, levels, and account types				
Active checking or savings account (Y/N)	D	Survey	√	Do you have a savings or checking account?
Retirement account (Y/N)	D	Survey		Individual Retirement Account (IRA), Roth IRA, or KEOUGH account, A Retirement account through an employer (for example, 401(k), 403(b), or Thrift accounts) OR Other retirement accounts?
Number of deposits into savings	C	Survey		Since ENROLLMENT:, number of deposits made into savings account, including direct deposits and all other deposits into savings account.
Direct deposit into any account	D	Survey		Directly deposits paychecks or other checks into savings/checking account (calculated as a percent of those with such accounts)
Automatic transfer or deposit for future use (Y/N)	D	Survey	√	Automatic deposit or electronic transfer set up to put money away for a future use (such as savings or retirement)
Total account balance	C	Survey	√	Amount in checking + amount in savings + prepaid or stored value card + other cash balance
Retirements savings balance	C	Survey		IRA, Roth IRA, or KEOUGH account + employer account + other retirement account
Made a lot or some progress toward increasing nonretirement savings or emergency rainy day funds	D	Survey		Progress toward goal: a lot/some=1, little/no=1
Made a lot or some progress toward increasing retirement savings	D	Survey		Progress toward goal: a lot/some=1, little/no=2
Made a lot or some progress toward increasing children's education savings	D	Survey		Progress toward goal: a lot/some=1, little/no=3
Expenses, bill payment patterns, and debt (types and levels)				
Total income > household's living expenses	D	Survey		Over the past month, household's spending on living expenses was less than its total income

Variable	Type	Source	Baseline	Question
Pays bills on time most of the time or very often	D	Survey	√	Frequency household is able to pay its bills on time; most/very=1, sometimes/rarely=0
Paid off debts (Y/N)	D	Survey		Since ENROLLMENT:, paid off any debts
Renegotiated any debts (Y/N)	D	Survey		Since ENROLLMENT, renegotiated any debts
Curing	C	Credit		Total number of trades presently satisfactory that were ever 30 or more days delinquent or derogatory reported in the last 6 months including external collections
Late fee on loan or bill in last two months (Y/N)	D	Survey		In the last two months, paid a late fee on a loan or bill
Monthly credit card balance	C	Survey		total balance carried month to month on credit cards
Student loan amount	C	Survey		estimated balance owed on Student/Educational loans
Personal loan amount	C	Survey		estimated balance owed on personal loans from bank/credit union
Unpaid medical bills amount	C	Survey		estimated balance owed on Unpaid medical bills not covered by insurance
Unpaid taxes amount	C	Survey		estimated balance owed on unpaid taxes
Other debt amount	C	Survey		estimated balance owed on Other debts, for example money owed on other lines of credit, personal debt from money lenders, debt to individuals/institutions outside of the United States
Sum of all debts, self reported	C	Survey		student/educational loans + home improvement loans + personal loans + unpaid medical bills + business debts + unpaid legal bills + unpaid taxes + other debts
Sum of all debts, credit data	C	Credit		student loans + open revolving accounts + mortgages + auto loans + balance in judgment
Balance on open accounts	C	Credit	√	Total balance on revolving trades reported in the last 6 months
Has a credit card (Y/N)	D	Survey	√	Holds at least one active credit cards (not prepaid or debit cards)
Number of active credit cards	C	Survey	√	Number of active credit cards (not prepaid or debit cards)
Use a debit card (Y/N)	D	Survey		uses a debit card linked to bank account
Any number of open accounts – revolving (Y/N)	D	Credit	√	Total number of revolving trades reported in the last 6 months > 0
Recently opened a revolving trade	D	Credit	√	Revolving Trades opened within 6 months > 0
Accounts recently closed	C	Credit	√	Trades Voluntarily Closed in last 6 months
Number of bankcard inquiries	C	Credit	√	Total number of bankcard revolving and national inquiries made in the last 6 months
Credit limit on open accounts--revolving	C	Credit	√	Total available credit limit on open revolving trades reported in last 6 months
Made a lot or some progress toward paying down debts	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Alternative financial services				
Used any type of alternative financial service	D	Survey	√	Used at least one of the alternative financial services below
Borrowed money from family or friends	D	Survey	√	Borrowed money from friends or family [since enrollment]

Variable	Type	Source	Baseline	Question
Obtained cash from payday loan	D	Survey	√	Obtained cash from a payday loan in anticipation of an upcoming paycheck [since enrollment]
Sold something to a pawn shop	D	Survey	√	Sold of pawned something to a pawn shop [since enrollment]
Took a credit card advance	D	Survey	√	Taken a credit card cash advance [since enrollment]
Obtained a tax refund anticipation	D	Survey	√	Obtained a tax refund in advance sometimes called a refund anticipation loan/check [since enrollment]
Delinquency, bankruptcy, collections, and liens				
Percent of balance past due	C	Credit	√	Overall amount past due to balance ratio on trades reported in the last 6 months excluding external collections
Percent of on time trades	C	Credit	√	Percent of trades excluding external collections that are never delinquent or derogatory in the last 6 months
Total number of 30-day delinquencies	C	Credit	√	Total number of trades presently 30 days delinquent reported in the last 6 months
Balance on items in 30-day delinquency	C	Credit	√	Total balance on trades presently 30 days delinquent reported in the last 6 months
Total number of 90 to 180-day delinquencies	C	Credit	√	Total number of trades presently 90-180 days delinquent reported in the last 6 months
Balance on items in 90 to 180-day delinquency	C	Credit	√	Total balance on trades presently 90-180 days delinquent reported in the last 6 months
Filed for bankruptcy (Y/N)	D	Survey		
Involved in a foreclosure process (Y/N)	D	Survey		Involved in a foreclosure process in the last 2 years
Number of items in collections	C	Credit	√	Total number of external collection trades
Balance in collections	C	Credit	√	Total balance on external collections
Number of items in judgments	C	Credit	√	Total number of public record judgments
Balance in judgments	C	Credit	√	Total amount on public record judgments
Credit report and score				
Credit score	C	Credit	√	
Rates current credit record very good or good	D	Survey		Rating of current credit report; very good/good = 1, about average/bad/very bad = 0
Made a lot or some progress toward improving credit	D	Survey		
Financial planning and budgeting				
Has a budget (Y/N)	D	Survey		Currently has a personal budget, spending plan, or financial plan
Sticks to budget very closely (Y/N)	C	Survey		How closely sticks to budget; very closely = 1, somewhat closely/not closely at all = 0
Made a lot of some progress toward improving money management (budgeting) skills	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Set aside emergency funds (Y/N)	D	Survey	√	Set aside emergency or rainy day funds that would cover expenses in case of sickness, job loss, economic downturn, or other emergencies
Amount in emergency fund	C	Survey	√	Balance set aside in your emergency fund?

Variable	Type	Source	Baseline	Question
Made a lot or some progress toward housing: homeownership/improvement apartment rental	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Made a lot or some progress toward a big purchase, for example a car	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Made a lot or some progress toward education/training	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Made a lot or some progress toward starting/improving own business	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Financial stress, well-being, and confidence				
Level of financial stress (1-7)	C	Survey		On a scale of 1 to 7, where 1 is no stress and 7 is overwhelming stress; level of financial stress today?
How often want to go out but can't afford to? (1-7)	C	Survey		On a scale of 1 to 7 with 1 being never and 7 being all the time; frequency you want to go out to eat, go to a movie or do something else and don't go because you can't afford to
Utilization rate of open revolving accounts	C	Credit	√	Overall balance to credit limit ratio on open revolving trades reported in the last 6 months
Any accounts with high utilization rates	D	Credit	√	Total number of open revolving trades with a balance to credit amount ratio >= 50 reported in the last 6 months
Satisfaction with present financial situation (1-7)	C	Survey		On a scale of 1 to 7, where 1 is fully satisfied and 7 is very dissatisfied; level of satisfaction with present financial situation?
Very confident in ability to achieve financial goals	D	Survey		Confidence in ability to achieve a financial goal you set for yourself today; not at all/somewhat =0, very confident=1
Very confident in ability to make ends meet in an emergency	D	Survey		If you had an unexpected expense or someone in your household lost a job, got sick or had another emergency, confidence that your household could come up with money to make ends meet within a month; not at all/somewhat =0, very confident=1
Made a lot or some progress toward improving household's financial security/ability to take care of family/live more comfortably	D	Survey		Progress toward goal: a lot/some=1, little/no=0
Credit report familiarity				
Heard of a credit report (Y/N)	D	Survey		Ever heard of a credit report, which is a record of how you pay your debts such as credit cards, loans, and other debt
Seen credit report since study enrollment (Y/N)	D	Survey		Since ENROLLMENT, seen credit report from a credit-reporting agency such as Experian, Equifax, Inc., or TransUnion
Very/somewhat easy to understand credit report	C	Survey		Ease in understanding credit report; very easy/somewhat easy=1, somewhat difficult/very difficult=0

Variable	Type	Source	Baseline	Question
Checked credit score since study enrollment (Y/N)	D	Survey		Since ENROLLMENT, checked credit score?
Financial knowledge				
Score on financial knowledge test	C	Survey		Percent of knowledge question respondent answered correctly
If you pay the minimum monthly payment on your credit card, then you won't owe any interest.	D	Survey		True or false; equals 1 if correct
As long as you make your minimum payments each month, running up a balance on a credit card has no effect on your credit score.	D	Survey		True or false; equals 1 if correct
Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.	D	Survey		True or false; equals 1 if correct
Lenders are required by law to offer you the lowest interest rate available	D	Survey		True or false; equals 1 if correct
You can check your own credit report 3 times per year for free	D	Survey		Because everyone is entitled to a free, no-cost credit report from each of the three main credit bureaus every 12 months, you can check your own credit report 3 times per year for free. True or false; equals 1 if correct
Your credit score is likely to increase if you keep your credit card balance below 30 percent of the credit limit on the card	D	Survey		Your credit score is likely to increase if you keep your credit card balance below 30 percent of the credit limit on the card. For example, if your credit limit is $1,000, it will help improve your score if you have a balance of less than $300. True or false; equals 1 if correct
If you bounce checks you may be listed in a database that prevents you from opening a bank account in the future	D	Survey		True or false; equals 1 if correct
All banks and credit unions charge the same fees	D	Survey		There is no point in shopping around for a checking account because all banks and credit unions charge the same fees. True or false; equals 1 if correct

Note: C= continuous variable, D = dichotomous variable (takes the value of 0 or 1)

Appendix B. Branches and The Financial Clinic Combined Impact Findings

TABLE B.1

Savings

	Control *mean*	Treat-ment *mean*	ITT Diff. in Mean	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Active checking or savings account [a b]	0.93	0.94	0.01	0.014	0.96	0.030	0.025
				(0.020)			(0.036)
Retirement account [a]	0.51	0.53	0.01	0.024	0.56	0.052	0.045
				(0.038)			(0.069)
Number of deposits into savings	11.08	12.76	1.68	2.364***	12.00	5.147***	4.212**
				(0.907)			(1.642)
Direct deposit into savings [a]	0.05	0.05	0.00	0.013	0.05	0.028	0.023
				(0.018)			(0.033)
Automatic transfer or deposit for future use [a b]	0.61	0.62	0.02	0.018	0.68	0.039	0.033
				(0.038)			(0.070)
Total account balance [b]	1,613	2,363	750**	993.6**	2,576	2,163**	1,692**
				(429.8)			(723.9)
Retirements savings balance	22,252	21,529	-722	286.8	18,397	624.4	465.2
				(5,918)			(9,603)
Progress toward increasing nonretirement savings or emergency rainy day funds [a]	0.24	0.36	0.13***	0.129***	0.39	0.281***	0.232***
				(0.040)			(0.073)
Progress toward increasing retirement savings [a]	0.27	0.32	0.06	0.064	0.36	0.139	0.103
				(0.041)			(0.070)
Progress toward increasing children's education savings [a]	0.20	0.23	0.04	0.041	0.21	0.089	0.078
				(0.046)			(0.084)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated

(TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.2

Expenses, Bill Payment Patterns, and Debt

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Sum of all debts, survey data	7,142	6,902	-239	-283.0	9,479	-616.1	-599.7
				(1,121)			(2,378)
Sum of all debts, credit data [b]	37,328	34,445	-2,883	-5880**	31,709	-12,802**	-4,504
				(2,750)			(8,951)
Student loan amount	27,276	28,129	852.6	-1,725	33,308	-3,755	-3,148
				(1,490)			(2,741)
Personal loan amount	6,776	7,843	1,067.4	-119.5	11,254	-260.1	-219.7
				(190.7)			(350.7)
Unpaid taxes amount	6,115	7,430	1,315	-79.98	6,712	-174.1	-145.7
				(144.3)			(262.9)
Monthly credit card balance	1,957	1,841	-116	-238.1	1932	-518.3	-379.9
				(395.7)			(632.7)
Balance on open accounts [b]	5,260	4,196	-1,064	-1,200	3,711	-2,612*	-2,197
				(707.5)			(1,290)
Unpaid medical bills amount	274	209	-65*	-58.00	170	-126.3	-121.5
				(72.76)			(152.3)
Other debt amount	6,060	7,050	990	-70.05	7,983	-152.5	-128.8
				(142.0)			(260.7)
Utilization rate of open revolving accounts [b]	0.51	0.49	-0.02	-0.057*	0.47	-0.123*	-0.104*
				(0.031)			(0.058)
Any accounts with high utilization rates [a b]	0.61	0.61	0.00	-0.009	0.60	-0.020	-0.017
				(0.043)			(0.080)

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Paid off debts [a]	0.34	0.41	0.07**	0.061	0.43	0.133	0.112
				(0.040)			(0.073)
Progress toward paying down debts [a]	0.40	0.48	0.08**	0.087**	0.53	0.189**	0.147*
				(0.043)			(0.077)
Renegotiated any debts [a]	0.11	0.12	0.00	0.007	0.12	0.015	0.012
				(0.027)			(0.050)
Curing (turning a trade line from 30 or more days delinquent or derogatory to satisfactory) [b]	0.82	1.18	0.37**	0.549***	1.43	1.195	1.180***
				(0.163)			(0.348)
Pays bills on time most of the time or very often [a b]	0.73	0.81	0.08***	0.081**	0.80	0.176**	0.145**
				(0.034)			(0.061)
Late fee on loan or bill in last two months [a]	0.42	0.38	-0.04	-0.039	0.35	-0.085	-0.071
				(0.041)			(0.075)
Total income > household's living expenses [a]	0.52	0.54	0.02	0.039	0.57	0.085	0.072
				(0.045)			(0.083)
Uses a debit card [a]	0.90	0.95	0.04*	0.038*	0.95	0.083*	0.067
				(0.023)			(0.04)
Has a credit card [a b]	0.56	0.65	0.09**	0.080**	0.73	0.174**	0.147**
				(0.035)			(0.064)
Any number of open accounts – revolving [a b]	0.72	0.75	0.03	0.010	0.81	0.022	0.020
				(0.030)			(0.057)
Number of active credit cards [b]	1.60	1.63	0.02	-0.332*	1.92	-0.723*	-0.582*
				(0.187)			(0.331)
Recently opened a revolving trade [a b]	0.26	0.25	-0.02	-0.003	0.27	-0.007	-0.005
				(0.036)			(0.068)
Accounts recently closed [b]	0.13	0.14	0.01	-0.012	0.13	-0.026	-0.023
				(0.042)			(0.079)
Number of bankcard inquiries [b]	0.42	0.46	0.04	0.044	0.48	0.096	0.083
				(0.052)			(0.098)
Credit limit on open accounts—revolving [b]	8,105	7,428	-677	-83.55	6,655	-181.9	-153.0
				(783.1)			(1,434)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.3

Alternative Financial Services

	Control *mean*	Treatment *mean*	ITT Diff. in Means	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Used any type of alternative financial service [a b]	0.59	0.56	-0.02	-0.057	0.54	-0.124	-0.105
				(0.041)			(0.076)
Borrowed money from family or friends [a b]	0.52	0.46	-0.06	-0.070*	0.45	-0.152*	-0.129*
				(0.039)			(0.072)
Obtained cash from payday loan [ab]	0.16	0.13	-0.03	-0.044*	0.10	-0.096*	-0.081*
				(0.026)			(0.048)
Sold something to a pawn shop [a b]	0.13	0.13	0.00	0.002	0.09	0.004	0.004
				(0.027)			(0.049)
Took a credit card advance [a b]	0.06	0.07	0.02	-0.002	0.05	-0.004	-0.004
				(0.020)			(0.037)
Obtained a tax refund anticipation [a b]	0.03	0.04	0.01	0.008	0.04	0.017	0.014
				(0.016)			(0.029)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.4

Delinquency, Bankruptcy, Collections, and Liens

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Percent of balance past due [b]	0.15	0.13	-0.01	-0.030	0.10	-0.066	-0.058
				(0.020)			(0.038)
Percent of on time trades [b]	0.40	0.43	0.04	0.040*	0.49	0.087*	0.076**
				(0.020)			(3.876)
Total number of 30-day delinquencies [b]	0.10	0.07	-0.02	-0.024	0.06	-0.052	-0.045
				(0.030)			(0.056)
Balance on items in 30-day delinquency [b]	323.3	236.8	-86.5	-165.4	228.4	-360.2	-310.7
				(161.1)			(302.89)
Total number of 90 to 180-day delinquencies [b]	0.11	0.10	-0.01	-0.001	0.10	-0.002	-0.002
				(0.034)			(0.065)
Balance on items in 90 to 180-day delinquency [b]	970	2070	1,099	1,053	1114	2,293	1,999
				(946)			(1,801)
Filed for bankruptcy [a]	0.11	0.09	-0.02	-0.016	0.09	-0.035	-0.030
				(0.024)			(0.044)
Involved in a foreclosure process [a]	0.04	0.05	0.01	0.004	0.03	0.009	0.008
				(0.017)			(0.031)
Number of items in collections [b]	1.54	1.37	-0.16	0.009	1.24	0.020	0.018
				(0.111)			(0.211)
Balance in collections [b]	1,727	1,192	-535**	-358.1**	1,087	-779.8**	-671.7**
				(181.9)			(340.1)
Number of items in judgments [b]	0.10	0.11	0.01	0.001	0.11	0.002	0.002
				(0.020)			(0.037)
Balance in judgments [b]	181.3	297.3	115.93	-24.00	264.8	-52.25	-45.21
				(45.99)			(86.58)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

a Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

b Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.5

Credit Report and Score

			ITT			TOT	
	Control *mean*	Treatment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Credit score [b]	594.5	608.8	14.4*	11.930**	621.21	25.97**	22.400**
				(5.222)			(9.80)
Rates current credit record very good or good [a]	0.30	0.39	0.09**	0.090**	0.45	0.196**	0.159**
				(0.041)			(0.072)
Made a lot or some progress toward improving credit [a]	0.39	0.48	0.09**	0.101**	0.55	0.220**	0.179**
				(0.043)			(0.076)
Found in outcome credit pull and not at baseline [a]	0.08	0.07	0.00	0.000	0.09	0.000	0.001
				(0.018)			(0.038)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.6

Financial Planning and Budgeting

	Control mean	Treatment mean	ITT Diff. in Means	ITT Reg. Adj.	Treated mean	TOT Bloom Adj.	TOT IV Reg. Adj.
Has a budget [a]	0.53	0.65	0.12***	0.122***	0.69	0.266***	0.221***
				(0.041)			(0.075)
Sticks to budget very closely [a]	0.36	0.38	0.02	0.023	0.37	0.050	0.040
				(0.055)			(0.093)
Made a lot or some progress toward improving money management (budgeting) skills [a]	0.39	0.53	0.13***	0.146***	0.61	0.318***	0.260***
				(0.043)			(0.076)
Set aside emergency funds [ab]	0.29	0.41	0.12***	0.110***	0.44	0.239***	0.202***
				(0.039)			(0.072)
Amount in emergency fund [b]	569.1	1,043	814.1**	519.6***	1,118	1,131***	938.8***
				(174.0)			(321.0)
Made a lot or some progress toward housing: homeownership/improvement apartment rental [a]	0.27	0.30	0.03	0.027	0.36	0.059	0.044
				(0.042)			(0.073)
Made a lot or some progress toward a big purchase, for example a car [a]	0.23	0.36	0.13***	0.121**	0.34	0.263**	0.213**
				(0.047)			(0.084)
Made a lot or some progress toward education/training [a]	0.39	0.37	-0.01	-0.015	0.43	-0.033	-0.018
				(0.048)			(0.084)
Made a lot or some progress toward starting/improving own business [a]	0.22	0.21	-0.01	-0.001	0.23	-0.002	-0.001
				(0.048)			(0.078)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

[a] Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

[b] Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.7

Financial Stress, Well-Being, and Confidence

			ITT			TOT	
	Control *mean*	Treat-ment *mean*	Diff. in Means	Reg. Adj.	Treated *mean*	Bloom Adj.	IV Reg. Adj.
Level of financial stress (1-7)	4.50	4.17	-0.33*	-0.442***	4.22	-0.962***	-0.813***
				(0.166)			(0.308)
How often want to go out but can't afford to? (1-7)	4.26	3.96	-0.30*	-0.458***	3.96	-0.997***	-0.837***
				(0.169)			(0.310)
Satisfaction with present financial situation (1-7)	3.23	3.46	0.23	0.375**	3.46	0.816**	0.682**
				(0.155)			(0.284)
Very confident in ability to achieve financial goals [a]	0.41	0.46	0.06	0.055	0.50	0.120	0.100
				(0.042)			(0.076)
Very confident in ability to make ends meet in an emergency [a]	0.26	0.32	0.05*	0.048	0.34	0.105	0.086
				(0.038)			(0.069)
Made a lot or some progress toward improving household's financial security/ability to take care of family/live more comfortably [a]	0.37	0.46	0.09**	0.101**	0.53	0.220**	0.179**
				(0.043)			(0.076)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income. a Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points). b Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.8

Credit Report Familiarity

	Control *mean*	Treatment *mean*	ITT Diff. in Means	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Heard of a credit report [a]	0.83	0.86	0.03	0.010	0.88	0.022	0.018
				(0.030)			(0.055)
Seen credit report since study enrollment [a]	0.59	0.66	0.07*	0.078*	0.78	0.170*	0.140*
				(0.044)			(0.077)
Very/somewhat easy to understand credit report [a]	0.88	0.90	0.02	0.019	0.90	0.041	0.029
				(0.038)			(0.059)
Checked credit score since study enrollment [a]	0.44	0.54	0.10***	0.106**	0.62	0.231**	0.193***
				(0.041)			(0.074)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

a Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

b Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

TABLE B.9

Financial Knowledge

	Control *mean*	Treat-ment *mean*	ITT Diff. in Means	ITT Reg. Adj.	Treated *mean*	TOT Bloom Adj.	TOT IV Reg. Adj.
Score on financial knowledge test (1-8)	6.05	5.96	-0.09	-0.108	6.04	-0.235	-0.197
				(0.129)			(0.237)
Perception of credit score same as actual credit score [a]	0.25	0.27	0.022	0.012	0.27	0.026	0.021
				(0.038)			(0.068)
Perception of credit>actual credit score [a]	0.59	0.56	-0.035	-0.015	0.53	-0.033	-0.027
				(0.043)			(0.076)

Sources: Baseline survey, Branches and The Financial Clinic administrative data, pre- and post-intervention credit record data, and outcome survey

Notes: Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Intent-to-treat (ITT) compares outcomes of a treatment group of individuals who were offered financial coaching but who may or may not have taken up coaching, with a control group of individuals who were not offered access to financial coaching. Treatment-on-the-treated (TOT) compares outcomes of those in the treatment group who took up financial coaching to those in the control group. The following characteristics were controlled for in the regression-adjusted models: baseline measures when available, age, age squared, non-Hispanic Black, non-Hispanic White or other race (omitted group is Hispanic), and log of post-tax household monthly income.

a Variable is a measure that is between zero and one, so the means can be interpreted as percentages (e.g., 0.10=10%) and regression coefficients can be interpreted as percentage points (e.g., 0.10=10 percentage points).

b Regressions for this variable include a baseline measure, so coefficients can be interpreted as changes in outcomes.

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