

OFE Financial Counseling Service Provider Pre-Bid Conference

September 20, 2023

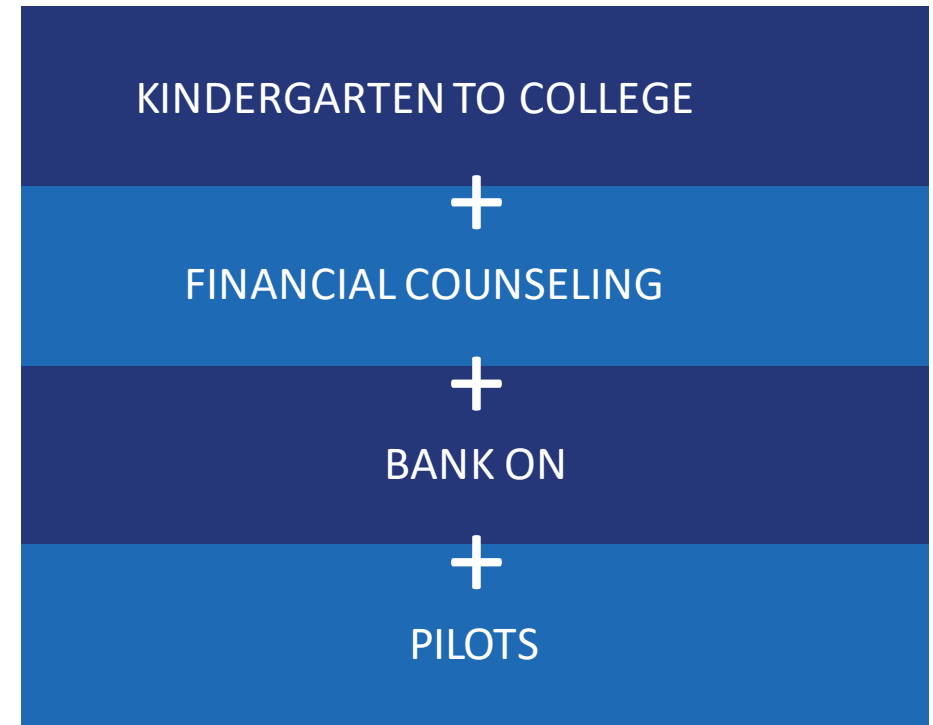


Agenda

1. Introduction to Financial Counseling Program
2. What We Are Seeking
3. Contract Opportunity
4. Next Steps
5. FECbot Demo
6. Questions

OFE Mission & Programs

The Office of Financial Empowerment convenes, innovates, and advocates to strengthen the economic security and mobility of all San Franciscans.



OFE Financial Counseling

- Provides free, CONFIDENTIAL, one-on-one financial guidance
- Available to anyone **living, working, or receiving services** in San Francisco, regardless of immigration status
- Program began when a family experiencing homelessness won a below-market-rate unit in the City's housing lottery, only to have their housing application denied because of subprime credit ([link](#))

OFE Financial Counseling

Open a safe,
affordable bank
account

Build savings or
an emergency
fund

Reduce or
manage debt

Establish or
build credit
score

Financial Counseling Approach

- **Client-directed** – focus on what client wants to achieve
- **Non-judgmental** – clients are the best judge of their situations and needs
- **Supportive** – help clients navigate the financial services world, improve financial situation, set and achieve goals
- **Empowering** – inform clients of options and empower them to make decisions

Eric's Success Story



- Eric was referred by his housing Case Manager in June 2022, and has achieved several financial outcomes since
- "[My Smart Money Coach] provides good information and guidance and allows you to make your own decisions."

Achievements

- ✓ Opened a bank account
- ✓ Enrolled in a credit building product
- ✓ Established a credit score
- ✓ Improved credit score
- ✓ Increased savings

Overall Program Accomplishments

- Since 2019, financial counselors have supported clients to:
 - Eliminate \$3,642,759 in debt
 - Build \$511,612 in savings
 - Increase credit scores an average of 20 points

Client Experiences Lead to Policy Change

SAN FRANCISCO OFFICE OF FINANCIAL EMPOWERMENT

JUNE 2021



BLACKLISTED

How ChexSystems Contributes to Systemic Financial Exclusion

SAN FRANCISCO OFFICE OF FINANCIAL EMPOWERMENT

AUGUST 2021



GETTING SMART ABOUT FINANCIAL COACHING:

5 ways to create meaningful and life-changing financial outcomes for the community

Smart Money Coaching, San Francisco's free and confidential one-on-one financial coaching program is celebrating its fifth anniversary. The program began when a family experiencing homelessness won a below-market-rate unit in the City's housing lottery, only to have their housing application denied because they had negative credit. Smart Money Coaching, managed by the San Francisco Office of Financial Empowerment (OFE), has since helped thousands of people increase their own financial capability, providing the skills necessary to achieve positive financial outcomes and improve their financial well-being. The program is available to anyone living, working, or receiving services in San Francisco, but primarily focuses on reaching and serving diverse low-income communities across the City. Clients meet with a certified financial coach who helps them address their unique financial challenges and goals, including reducing debt, establishing and improving their credit score, opening a low-fee bank account, and increasing their savings. This brief highlights the five most important lessons Smart Money Coaching has learned since the program launched.

Q What I valued most about Smart Money Coaching was having a one-to-one financial coach and it was free! That to me was solvable because I know people that pay a lot of money to get financial advice at a high price. I was having financial problems, debts, and poor credit score for years, and what [the Smart Money Coach] taught me through financial coaching really worked!

SAN FRANCISCO OFFICE OF FINANCIAL EMPOWERMENT

Systemic Barriers to Banking the Unbanked

Since founding the Bank On movement in 2006, the San Francisco Office of Financial Empowerment (OFE) has found persistent disparities in banking access due to structural flaws in the financial system. This brief outlines four major systemic barriers to banking – distrust of mainstream financial institutions, ChexSystems records, debt in collections and asset limits – as well as opportunities to remove these barriers and increase banking access.

Treasurer José Cisneros and the Office of Financial Empowerment (OFE) launched the groundbreaking Bank On San Francisco program over ten years ago after realizing that many residents of San Francisco did not have access to safe and affordable bank accounts and instead relied on costly fringe financial products, such as payday lenders and check cashers. The program had strong success initially with unbanked rates dropping from 32.2% in 2015 to 5 percent in 2021. However, the rates of unbanked clients remain persistently high for certain populations. In our Smart Money Coaching program that provides one-on-one financial coaching to low-income residents, 42 percent of Black clients enter the program unbanked compared to 32 percent of the overall Smart Money Coaching client population.

unbanked Smart Money Coaching client relied on friends and check cashers to cash his paychecks for the past two years before being successfully connected to a safe and affordable bank account. Such practices are common and costly: one study found that the average family earning \$25,000 per year could spend about \$2,400 or ten percent of their income on financial transactions, including fees for prepaid cards and money transfers. Once someone has a bank account, they can access other financial products and services that can help them build wealth and achieve upward economic mobility. Yet, financial coaches who work with Smart Money Coaching consistently report that banking is the hardest outcome for clients to achieve. After ten years of doing this work, why is that still the case?

The financial system is not designed to serve low-income consumers, and is rife with systemic racism that harms Black Indigenous People of Color (BIPOC) communities. Many of the financial challenges our clients experience stem from structural flaws embedded in the financial system that strip families of wealth and keep them in a cycle of poverty. In order to support clients' access to safe and affordable banking, OFE realized it was critical to understand these systemic barriers to help individual clients navigate the current financial system and simultaneously advocate for progressive policy reforms. Through programming and research, OFE has identified four systemic barriers to banking that our Office is committed to addressing. These systemic barriers include distrust of mainstream financial institutions, ChexSystems records, debt in collections, and asset limits. This short report will briefly describe each of the barriers and then describe OFE's current work to improve access to banking for low-income consumers.

42% of Black clients entered the Smart Money Coaching program unbanked compared to 32% of the overall Smart Money Coaching client population.

Having a bank account is the door to the financial mainstream and greater economic stability. Living without a bank account is expensive as clients are forced to use fringe financial services, such as check cashing services, money orders and payday loans. A recent

What We Are Seeking

Financial Counseling

Phone

Virtual

In-
Person*

**No physical office is required and Bay Area-based staff may be Proposer's staff or subcontracted*

Appointment Structure

First Appointments (1 hour)

- Conduct a financial assessment
- Receive a free copy of credit report
- Create a budget
- Identify challenges & define goals
- Leave with a financial action plan

Subsequent Appointments (30 min)

- Support with financial goals
- Provide motivation
- Reassess financial situation
- Provide guidance if/when issues arise

Target Populations and Funders

- **SFPL:** Serves any client living, working, or receiving services in San Francisco.
- **HSA:** Primarily serves clients who are public benefits recipients, many of whom are participating in workforce development programs.
- **HSH:** Primarily serves clients who are homeless or at-risk of homelessness.
- **SFO:** Serves more than 15,000 workers including restaurant and hospitality workers, air traffic controllers, baggage handlers, rental car workers, custodial staff, and countless others who work to keep the airport running.
- **REC:** Serves the general public utilizing SF Parks and Recreation facilities, with an emphasis on community members who live, work, or receive services within the 94124, 94134, and 94107 region.
- **JUV:** Serves at-risk transitional-aged youth who owe some form of restitution.
- **Larkin Street Youth Services:** Primarily serves transitional-aged youth who are homeless or at-risk of homelessness.
- **United Way Bay Area:** Serves students of City College's SparkPoint Basic Needs Center.

Language Accessibility

Language accessibility is crucial to financial counseling provision. We are seeking providers who can provide counselors that speak English, Spanish, Tagalog, Cantonese, and Mandarin, and can access interpretation services for other languages as needed.

Financial Empowerment Center (FEC) & FECbot Database

- Smart Money Coaching is exploring becoming an FEC, an initiative of the Cities for Financial Empowerment (CFE) Fund
- The CFE Fund provides funding and technical assistance to mayors and their teams to help them embed systemic financial empowerment programs and policies into city services to improve individual and family financial stability.
- As one of the requirements, all counselors must utilize the FECbot database
 - FECbot demo to follow

Contract Opportunity

Contract Opportunity

OFE seeks organizations to provide one-on-one financial counseling to people living, working, or receiving services in San Francisco, with an emphasis on BIPOC, low-income, and at-risk communities with inequitable financial access and opportunities.

About the Opportunity

- Term: Five years (July 1, 2024 – June 30, 2029), with options to renew for five years, total up to ten years
- Up to four Service Providers
- Contract Amount and pricing:
 - NTE \$4M for 5-year term
 - In Year 1, there will be a \$200K minimum per contract. Year 2 and beyond will be change ordered.
 - Additional compensation structure (tenured and multilingual counselors; advocacy rate)

Activities: Manage Counselors

- Recruit, hire, train, and supervise financial counselors to provide services through the OFE financial counseling program.
 - All financial counselors must be certified by the National Association of Certified Credit Counselors prior to taking on their own clients
 - Following the initial certification, counselors will be required to complete 16 CEUs annually
 - All financial counselors will also need to keep up-to-date with any FECbot training and updates

Activities: Active Participation

- Utilize FECbot database, or as otherwise required by OFE to ensure consistency in data collection, tracking, outcomes and impact, along with ease of access for clients to financial counseling.
 - Ensure data is entered into the database at least weekly, or as otherwise requested by OFE.
- Participate in monthly check-in meetings with OFE to discuss client attendance and outcomes and troubleshoot any issues that arise.
 - Ensure counselors participate in monthly provider meetings and national learning community meetings.

Other Activities

- Attend events and conduct outreach activities to build awareness and engage clients to schedule appointments for one-on-one financial counseling
- Schedule and provide counseling services regularly during the week. Evening and weekend hours are also encouraged and may be required by some funders.
- Provide counseling services in-person at locations determined by OFE as well as remotely, by phone and video conference. No physical office is required and Bay Area-based staff may be Proposer's staff or subcontracted.
- Work with clients in one-on-one financial counseling sessions; conduct full client intake, needs assessment, and establish an action plan with each client to achieve their financial goals.

Measuring Success

- Goals:
 - Clients served, sessions held, show rate, and positive outcomes achieved
- Outcomes include (full list will be in the RFP):
 - focus on banking, savings, credit, and debt management
 - Sign eligible clients up for student debt relief program (i.e. PSLF, Fresh Start, IDR plan)
 - Removal of an incorrect item on a credit or ChexSystems report

Next Steps

- Solicitation Timeline:
 - RFP Release – September 2023
 - Proposals Due – October 2023
 - Interviews – December 2023
- *If selected, organization will need to become a City vendor
 - Contracts start July 1, 2024
- Requests for Proposals and all materials posted on our website:

<https://sftreasurer.org/about-us/request-proposals>



Cities for
**FINANCIAL
EMPOWERMENT**
Fund



Financial Empowerment Centers (FEC)

San Francisco

September 2023

CFE Fund Approach: Helping government leaders embed financial empowerment strategies into municipal infrastructure



ASSET BUILDING



BANKING ACCESS



CONSUMER PROTECTION



**FINANCIAL EDUCATION
AND COUNSELING**

- Design and fund multi-city programs
- Pilot new initiatives and research
- Provide robust technical assistance
- Replicate and share knowledge and best practices

Financial Empowerment Centers



FEC Public

*Scaling Financial
Empowerment Centers
as a Public Service*

www.cfefund.org

The Financial Empowerment Center initiative offers professional, one-on-one financial counseling as a no-cost public service for all residents.

49 (30)

FEC PARTNERS (OPEN)

150,000+

CLIENTS SERVED

\$225+M

DEBT REDUCED

\$45+M

SAVINGS INCREASED

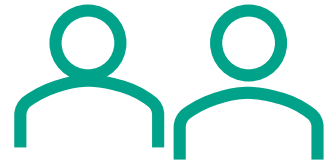


Core Elements of the FEC Model

The Financial Empowerment Center initiative offers professional, one-on-one financial counseling as a no-cost public service for all residents.



No Cost



One-on-One



Professional



Integrated



Data Driven



Sustainable



Government Led

CFE Fund Support for Implementation FECs

Access to FEC
database

Connection to
all operating
FECs nationally

1x1 technical
assistance
support

FEC staff
training
resources

Questions?