

## LISC/Chicago – CWF

Sometimes things come together at just the right time—the right people, the right idea, the right set of circumstances. So it seems with LISC and the development of *Centers for Working Families*<sup>®</sup> in Chicago.

LISC, the Local Initiatives Support Corporation, is a national nonprofit that works to transform distressed neighborhoods into healthy communities—good places to work, do business and raise children. LISC brings together corporate, government and philanthropic support to provide community development corporations (CDCs) with loans, grants and equity investments; technical and management assistance; and local, statewide and national policy support.

The Chicago office of LISC ([www.lisc-chicago.org](http://www.lisc-chicago.org)) has invested more than \$100 million in that city's neighborhoods over the past 23 years, leveraging \$2.1 billion in financing from private and public sources. Their New Communities Program (NCP), a long-term, comprehensive approach to urban development, has been hard at work in 16 targeted neighborhoods, under the leadership of local community-based organizations. Job resource centers have been a critical component of NCP's strategy to revive stagnant neighborhoods, stabilize those in decline, and counter the negative effects of gentrification. The centers have become trusted neighborhood institutions; open to all residents, and providing individualized job services over the long term.

A December 2003 meeting between program managers for Chicago LISC and program officers with the Annie E. Casey Foundation provided the spark that propelled LISC's employment work in a new direction. Program staff from Casey explained the concept of *Center for Working Families*<sup>\*</sup> (CWF), in which a broad range of employment, financial services and income supports are combined, sequenced, and delivered to low-income families. The Casey Foundation, which had pioneered the concept, was looking for opportunities to test the CWF approach, hoping to find partners in communities to adapt the approach.

LISC Senior Program Officer Ricki Lowitz was at the meeting. “We had been working with about seven neighborhood-based employment centers prior to that time,” says Ricki. “We also had begun to introduce free, on-site tax assistance through a partnership with the Center for Economic Progress. Two of the job resource centers were represented at the meeting with Casey. We listened as the *Center for Working Families* was explained, and it was just a great fit with what we were doing. Employment is at the core of CWFs, and we knew we could bring the concept to scale by incorporating the CWF approach within LISC's existing network of employment centers. We already were working with the people CWFs are designed to reach. We thought, ‘Of course we should be doing this!’”

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<sup>\*</sup> The *Centers for Working Families*<sup>®</sup> is a federally registered trademark held by the Annie E. Casey Foundation.

The CWF idea of bundled and sequenced services made a lot of sense to Ricki and the other LISC staff members. The employment centers had been successful in helping residents to find jobs, but wages were low, benefits were rare, and families struggled to pay for basic necessities. They lived on the financial edge, where they were quickly derailed by unexpected expenses or a job loss, and were vulnerable to “money traps” like payday loans and refund anticipation loans. The CWF concept promised a way to help families stabilize their income, access income supports and fairly-priced financial services and products, and eventually to build assets. It clearly was worth a try.

With a grant from the Casey Foundation, LISC/Chicago launched a CWF initiative in January 2004. Four sites were projected to be up and running in the first year, but interest was so strong among community organizations that the program doubled in size by early 2005. While the majority of the early sites were existing job resource centers, one was a social service program for re-locating public housing residents and another was a vocational program. Most were within New Communities Program neighborhoods, and they all shared concerns about predatory lending, a lack of alternative financial products and the need for financial education and counseling. Today there are ten CWFs up and running in Chicago.

Market research was the first step in the development of the new CWFs. Early sites held two or three focus groups, with eight to ten individuals from the neighborhood in each group. The participants discussed spending, debt, savings and investment. Getting input from people who likely would use the CWF was critical in making sure it was designed and organized to effectively meet their needs. It also was invaluable in talking to banks and other prospective partners.

“In the LISC world, when employment assistance is in place, the next step is (adding) the spectrum of financial services,” says Christopher Tan, LISC’s program officer for CWFs. “There is a lot of flexibility in how this is done.”

Plans initially called for expert financial counselors traveling from site to site to provide counseling services on a part-time basis. One site also tried to train existing social service staff to provide basic financial, credit, and budgeting counseling. Over time, though, it became apparent that these strategies were less effective than having a full-time coach, with a strong financial services background, at each location.

O.S. Owen, the director of Financial and Community Education for the Center for Economic Progress, helped the LISC CWFs get off the ground by providing one-on-one financial counseling, as well as financial education workshops, to multiple sites. As the CWFs matured and moved to in-house financial counselors, he became a mentor for the nine coaches. Currently Owen is documenting the issues that clients are facing and creating a coaches’ manual to help resolve the most common issues. He brings the coaches together every two months for a peer-learning session.

The first focus at the CWFs is one-on-one financial counseling. The coaches usually start by looking at an individual’s credit report, then develop a ‘spending plan’— a term

better-received than ‘budget,’ according to Tan. Three different plans are often developed: a spending plan, a debt management plan, and a savings plan. “This process reframes the way people think about their jobs,” says Tan. “It happens almost right away.” Eventually there may be an investment plan, but this is far down the road.

In addition to employment assistance and financial education and services, the third area that is added at the new CWFs is benefits support. If low-income families receive all of the benefits for which they qualify, they can better weather unexpected problems and stay on track in building economic stability and self-sufficiency. With the help of CWF staff, clients use a computer and Real Benefits software to determine their eligibility for 15 different state and federal benefits. The Real Benefits software can print out applications, but clients still must go to separate government agencies to apply. Online applications for certain benefits may be available soon.

Each site makes sure clients can access free tax assistance and, if they are qualified, claim the Earned Income Tax Credit. Five of the sites prepare tax returns at their CWF locations, and the others have free tax assistance sites located a short distance away in their neighborhoods.

Building trust and establishing a relationship are crucial parts of the CWF approach. “Money is so personal,” says O.S. Owen. “Most clients would rather talk about their sex lives than their finances. So we start talking. We talk about goals for the next five years, then work backwards. Once that conversation takes place, then they are engaged.”

Individual counseling sessions are held as frequently as the client desires, and the first session generally lasts 45 to 90 minutes. The credit report is one of the first things they do, and often the report is better than the client thought it would be. Clients are very receptive to getting their credit on track. “Without credit, people are forced to use payday loans,” O.S. says. “One lady had 15 payday loans, totaling \$10,000. People want to pay their debts, but sometimes they’ve gotten in a situation where they don’t know what to do—do they pay the rent or do they pay the loan? When people have their back to the wall and have no one to talk to, they feel desperate. The bulk of debt I’m seeing in our communities is medical debt.”

The most difficult financial challenge for the clients that Owen and the coaches work with is saving money. Once individuals are employed and can meet their basic expenses, then they can start to resolve their debts, get a bank account and save for the future. Their budget and savings plan is the basis for this huge step forward. “(I say) ‘Let’s start by saving something—even if it is a dollar a week,’” says Owen. When clients first come to the financial counseling sessions they often are close to giving up. The one-on-one counseling brings them a sense of dignity and hope. “We need to reach down to the dark place inside people and try to reach them. The *Center for Working Families* is like a flashlight in a dark room. People feel hopeless, but when they find out there is a way to move forward, it’s so encouraging.”

The North Lawndale Employment Network was one of the first CWFs to try one-on-one counseling. Victoria Cammon, the director of Operations at North Lawndale, recounts the positive response to this new service by both clients and staff: “We already had a financial workshop, but after we became a CWF, we added one-on-one. The first time we added it into orientation, everyone was interested and excited. It took everything to a whole different level.”

Cammon credits the individualized approach and O.S. Owen with making a dramatic difference in their clients’ lives. “O.S. got our clients to think differently...it empowers them and gets them to think long-term. It helps them connect the dots. They are so focused in a crisis mode that they haven’t been able to look down the road. And, it creates a ripple effect on their kids and families.”

Elaine Austin, client services manager and office assistant for the Resource Center at North Lawndale, has seen the value of CWF’s bundled services from both sides of the desk. Formerly incarcerated on a drug charge, Elaine was feeling overwhelmed when she began to work with O.S. Owen to get her financial life back on track. “I was up to my elbows in debt,” she says. She had credit card debt, unpaid bills and no resources to fall back on. Now she has checking and savings accounts and she saves regularly. She is hoping to soon get an IDA (a matched-savings, individual development account) that will allow her to save for education, a home or property.

“The CWF helped me realize what the purpose is for saving and staying on course,” Austin explains. “It taught me the real live value of a dollar...Being part of CWF, public aids and benefits are there and people can come to a place where they have relationships and are comfortable. It’s a friendly, helpful atmosphere and is non-judging. When I tell clients my testimony that I’ve been to prison, it gives me a purpose. I like being able to give back, because I was in a (bad) situation and others are in situations that are even worse. At the CWF there are people to help and you only have to be open and willing to receive it.”

The Chicago CWFs are still adding, refining and integrating services; tweaking their approach, and gathering data to use in evaluating outcomes. A substantial amount of time has gone into learning how to operate the CWFs most effectively. Free tax assistance programs, in partnership with the Center for Economic Progress, have helped to strengthen relationships with the banking community. Flexible terms for checking and savings accounts, reduced fees for overdrafts, minimum balance requirements, and alternatives to payday loans were developed with financial partners. And there are challenges yet ahead: Adding a fully-developed public benefits component, and building partnerships with state and city branches of the Department of Human Services.

“So much of what we’re doing is new,” says Ricki Lowitz. “We’re learning every day. The one-on-one financial counseling is key to seeing what happens over time and figuring out best practices. We will evaluate the changes in income/expenses and assets/liabilities for the families, and track the services that are being provided so that we understand the outcomes and know what services are needed.”

Collectively, the ten Chicago CWFs now see about 4,000 clients for workforce development, 700 clients for financial services, and about 5,000 individuals for tax preparation and other work support services. Some of these individuals are using two or more of the services, and data is being gathered to provide a clearer picture of how the programs are working together and how the integration of services is improving client outcomes.

The CWF concept has been prototyped in communities across the United States, with more than two dozen organizations participating in eight metropolitan areas, including New York City, Baltimore, Chicago, Atlanta, Indianapolis, Albuquerque, San Antonio and the Twin Cities. Several other locations have CWFs in development. Currently participating CWFs reach over 25,000 low-income families, bringing them employment, training and free tax preparation help, and 3000 people have enrolled with CWFs for multiple services.

CWFs in Chicago and elsewhere are working hard to provide a comprehensive approach to help lift families and neighborhoods out of poverty. Their goal is to empower people to face, understand and solve their own financial problems, and move toward a more stable and promising future.