



## **Expanding Financial Opportunity: LISC's Experience With Scaling Up Financial Opportunity Centers**

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There is strong interest nationally in scaling up social innovations that are known to work, but which have not been widely adopted because of a lack of capital, technical and institutional support or sufficient political backing. One such program that has overcome these obstacles is the Local Initiatives Support Corporation's Financial Opportunity Centers (FOCs), which advise low-income people on their finances and help them to get the public benefits they are entitled to, build their access to credit and obtain and keep jobs.

LISC's experience adds to a growing body of knowledge about how best to scale up projects, from research and development to full rollout. The early phase in Chicago saw the adoption of the core FOC program approach, the evolution of organizational responses to implementation challenges and the development of a broader network able to provide the needed external supports. Building on that experience, LISC developed the national framework needed to roll out the FOC program in other cities, confirming the lessons from Chicago and further developing strategies for building up local support.

The FOC rollout also demonstrated how critical it is to have an infrastructure in place to support the scaling up of social innovations, one that is able to set standards for service delivery, measure performance, provide technical assistance and training and develop new ideas in support of continuing operations.

### **I. Introduction**

Both government and foundations have invested heavily in programs to increase human well-being. But there is widespread dissatisfaction with the apparent lack of progress that we have made as a nation in solving social challenges. The core theory of the scaling movement is that proven solutions are available, but that various issues prevent them from being deployed on a wider scale. Those include not enough information-sharing about programs that work, shortages of "scaling capital," the absence of a national infrastructure to support expansion and the need for broader political support. In other words, purposeful action is required to translate small-scale successes into programs with much greater reach.

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The rationale for scaling is straightforward: Even if the process is complex and difficult (and it is), ultimately it makes more sense not to continually reinvent the wheel. Society cannot afford to spend scarce resources inefficiently or ineffectively, especially during a difficult period in which economic challenges have increased human needs and decreased the resources to respond to them.

Thus, the taking to scale of promising social policy innovations has taken on new prominence among foundations and in government. At the federal level, this interest was institutionalized with the creation in 2009 of the Office of Social Innovation and Civic Partnership within the White House Domestic Policy Council, and the Social Innovation Fund (SIF) within the Corporation for National and Community Service (CNCS). The explicit goal of the SIF is to scale up innovative programs, both to broaden their impact and to enable extensive testing of their results.

At the same time, the Obama Administration has supported demonstration programs intended to replicate innovative approaches in critical public policy areas. New locally-based initiatives have been created at the federal level, including Promise Neighborhoods in the Department of Education and Choice Neighborhoods at the Department of Housing and Urban Development. Other agencies have been enlisted in The White House's Neighborhood Revitalization Initiative, which is intended to explore opportunities for collaboration across federal agencies and with private funders.

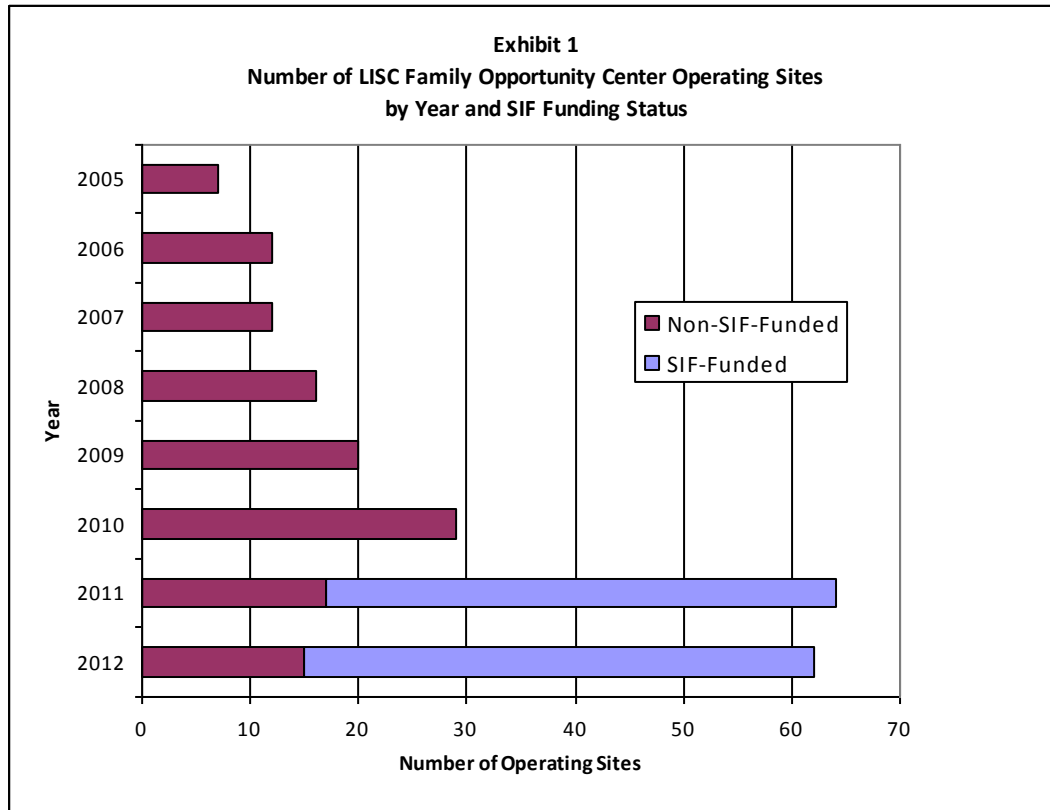
As our very name attests, the Local Initiatives Support Corporation has a strong interest in these trends. In 2007, LISC initiated its own experiment—*Building Sustainable Communities*—that shares a number of core principles with Promise and Choice, including giving priority to local engagement and creating partnerships across community sectors. The initiative is now working in 107 neighborhoods. Nationally, LISC supports comprehensive work in low-income neighborhoods through investments in housing, commercial real estate and community and school buildings as well as via grants to support education, public safety, health and other initiatives.

The SIF also insists on engaging the private sector to add to the firepower of federal money. Grantmakers for Effective Organizations (GEO), which represents private funders, supports this effort through its publications and meetings and by brokering relationships between SIF grantees and prospective funders. (As part of its mission, GEO has commissioned a series of papers on scaling, of which this is one.)

Put simply, *scaling* means “copying a program that research has shown to be effective, with the expectation that it can or will produce the same results in different places. Scaled programs often allow for flexibility in implementation to best adapt to the local context” (GEO 2011). The goal, of course, is to “use successful small-scale projects as a basis for effecting large-scale change” (Kohl and Cooley, nd.).

Among the best examples are our Financial Opportunity Centers. These community-based providers of financial and employment services to lower-income individuals and families have served more than 53,000 people since 2004. Beginning in 2011, LISC received a total of \$8.4 million in first- and second-round grants under the SIF to help expand the reach of the centers—from 23 sites in five cities to 64 in 14 cities by mid-2012. In 2011 alone, the centers helped more than 3,600 people find employment, 3,100

obtain public benefits, 3,600 increase their earnings, and 6,300 establish budgets to help them reach their financial goals.



In this paper we use a framework that Ratliff and Moy developed to understand the opportunities and challenges involved in scaling up the work of Community Development Financial Institutions. This framework was based on an analysis of successful expansions in both the private and nonprofit sectors. As it turns out, the framework captures many of the critical parts of LISC’s own experience in expanding Financial Opportunity Centers.

The findings in this paper are based on interviews by LISC research staff with national LISC program staff, local LISC staff responsible for oversight and support to FOC operating sites in four cities, FOC staff at eight operating sites, and a review of research literature and program archival material. (Please see the Appendix for a list of those interviewed.)

## II. The FOC Theory of Change

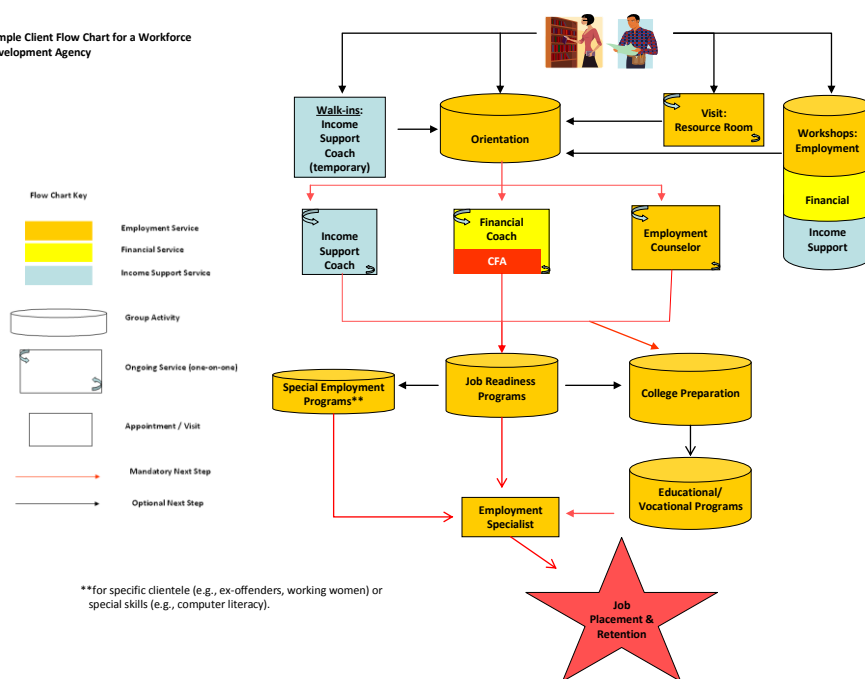
**One of the innovations now being scaled up is LISC's FOC model, which helps low-income people reach their financial goals. The FOC advises people on their finances and helps them to get the public benefits they are entitled to, build their credit scores and obtain and keep jobs.**

Persistent unemployment and underemployment plague America's lower-income neighborhoods, despite massive investments in workforce development programs. This is because the predominant models for employment, like One Stop Career Centers, are not designed to move hard-to-employ people into the economic mainstream. Employment programs alone cannot raise income enough in the short term to enable families to cover expenses. And without positive cash flow, work simply doesn't pay. Moreover, these services typically offer one-size-fits-all assistance and do not reach people who need intensive help.

The core theory of the FOC approach is that the best way to improve the financial bottom line for low-to-moderate income families is by helping people to simultaneously boost earnings and reduce expenses. Families can raise income by making sure that they participate in all of the government income-support programs for which they are eligible. But they also must bring expenses under control. One practical way to do this is to improve their credit scores, thereby avoiding high-priced options for many everyday expenses. Another way is to improve financial management, if only by keeping track of income and expenses.

Financial Opportunity Centers aim to build financial capability by offering families a suite of services that attack each of these areas of concern—employment, income support, credit-building and financial management—through programs offered by trusted community-based organizations. By way of illustration, the exhibit below depicts the path that a typical FOC client may expect to follow. Pay particular attention to the boxes in the second row, which correspond to the critical services that clients are expected to participate in: financial coaching, income support coaching and employment counseling.

Sample Client Flow Chart for a Workforce Development Agency



### Financial Coaching

Centers may offer three kinds of services to all clients: 1) one-on-one financial coaching, which is the primary focus of long-term intervention; 2) one-on-one financial counseling, which focuses on solving specific problems or crises, such as high debt or eviction prevention; and 3) group-based financial education, which provides general information on topics such as budgeting and developing savings plans. The coach aims to help clients change their long-term behavior—to create a vision of financial stability and develop financial goals—and offers to help them stay on track toward achieving those goals.

### Income Support Coaching

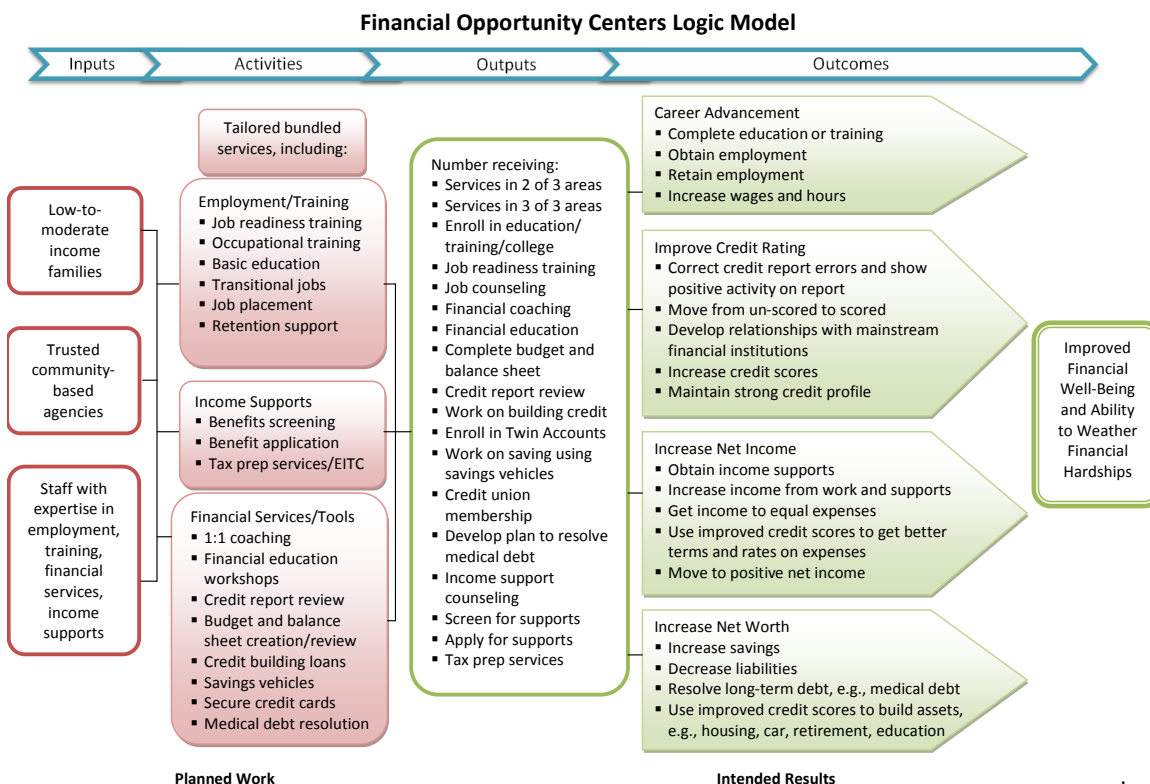
Public benefits play a key role in helping working families pay for their everyday living expenses. Thus, it is important that they have a place that helps them understand what they qualify for, shows them how to complete the application correctly—and that is open during non-business hours. In about half of LISC's centers, AmeriCorps members or other community-service organizations are used to support public benefits screening and access, including help with filing for the Earned Income Tax Credit.

### Employment Counseling

Work remains critical to a family's financial security, but people often need help to find or transition to good jobs. Employment services might include training in basic job readiness, hard skills and career advancement. The employment component often serves as an entry point through which clients participate in financial coaching and learn about public benefits.

Two tenets underpinning the FOC program were of critical concern as LISC expanded the model.

Firstly, the bundling of services is central to the success of the model and the clients. Bundling means setting out to construct multiple-service assistance “packages” to help clients make progress toward financial well-being on multiple fronts simultaneously. These aspects are interactive. For example, achieving positive cash flow typically requires clients to increase earnings *and* reduce expenses *and* build credit more or less at the same time. Therefore, bundling is done very deliberately throughout the design of the program, interactions with staff and during data collection so that clients can benefit from services that reinforce each other and contribute to overall financial success. The logic is depicted below:



This logic model was developed for LISC by Economic Mobility Inc. to guide the ongoing evaluation of program outcomes. Evidence from previous work points in promising directions. Research on the Centers for Working Families initiative—the model for LISC’s FOCs—found that when services are bundled, clients were three to four times more likely to achieve a “major economic outcome” than were non-bundlers (Burnett et al, 2009.). Last year LISC’s researchers reviewed initial data from across the FOC network and found impressive results: of those who remained attached to the program, 73% recorded gains in net income, 43% showed increases in credit scores and 43% increased net worth. In other words, to a point, the FOC is a tested, evidence-based solution.

Secondly, performance measurement is absolutely critical for continuous monitoring and improvement of the FOC approach, so that decisions are made based on evidence. Each operating site uses Social Solutions Efforts to Outcomes client tracking software, with a template customized for LISC’s FOCs, to

capture receipt of services and record outcomes. Major elements tracked include income (including wages, public benefits and tax credits), expenses, net worth (assets and liabilities), credit scores, employment status, budget development and implementation, services received and whether these services are bundled. Each operating site is expected to use data from the system to monitor services receipt and client performance. Local and national LISC program managers track the progress of each operating site and establish performance benchmarks. Based on the results, LISC is able to provide technical assistance when it will be most effective and, at times, de-fund sites for non-performance.

### **III. Conceptual Approach: The Infrastructure of Scaling**

**The LISC experience with scaling adds to a growing body of knowledge about this important process, from research and development to full rollout, and the practices and policies needed at the program, organizational and industry levels.**

There are several ways of thinking about what “going to scale” actually means. Ratliff and Moy’s pathbreaking work on scaling up product innovations by such companies such as Dell, 7-Eleven, and VISA, as well as nonprofits such as ACCION International and The Reinvestment Fund, identified several types of outcomes: an expanded volume of activities; an increase in their reach, for example to different types of clientele; a deepened social impact; and order-of-magnitude increases in efficiencies, which are crucial to sustainability (Ratliff and Moy, 4). In LISC’s experience with FOCs, we found clear evidence of all but the last one.

To understand and analyze very different types of scaling experiences, Ratliff and Moy distinguish among three levels of analysis, the first embedded within the second embedded within the third. Those are the innovative products or services, the organizations that produce them and the industries of which these organizations are a part. Each of these is analogous to a level associated with LISC’s FOC operations:

1. At the product level, activities, processes, and systems are required to organize, provide and monitor the delivery of financial and employment services to clients. At each step, FOC clients must receive the right kind of service delivered by expert staff, be suitably connected to other services (including those provided by other organizations) and be tracked through client information management systems that capture and report high-quality information.
2. One step up, community organizations that host FOCs must incorporate the centers into existing operating practices as well as human resources, information management and financial support systems. In each city where a FOC is located, and at the national level, LISC must hire and train staff, supervise their work, create monitoring systems, ensure compliance with funders’ requirements and otherwise manage to a high-quality outcome.
3. The relationships among producers and supporters correspond to the industry level. Each FOC-sponsoring organization works within a network of other workforce organizations and employers as well as a broader system that channels funding, technical resources and political and policy support to FOCs and their counterparts. As both a local and national intermediary, LISC is part of this broader system.

The *process* of going to scale requires interrelated changes at each of these levels: new service delivery practices and systems are introduced and existing ones reconfigured, while the sponsoring organizations and broader systems of support either adapt in supportive ways or fail to do so. According to Ratliff and Moy, this process occurs in three phases: research, development and rollout.

- Research involves taking a new idea through an initial phase of experimentation, pilot testing and evaluation. This process of experimentation and evaluation enables program designers to adjust the original idea to fit the practical realities of deployment. In the LISC context, this phase corresponds to the work in our first FOC site, Chicago, which built on the Annie E. Casey Foundation’s effort to create their Centers for Working Families model.<sup>2</sup>
- Development includes refinement, standardization and infrastructure-building to support rolling out to more sites, with checks on system capacity and integrity across all sites. In the LISC context, this phase pertains to both the first site and the initial expansion outside Chicago, which started prior to receipt of the SIF grants.
- Full rollout involves a major expansion with continuous monitoring and evaluation to ensure product quality and cost-effectiveness. This is the most expensive phase because it requires an expanded infrastructure. For LISC, this phase corresponds to the dramatic expansion of FOCs supported by the SIF, a phase that is not yet complete.

This sequencing does not happen mechanically. Ratliff and Moy stress that “going to scale is *not a linear but an iterative process* [italics added] comprised of idea development, standardization, infrastructure building and testing and evaluation at every stage.” This is certainly true in the FOC context, as will be further discussed below. For example, the innovation process—testing new approaches to delivery of services, developing new complementary products and conducting research—remains a hallmark of our Chicago effort even as the model is being *expanded* elsewhere.

We use the word “expanded” deliberately, rather than “replication,” following Kohl and Cooley’s useful distinction between the two:

“Expansion refers to taking a model to scale by increasing the scale of operations of the organization that originally developed and piloted the model....Replication is primarily oriented towards increasing the use of a particular process, technology, or model of service delivery by getting other organizations, including the public sector, to take up and implement the model” (Kohl and Cooley, nd, p.9).

By these definitions, LISC has expanded the model in its role as a single national intermediary. All of the expansion sites are LISC grantees, managed locally by LISC program staff and supported by our national income and asset-building infrastructure. But we also aspire to replicate the model and see it taken up by those who are outside the LISC orbit, supported by changes to mainstream workforce systems.

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<sup>2</sup>The Casey Foundation created the Centers for Working Families concept and introduced it into several LISC sites, where the original name is retained. In all other sites, and in discussions of the concept nationally, we refer to these as Financial Opportunity Centers.



#### **IV. Research and Development Phase of the FOC Model: Chicago's Centers for Working Families**

**The FOC research and development phase saw the initial adoption of the core program approach, the evolution of effective organizational responses to core challenges in implementation and the development of a nascent industry able to provide needed external supports.**

As noted, the Financial Opportunity Center is a direct descendent of the Centers for Working Families started by The Annie E. Casey Foundation in five pilot cities, including Chicago, in 2004. Staff and consultants at the foundation guided the start-up and implementation of the approach, building on earlier work on financial coaching and the importance of bundled services. The MacArthur Foundation later expanded this work, which was crucial to improving both program delivery and the quality of program management and performance data. During this period some of the basic kinks in the approach were worked out, although as the LISC's subsequent experience showed, much remained to be done to test and refine the model.

It is worth pointing out that, as befits the research and development phase, early evaluations conducted for the foundation by Abt Associates helped to demonstrate the efficacy of the model. That helped garner early supporters for subsequent expansion. Abt's 2009 report was the first and to date most extensive review of the characteristics of CWF clients, their participation in services (including whether the services were bundled) and the outcomes achieved. As mentioned above, the analysis of three CWF sites concluded that clients in bundled services were three to four times more likely than "non-bundlers" to achieve a major economic outcome (Burnett et al, 2009.).

Recent research by Chapin Hall at the University of Chicago points to considerable gains made between 2004 and 2012 toward resolving some of the chronic challenges facing workforce development agencies, including some LISC-supported CWFs. Echoing Ratliff and Moy's layering of product, organization, and industry, the researchers identified difficulties at three levels.

1. Challenges of getting people connected to services in light of individual motivations and behaviors, the interrelationship between them and ways of influencing them. CWF organizations were called upon to find ways to promote client attachment and organize the flow of services accordingly.
2. Challenges of organizational management to effectively implement basic program technologies, such as client processing, delivery of services, data accumulation and management, performance measurement practices and staff training and management. Sponsoring organizations were challenged to find ways to embed the CWF approach into organizations with an on-going suite of programs, track client outcomes and develop risk-adjusted performance expectations.
3. Challenges of organizational ties to a broader system, especially relationships with employers. Those included dedicated program staff to foster employer engagement, collaboration among workforce programs, partnerships with community organizations, support for promising programs and practices and collective advocacy efforts.

“These nested levels of factors—the individual participant within the program, the program within the organization, and the organization within its external context—are interconnected and, taken, together, influence success” (Weigensberg et al. 2012).

### *Product and Organization-Level Research and Development*

The Chicago experience can best be thought of as an extended period of experimentation, which led to the adoption of optimal methods for steering clients through orientation, intake and referral to services.

First, CWFs and LISC learned how to organize service delivery in such a way as to increase client willingness to participate in the full package of bundled services. Successful delivery of many educational, health and social services depends on the willingness of participants to be actively engaged, sometimes to the point of fundamentally changing their own behavior. Getting one’s financial house in order often requires such behavioral change, which is supported by sticking with financial coaching and employment services. But like people in other types of programs, CWF clients do not always stay long enough to realize meaningful gains.

In Chicago, CWFs discovered fairly quickly that clients responded to the program very differently depending on why they had come for services. Some operating sites were providers of workforce services, including job readiness, training (or referral to training), job placement and support to workers after they obtained employment. Others had an emphasis on financial services of one kind or another, such as housing (including foreclosure-related) counseling, access to public benefits or tax preparation.

As program staff—including LISC program staff—gained experience, a fundamental tension between the “transactional” nature of some short-term client services, such as emergency utility payment assistance, and the deeper relationships involved in financial counseling and credit-building services became apparent. The staff concluded that employment and training services were the best “entry portal,” because clients expect to have to make a serious commitment to be successful, and this longer-term commitment carried over to the full program.

Secondly, LISC and the on-site operating staff learned that creating a Center for Working Families as a stand-alone program, divorced from other activities and requiring separate intake and diagnosis, created inefficiencies that also acted as a barrier to client recruitment and sustained engagement in the program. A better approach was to infuse the CWF services into existing programs, with a single point of entry and immediate referrals to the full services bundle.

Bundling doesn’t happen automatically—it has to be carefully constructed. Each element in the bundle has its own language, program delivery “technologies,” and, sometimes, eligibility requirements. The bundler’s job is to align these elements and provide clients with accessible pathways to services. Even within the same organization, these services are often in their own silos. At every site, staff members spoke about the challenge of enticing clients to participate in financial counseling—even those with employment and training motives. That prompted a shift in approach:

*We start with financial counseling now, because previously, people just wanted to cherry-pick what they needed. Now, anyone that comes in meets with a financial counselor first. All appointments are on the same day. If you need everything at once, then you can get that done.*  
—Livia Villareal, formerly of Greater SW REACH

Third, staff perfected the data protocols and procedures and technology platform used to generate performance information on receipt of services and client outcomes. Early experience with Social Solutions' Efforts to Outcomes (ETO) client management system prompted our staff to identify and fix glitches and develop a proprietary template, called Family Financial Tracking (FFT) to more accurately record outputs and outcomes of the Financial Opportunity Center model. FFT includes the Combined Financial Assessment (CFA), which captures the baseline and periodic updates for a comprehensive range of client financial indicators, including credit score, monthly household budget, assets, and liabilities. The template also uses a methodology developed by Project Match (a nationally acclaimed welfare-to-work services provider and research organization) to record client contact and service delivery points. Together with the operating site staff, LISC/Chicago staff worked out routines for reviewing data quality, assessing site performance based on the recorded outcomes and providing centralized technical assistance.

*Getting people to treat data seriously was big deal: scrutiny of individual staff has gone up, which meant that they felt really squeezed at first. You have to get their buy-in, understanding what the systems mean; what to do to sustain data quality. You need to reinforce the team approach, see that "everyone has a stake" in producing good outcomes information. We used to do "data Fridays" to go over the quality of information;[we] don't have to do that anymore.*  
—Sheryl Morris, Jane Addams Resource Corporation

It is hard to overstate the value of a well-constructed and maintained case management and outcomes tracking system. Information management has become integrally tied to the management of client flow, the day-to-day review of program participation and the assessment of program bundling performance. (Data entry is keyed to critical steps in program delivery.) When individual outcomes are reported back to the client, it becomes part of a feedback loop that encourages continuing changes in client behavior.

Not surprisingly, organizations with entrenched program structures and operating structures had to adapt them to the demands of the CWF model. The Instituto del Progreso Latino described five areas where they had to transform their organization:

- Increase in the number of services areas from just two prior to 2005—job placement and case management—to career coaching and planning, job placement and work skills assessment, financial coaching and asset building, and access to public benefits and other income supports.
- Streamlining physical space and staffing, including consolidation of offices, removal of leadership layers, creation of a single team to deliver services, co-location of staff and services, and cross-training of staff.

- Customer and service delivery, moving from job-seeking clients receiving case-managed individualized services to people with broader financial goals receiving both case management and career coaching through individualized and group services.
- Comprehensive customer service flow, moving from an employment-focused orientation and individual job services to a broader “CWF” orientation with mandatory initial appointments with experts in each area, multiple assessments and development of a master financial plan.
- Outcomes and data tracking, moving from employment outcomes mandated by the federal Workforce Investment Act (WIA) and a fragmented data system to a broader slate of financial outcomes and an integrated data system, with easier staff access to data and reporting.<sup>3</sup>

This initial work in Chicago also validated the flexibility of the model across different types of clientele. For example, both the North Lawndale Employment Network and the Safer Foundation work with ex-offenders. The Instituto del Progreso Latino extended its services to students at the Rudy Lozano Leadership Academy, an alternative high school with many students who are young parents.

#### *Local Industry-Level Research and Development*

The research and development phase in Chicago was critical to the evolution of LISC Chicago’s intermediary role, which then enabled LISC National to offer other program areas a fairly complete package for local adoption. Much of the standardization work discussed above—including program approaches and performance measurement systems—was managed by LISC staff.

Operating sites for the CWFs are embedded within a system of providers of financial, credit-building, and workforce services and their supporters. While LISC staff have found that the core FOC services cannot be outsourced effectively, no single CWF can deliver all of the ancillary services that clients might need. So it’s crucial that the centers forge good working relationships with external parties.

This is all the more important in view of the considerable differences between the services delivered through the CWF model and those available to clients in the mainstream workforce system. This means that important attributes of the system must be redirected to support the CWF approach. At the same time, the uniqueness of the approach in terms of the holistic attention to the needs and capabilities of clients—and the fact that some services offered, like financial coaching, are extremely hard to obtain elsewhere—can be an advantage in generating support, especially as fairly impressive financial outcomes can be demonstrated.

The CWF effort in Chicago benefited from several types of systemic support. Illinois is comparatively generous with employment and training resources. State and local agencies both tend to reward high-performing organizations, which CWFs can generally claim to be. Certain aspects of the WIA system, including contracts with community-based providers, provide a supportive funding environment, as does

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<sup>3</sup>From Instituto del Progreso Latino’s Center for Working Families PowerPoint presentation to the FOC National Meeting in Houston, TX, May 10, 2011.

the City of Chicago’s willingness to use its Community Development Block Grant funds for job placement activities. Chicago is blessed with deep pools of philanthropic funding. Finally, the breadth and diversity of other organizations that supply needed services offered rich opportunities for building referral networks.

*We have linkage agreements with a number of community partners. For example: an agreement with a daycare referral agency in Austin, to which we refer our income-support clients who need childcare, and who then are referred to community providers. In return, we accept referrals from the daycare agency. LISC was helpful in putting us in touch with an agency that deals with client “medical debt” issues; we get technical assistance when needed, and can refer clients to the agency. Another example is an “expungements agency” which does a workshop each month with North Lawndale Employment Network clients who need help in getting their records expunged, with follow-on appointments with clients who want them.*

*—Pauline Sylvain, North Lawndale Employment Network.*

One of the most powerful supports available to CWFs is the presence of an intermediary—LISC— to provide the industry-building supports needed to start, sustain and improve the core model. This means that CWFs are not left on their own to figure out best practices, ensure program quality or generate external support.

As intermediary and national program manager, LISC performs four core functions: providing technical assistance, generating resources, research and development and accountability.

First, LISC Chicago *developed and institutionalized intermediary technical supports that have subsequently been adopted in FOC expansion sites*. One of the most important was the need to supplement direct relationships between LISC program managers and site operators—which cover technical, program management and monitoring assistance—with institutionalized relationships among site operators. Chicago introduced periodic meetings among specialized staff across CWF locations; Employment and training staff, financial coaches and benefits specialists thus could exchange ideas, giving rise to potential solutions that could be tested and adopted system-wide.

Second, Chicago CWFs also exemplify *the importance of institutionalizing “industry-level” external support*. That includes investors and funders, other community organizations, policymakers and regulators and industry intermediaries. LISC played a systemic role here, lining up the institutional support needed to sustain operations after the Casey Foundation’s support ended.

LISC’s deep involvement substantially reduces the costs and risks to external supporters. That is, funders are assured that their grants are backstopped by LISC staff. This puts LISC in good position to play an effective fundraising role. This is especially important in helping sites avoid the gaps created by the departures of older funders and arrival of newer ones. High-quality performance data—e.g., the ability to demonstrate increases in credit scores among clients—has been important in this regard.

As in all cities where LISC operates FOCs, Chicago had a well-established system designed to provide “second-chance” opportunities for people to acquire the skills needed to obtain and retain meaningful

employment. The Chicago workforce system, in fact, encourages the delivery of employment and training services through selected community-based agencies, which is an important condition to the sustainable delivery of the CWF model.

Third, *development was aided by new research on client characteristics and outcomes* made possible by the emphasis on collection of high-quality data.<sup>4</sup> Prevailing ideas about the best ways to respond to client needs were sometimes challenged by the emerging experience of site operators and LISC program staff.

It is important to note that the quality of the model was not limited to issues of organization and data, but extended to basic understandings of why the program works as it does and how clients respond. We learned that an individual or family's economic achievement is a culmination of a series of small victories and changes in habits and behaviors. Reaching a positive net income is a threshold event, after which other positive financial outcomes begin to kick in. For example, when work begins to feel like it "pays," people stay employed longer, providing a critical foundation for lasting financial improvement.

After receiving money from the federal Social Innovation Fund, LISC commissioned an extensive research effort on CWF program outcomes (as required under the SIF grant). Economic Mobility, Inc., a highly-regarded nonprofit employment research firm, is tracking CWF clients from selected sites for 18 months to determine whether their financial outcomes are significantly different from those achieved by One-Stop Career Centers (the main program delivery method in the mainstream workforce system), taking advantage of the maturity of Chicago's CWF cohort. Meanwhile, LISC staff continues to build the core theory underlying the approach, and the model continued to evolve throughout the national rollout phase, as Ratliff and Moy found in their research.

Last but not least comes *accountability, both directly to LISC as program manager and laterally to community partners*. The creation of peer networks among the operating sites allows standards to evolve that staff recognize and hold themselves accountable to. LISC program staff exercise oversight on behalf of the public and private sector funders who have contributed to the work. Additionally there is the role—perhaps unique to the national LISC model—played by community-level partners engaged in comprehensive initiatives in the same area where CWFs are located.

The FOC/CWF initiative in Chicago was lodged within New Communities Program, which called for simultaneous investments in housing, economic development, education, public health, and income and asset development. The NCP calls for robust community-level partnerships among nonprofit organizations, street-level public agencies (including schools) and community leaders, with a *lead agency* that takes primary responsibility for driving the community agenda forward. The partnership rests on an extensive process of community organizing to elicit public support for a common vision for change, which is contained in a "quality-of-life" plan.

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<sup>4</sup>For example, Chang, Charles, Suzanne Wagner, and Toby Herr, *Surprising Diversity in Financial Stability: A Cluster Analysis of Center for Working Families Clients in 12 Low-Income Chicago Communities*. Project Match—Families in Transition Association, September 2010.

Centers for Working Families are housed within community-based nonprofit organizations that are chosen by these NCP partnerships. Thus, they are responsive, at least in part, to the needs and interests of other community partners. They are accountable not just to funders but to peers and, especially, to the lead agency.

Each CWF executes a memorandum of agreement that creates a working group consisting of LISC staff, the lead agency and the operating site. The lead agency can call a meeting, request information, jointly monitor program performance with LISC staff—and request de-funding in instances of non-performance. This is very important to sustaining accountability since LISC is a minority contributor to site operations and thus does not have the leverage available to a major funder. Accountability, therefore, rests in large part on the desire of the site operator to maintain a good reputation in the community, not least among prospective clients.

Certainly, there is more that could be done to build out the program, even in Chicago. Some staff at operating sites would like to see public and private funders ramp up their recognition of successful programs and secure continued funding for high-performing organizations. One suggested that the WIA system should accredit programs like CWFs so that clients will be automatically accepted into that system.

Nor has LISC reached the limit of the supporting role that we could play. Grantees appreciate the delivery of program support “without judgment,” extensive financial coaching training, technical assistance on data cleaning, management and use and LISC’s ability to mobilize “a wonderful group of consultants.” Still, there is always a strong appetite for more sharing of information and “lessons learned” and the development of best practices (such as manuals for delivery of services, etc.). Staff also would like to see continued assistance with performance measurement and the development of new metrics and benchmarks, help with capacity issues as the program expands and help with spreading the word about accomplishments. All of these are indicative of the central role LISC plays as well as the maturity and professionalism of the CWF operating sites.

## **V. Development and Roll-Out/Expansion of the FOC Model**

**Building on the Chicago experience, LISC developed the national framework needed to roll out the FOC program in other sites, confirming the initial lessons and further developing strategies for local industry-building.**

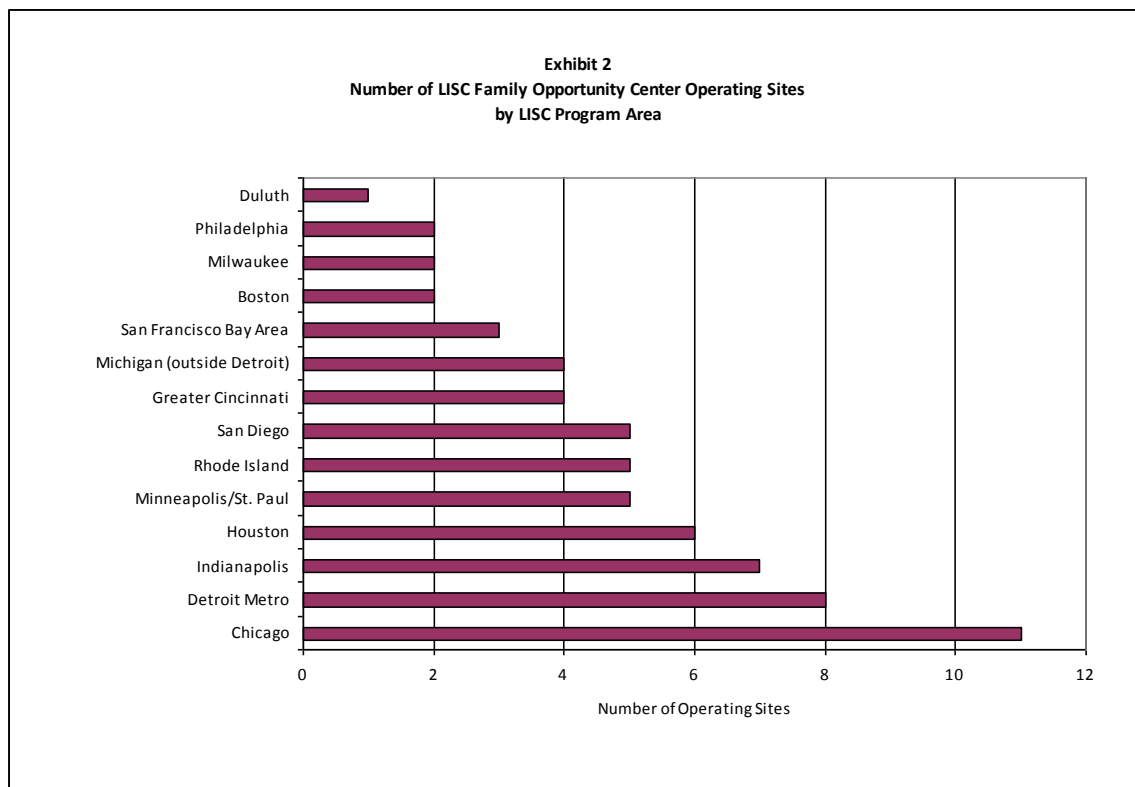
The development phase includes “refinement, standardization and infrastructure-building to support rollout to more sites, with checks on system capacity and integrity across sites. ... Full rollout involves a major expansion into more sites, with continuous evaluation and monitoring to ensure product quality and cost-effectiveness” (Ratliff and Moy).

The FOC scaling effort outside Chicago was supported by national and local funders prior to receipt of the federal SIF award. The expansion process used after SIF involvement built directly on that experience, which was in turn based on the experience with grantee outreach, selection and oversight worked out in Chicago itself. It should be emphasized that this is a continuous process that is always being refined and improved.

## Introduction

The early expansion of FOCs outside of Chicago was supported by \$1.6 million from The Annie E. Casey Foundation, which enabled programs to be started at 23 operating sites in Detroit, the Twin Cities (Minneapolis and St. Paul) and Indianapolis. LISC adopted the basic CWF approach from Chicago, including the structure and techniques used to manage the process locally. Technical support around case management and data management and analysis was supplied by staff in Chicago. The cities were jointly selected by the Casey Foundation and senior LISC management based on previous foundation relationships with them (Indianapolis was a Making Connections<sup>5</sup> city) and LISC assessments of the readiness of local staff to carry out the work.

Just prior to the SIF award, The Citi Foundation provided support for expansion into Houston, San Diego, and Newark. This funding enabled LISC and local partners to go through a planning process and to put the start-up infrastructure in place.



As a result, the SIF expansion could be informed by the experience LISC had already gained. Because the expansion was incremental, LISC staff could provide the technical support needed without becoming overwhelmed and develop a set of best practices that became part of the core model supported by the SIF award. Among these were:

<sup>5</sup> Making Connections was an initiative of the Annie E. Casey Foundation to encourage formation of supportive personal and organizational connections within low-income communities to promote economic advancement.



- Information and guidance on optimal staffing patterns, including organization charts and client flow charts that illustrated the process of integrating services;
- Data entry protocols that were derived from advanced practice across operating sites for baseline data collection, and a strategy for follow-up; and
- Training in financial coaching techniques and methods for incorporating AmeriCorps volunteers in the less-technical work of information gathering and helping to complete forms to obtain the public benefits for which clients were entitled.

The most important early structural innovation was the development of the LISC National Family Income and Wealth Building Program, which enabled LISC to develop and implement a system of program oversight, technical assistance, fundraising and new development. The program director was hired from one of the Casey Foundation's initial CWF operating sites in Baltimore.

It is at this early stage that LISC developed the strategy that was followed throughout SIF-funded expansion. That involved a diagnosis of the willingness and readiness of LISC local staff to support the program as well as the likelihood that local systems would respond. Did they have the infrastructure to support program delivery? Could we find organizations with the leadership and staffing necessary to successfully host an FOC, and were there signs of sufficient local support for the work? These elements—organizational and system capacity—indeed turned out to be the best identifiers for cities and locations that worked well and those that required considerable LISC technical support.

These diagnoses were not made through a formal process; the FOC director had accumulated a fair amount of intelligence on each of the local programs that had expressed interest in being an expansion site. This occurred through phone calls with LISC executive directors, directors and prospective partners, on-site presentations on the FOC model and experience in other locations. Building on that knowledge, the LISC program director could recommend to senior management the cities best positioned to take on SIF-funded FOC operating sites. Throughout, we gained an understanding of our own staffing needs and the importance of devoting a sufficient amount of staff time to managing the program locally, ranging from about one-third of a full-time employee's day to a full day in large cities, like Chicago.

One benefit of the SIF award, beyond providing resources, was that it encouraged us to formalize the expansion process. Following the sub-grantee selection plan approved by the Corporation for National and Community Service (which runs the SIF), LISC established a process to select high-quality operators in each of the SIF-funded cities. This included cities that had already been provided with early support from the Casey Foundation and The Citi Foundation.

### **Social Innovation Fund Sub-Grantee Selection Criteria**

Program management approach, track record and performance management (20 points)  
Process for bundling and delivering three core FOC services (25 points)  
Performance indicators and targets (15 points)  
Target neighborhood, tie to community goals, target population and outreach (15 points)  
Organizational capacity and staff qualifications (10 points)  
Budget (10 points)

Following earlier practice, LISC established a SIF application review process that included both local and senior staff reviewers. This process was highly selective; indeed, several previously funded sites failed to meet the requirements for SIF-funded grants.

Announcement of the SIF sub-grantees initiated an intensive process of LISC national program-building entailing:

- hiring local LISC program managers with the experience and skills needed to manage the program effectively;
- execution of grant agreements with each operating site;
- orientation and training of local site operator and LISC staff through national meetings and direct technical assistance from LISC national staff;
- creation and expansion of the LISC Financial Opportunity Center Resources website, which provides materials on how to set up and operate an FOC, including job descriptions, administrative forms, partner agreements, client flow-chart examples and materials to help program directors, employment specialists, benefits specialists and financial coaches; and
- help with raising local matching dollars and training on federal rules pertaining to the use and reporting of grant monies.

### *Organizational-Level Analysis of Financial Opportunity Centers Throughout Expansion*

As was true in Chicago, the expansion process supported by the Casey Foundation and SIF produced extraordinarily diverse experiences that informed LISC's national and local direction. These lessons have to be learned over the typical one-year period it takes for a new site to ramp up to full program delivery mode. So even though efficiencies were gained from lessons learned in early expansion, the approach nonetheless requires a shakeout period in each city and operating site.

It is worth emphasizing that all sites adopted the core model; this is a requirement of the LISC grants. Sites must provide the full range of services—financial counseling, access to benefits, credit-building, and

employment and training services—and they must be bundled for most clients. Staff must adopt and maintain the high-quality performance measurement system and participate actively in training opportunities and other support activities offered by LISC. Thus it should come as no surprise that the operating sites face many common challenges. To help them, LISC convened FOC National Meetings in 2011 and 2012 that included plenary sessions and breakouts on such topics as client retention strategies, assessing and benchmarking workforce readiness and best practices on using data for management, communications, and sustainability planning.

As was also true in Chicago, the organizations opening an FOC varied widely. The International Rescue Committee (IRC) in San Diego is a refugee resettlement organization. SER Metro in Detroit is a multi-service agency with a strong track record in employment and training programs, as is Southeast Community Services in Indianapolis. Southwest Housing Solutions in Detroit began as an organization that primarily focused on housing and mental health services and subsequently expanded into workforce development. Most had some kind of experience with delivery of employment and training programs, although of varying vintages and types of services. For example, IRC participates in the San Diego Workforce Initiative Towards Careers in Healthcare (SWITCH), a WIA-funded program to prepare people for work in that sector; while Southwest's programs are shaped by their Pathways to Poverty grant for green jobs training.

Our interviews confirmed the importance of dealing with the tension between the transactional and longer-term nature of different services, and the importance of the employment and training “portal.” Regardless of the point of entry, clients often find it difficult to make a sustained commitment to FOC services, making it difficult to provide continuing support. This has led to continuing experimentation within the program as well as organizational changes to adapt to the new philosophy:

*To move toward the FOC concept, we had to change staff, which was difficult in some instances. The community center had previously been offering a kind of Band-Aid approach, where we saw a lot of repeat customers. It was easy to deliver services, but they were ineffective. With staffing changes, and particularly, the hiring of employees with no experience in the established community centers, our staff don't have any problem with the new approach.*

*—Terri Garcia, Southeast Community Services*

For example, many FOCs facilitate job clubs to encourage clients to think of themselves as a community where peers can help and encourage each other. Another way to sustain client contact is through periodic (six-month) reviews of credit reports, which afford staff an opportunity to communicate with clients at set intervals. New financial products, such as the Twin Accounts discussed further below, that help build credit over the course of a year are yet another method. The multi-city network affords the opportunity to experiment with strategies to meet such challenges and to communicate promising practices quickly to other LISC managers and site operators.

As in Chicago, sites have found that the FOC cannot be viewed effectively as a separate program, but should be infused into the range of services provided. Practically, this means that it is better not to “refer” new clients to FOC services, which they can accept or not. Rather, clients should encounter FOC

services upon intake regardless of their reasons for seeking help, with mandatory sessions with financial counselors and benefits specialists.

*Our FOC began as a standalone “program” with referrals from foreclosure counselors. Since then, we’ve learned that client success is best achieved when you integrate—instead of refer—services into established programs with a captive audience. So our services are bundled, but it’s not recognizable to clients that they’re participating in the FOC model.*

*—Libby Palackdharry, Southwest Housing Solutions*

In some instances, this has required difficult organizational adjustments.

*You need buy-in from top management. In Indianapolis, the organizations were much smaller, so this wasn’t that difficult. In Detroit, the operational managers are 2-3 steps down, and senior management are inclined to see FOCs as “just another program”; i.e., not pervasive throughout other programs that the organization operates. To do this differently, the FOC has to be tied into a higher vision of what it can do.*

*—Rodney Benifield, formerly of LISC Detroit*

The value of high-quality performance data is universally acknowledged by local LISC staff and site operators despite the considerable annoyance expressed at times with the cumbersome data entry and extraction process. In fact, the ability to demonstrate speedy improvement in client credit scores and net incomes has proven invaluable in convincing organization executives and staff of the wisdom of integrating FOC services into core program delivery. As required, site operators generally establish regularly scheduled team meetings to review performance data and adjust their programs and processes accordingly. That helps sustain the integrity of the bundled approach—all three services are needed to get the most positive results. This point echoes the early results from research by a team led by Johns Hopkins University, which pointed to the importance of participating in a broader network that encouraged improvements in program design, staff development, and performance management (Nightingale et al. 2010).

*We haven’t really made changes to the model, but we did change the way we delivered services. We work with clients for a longer period of time. After collecting data and accessing the ETO (Efforts to Outcomes) template, we were surprised to find that the bundling numbers were much lower than we thought. We ramped up our referral mechanisms. We went from being a transactional service to applying long-term services (up to 3-year period). We needed to follow-up and build accountability. The data was very revealing.*

*—Jason Jarvinen, International Rescue Committee*

Two basic factors influence the relative performance of operating sites within each local program area: the capacity of the community-based organization selected to operate the program; and the role of LISC program staff, meaning the attention paid to performance data and their willingness and ability to work one-on-one with operating sites to integrate services and use the data effectively. These are the same factors LISC stresses when determining a city’s readiness as an expansion site. But beyond these, flexibility is advised.

*Be flexible. This is a “living model.” Our processes have changed several times because you’re working with a component you never worked with before. You need to integrate it based on participant needs and your specific program. It is a powerful model. You have to make sure it works....It’s best to think about this as an “approach,” not a program.*

*—Veronica Sanchez-Peavey, SER-Metro Detroit*

#### *Critical Local System Supports for Start-up and Expansion*

It is fair to say that although the FOC expansion appears to have worked well at the organizational level, there has not been much effect on the way local systems operate. Each operating site is embedded within a web of employers, employment training providers, public and private funding and public policy that cannot be easily influenced by the national LISC, local LISC staff, site operators or local supporters of SIF-funded activities. Although both the LISC’s track record and the prominence of SIF support has helped induce local support, much remains to be done if we are to create genuine local industries around the FOC concept.

On the fundraising side, the support of LISC and the SIF elevates the profiles of site operators within the local funding community, providing a kind of seal of approval that the organization is doing good work. Funders pay attention to the FOC because it is a tested approach and a national model. But volume is not enough—operators need the right kind of funding:

*Having support for different pieces of the model has been key. The SIF grant has been very flexible—you can use funds across programs. We need support to provide our core support services.*

*—Jason Jarvinen, International Rescue Committee*

The routine use made of performance data has been invaluable for communicating with funders and a marker that FOCs are well-managed. Indeed, FOCs stand in stark contrast to what one study found: “Very few of the models proposed for scaling up have the information necessary to demonstrate to skeptics or agnostics that they constitute best practices or promising practices” (Kohl and Cooley, 25).

Most sites have done well in forging the lateral partnerships they need to deliver good programs. Those include with employers to develop job pathways for clients, aided in some places by shared developer positions across FOCs; with community colleges, which can lead to useful job certifications for clients; and with other community organizations, who may be critical to building political support as well as the referral pathways on which clients rely.

*You have to get buy-in from local leadership; most of the community-based organization directors already have legitimacy in the community; it’s wise to have advance conversations about the change you’re going to make. In Indianapolis GINI [the local community-based comprehensive initiative] helped a lot—Southeast was a part of that. The quality-of-life plan development process was instrumental in surfacing the need for the CWF approach and organizing support for it.*

—Terri Garcia, Southeast Community Services

But the large public sector systems that command the bulk of workforce resources have remained unresponsive, largely due to the relative newness of the model and its small scale in any given site. Consulting reports for the Detroit and Kansas City LISC branches, prepared on behalf of national LISC by the Corporation for a Skilled Workforce, highlighted the challenges facing local program managers and operating sites as they strive to forge links with economic and workforce development agencies and organizations.

Workforce education and training systems have long been fragmented among employers, Workforce Investment Boards, community colleges, regional economic development and workforce partnerships and other organizations. Workforce agencies too often focus on a narrow range of performance indicators, including placements and length of job retention. But employment measures alone are not enough to indicate whether clients have improved their financial well-being and they sometimes mislead. (For example, job placement and short-term retention are narrow, “point-in-time” indicators that do not necessarily provide a comprehensive picture of family financial security: Are the job’s wages sufficient to meet monthly expenses? Is the client moving along a career path, or at least on a trajectory from negative to positive monthly net income? How is the client’s credit score—or lack thereof—impacting their monthly budget and their ability to access fairly-priced mainstream financial products?),(.)

While LISC local directors and staff are not in a position to solve these issues single-handedly, they have worked in some locations to bridge the more critical gaps that affect service delivery to clients and their subsequent employment performance. In Indianapolis and San Diego, LISC executive directors have secured positions on local Workforce Investment Boards. The Indianapolis board set aside approximately \$500,000 in 2011 to support neighborhood-level programs “that connect chronically underemployed and/or unemployed residents to career pathways aligned with growing economic sectors.” LISC staff lobbied the local WIB for 18 months to establish stronger connections between the local One-Stop Career Center system and the neighborhood FOCs.

But relationships with mainstream workforce and public benefit systems are typically indirect. Opinions vary among FOC site staff regarding the wisdom of direct federal funding from WIA; some regard the level of potential support as inadequate to justify the compliance costs they would incur. But for the most part, LISC and FOC operators see value in more extensive WIA support for community-based delivery of services and a shift in WIA’s focus from training to job development, including more partnerships to create employment opportunities, especially in hard-hit cities like Detroit. Some have even suggested integration of the FOC approach into the work of the One Stop Career Centers; for example, incorporating FOC services like financial coaching and income supports access as part of the individual employment plan that customers engaged in WIA’s “intensive services” receive.<sup>6</sup> If performance metrics in the WIA

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<sup>6</sup> One Stop Career Centers offer three progressive tiers of service: “core,” “intensive,” and “training.” Presently, WIA requirements are such that customers cannot access “intensive” services (for example, more in-depth career planning and counseling) without first completing a least one “core” service (such as use of a resource room or light job search and placement assistance) and without determination from the One Stop that the individual cannot obtain employment through the core assistance alone. Local WIBs also have flexibility to set their own additional thresholds for customers seeking access to intensive and training services.

program were expanded, beyond employment to include income, credit, and assets, this would lead to support for the broader range of services provided by FOCs.

Further, there is need to open up mainstream financial systems to lower-income households needing access to services or products that fit their circumstances. There have been efforts by state and local government, bank regulators and the financial industry to help such households open bank accounts, obtain market rate loans and use other banking products, such as LISC's Twin Account credit-building product, further discussed below.

But it may be too soon to expect a systemic adoption of the program model by those not directly supported by LISC. More likely, local expansion will need to build organically from the initial seeding of SIF-funded sites.

If site operators of FOC programs begin to show concrete gains that are dramatically better than under the old model, they gain a citywide reputation for good work. Funders, including public agencies, begin to see the FOC bundled approach as an alternative to the typically mediocre performance of the mainstream workforce system. LISC's expanding partnership with the United Way is a good example of this. LISC's delivery of technical assistance and training to local organizations, with United Way backing, has led to the creation of a body of best practices in those areas that may be poised for replication.

#### *The Intermediary Role in Scaling Innovation*

The local and national role cannot easily be separated. The core intermediary tasks of technical assistance and training, maintaining a regime of accountability, resource mobilization and research and policy development happen at each level.

As we've seen, local and national LISC staff play important roles in organizing the FOC community in each city. Periodic personnel exchanges are sponsored by the local LISC office; national meetings for training and to share learning across sites is handled by the national LISC, as is the technical assistance website, which contains program models, documents, research and other material to support local programs. The national office also documents and disseminates best practices through webinars, national conferences and direct technical assistance.

First, national LISC arranges for direct technical assistance to local sites (and LISC staff) by our own staff or consultants with field experience, including in FOCs; access to coaching and other training; and data management training and technical assistance. LISC has trained employment specialists, financial coaches, and benefits specialists to ensure a high technical quality. Experienced coaches from The CNM Workforce Training Center, an arm of Central New Mexico Community College, have trained program directors and frontline staff in most FOCs in the national network, about 100 people in all.

These efforts have been bolstered by supportive changes in the field as a whole. "Just a few short years ago there were virtually no training programs that provided both financial content and coaching skills. Today, financial coaching is available from numerous organizations" (Collins). And picking up the themes established in the scaling literature, including Ratliff and Moy, Collins points to "at least three challenges

[that] need to be addressed in order for the financial coaching field to successfully expand: a lack of training and infrastructure, the need to change organizational mindsets, and inadequate collection of systematic data to demonstrate effectiveness.” LISC is moving forward on all three of these fronts.

Second, the national and local LISC staffs are critical in encouraging adoption and *effective implementation* of bundling. Where this does not take place, one-on-one technical assistance is tried. But where that fails, de-funding can follow. We have exercised that option three times, in Chicago, San Diego and Indianapolis.

It has proven essential for LISC staff—as an outside agent—to insist upon a fairly high level of accountability, which sometimes cuts against the local cultural grain. In those sites where the effort has not gone as well as we would have liked—bundling is not as prevalent and client counts are relatively low—it is either because the site operator has had problems or the LISC local staff has not been prescriptive enough about the importance of bundling and the value of regular and systematic data and analysis.

Third, and as Ratliff and Moy point out, the need for testing and evaluation never ends. One good example of this is the analysis conducted by Project Match on CWF clients in Chicago. This research identified five distinct client types based on positive financial indicators, negative indicators, indicators of institutional linkages, such as a checking account; and crisis indicators, such as recent eviction or foreclosure. (Chang, Wagner and Herr, 2010.) The five different “financial personalities” suggest an optimal mix of products and services and the types of outcomes a program should expect.

The SIF-funded evaluation of our results in Chicago will help enormously in tracing the FOC outcomes beyond what’s possible with the Efforts to Outcomes performance system alone. A comparison of our clients to an “untreated” group is essential to be able to make convincing statements about the program’s results. As an industry, we are obliged to provide the increasingly demanding evidence of program effectiveness that funders want. Most programs, including ours, are not ready for the experimental research using randomized control trials that the highest level of evidence requires. The Chicago evaluation, however, puts us one step closer.

This research function relates to our policy development role as well as to our role in promoting the model to community-based organizations and funders throughout the United States (the “replication” role as defined by Kohl and Cooley). Policy development also includes new products to complement the services FOCs already provide. For example, selected FOCs in three cities now offer Twin Accounts, the sole purpose of which is to enable clients to establish a track record of timely payments on small, affordable-interest loans that are disbursed into a locked savings account rather than to the borrower. In essence, borrowers are paying themselves back with their monthly loan payments, and can access all funds at the end of the loan term—yet the product reports to credit bureaus as if it were a traditional loan, which helps borrowers build their credit. Additionally, if payments are made on time, the FOC can match the payment amount, a loan payment incentive similar to the savings inducement offered by an Individual Development Account (IDA). Most of the FOCs within the national LISC network have become members of the Credit Builders Alliance (CBA) and get access to credit reports and scores through a relationship with TransUnion that was brokered by CBA. LISC Chicago continues to play a nationally



prominent role in this regard. It has worked closely with CBA to develop an education packet that the coach reviews with the client.

There is a much broader policy development function that LISC and any intermediary must play. In the case of the FOC, the “industry” is not always supportive of the core concepts underpinning the model. For example, many in the field tend to regard household savings as paramount and credit as unambiguously bad. But savings make little sense when basic household expenses can’t be met and credit is essential to obtaining numerous products and services at low cost. This means that there is an industry education task before us, which is very different from the task of educating our own staff and grantees. We must educate the educators, in other words.

As noted, getting the mainstream workforce system on board poses a much bigger challenge. Its goals are narrow—finding and keeping jobs—relative to the more expansive, and arguably more fundamental, goal of helping families become financially stable. Sustained employment is critical to financial well-being, to be sure, but if income from work doesn’t cover expenses, households will borrow and see income diverted to interest payments and away from basic household needs. Poor or non-existent credit forces households into more expensive options for rent and utilities.

Workforce agencies could collect a broader set of financial information if they had the right staffing patterns and client flow protocols. And if they developed performance targets that included these measures, then they would have an incentive to expand the range of program offerings beyond the one-stop, one-size-fits-all model. Programs to encourage creation of Individual Development Accounts (IDAs), such as those supported by the Federal Assets for Independence Act, could incorporate credit-building as is done in the Twin Account program.

Fourth, LISC plays an important role in pooling national and local capital. The Center for Effective Philanthropy has found that the typical foundation helps just 22 percent of its grantees in securing funding from other sources. (“What Do We Mean By Scale?” Page 5) Our experience is very different.

To support the SIF grant, which requires a 1:1 match, LISC secured national funding from five corporations and foundations, including The Citi Foundation (\$2 million over two years), The Walmart Foundation (\$1.5 million over two years), Open Society Institute (\$450,000, one year), The Annie E. Casey Foundation (\$280,000, two years), Bank of America (\$150,000, one year) and USBank (\$100,000, one year). Citi, Bank of America, and OSI had funded LISC in the past, but Walmart and USBank were new. In addition, national funders contributed to support areas where they traditionally work, including the MacArthur Foundation (Chicago), The W.K. Kellogg Foundation (Detroit) and McKnight Foundation (Twin Cities). Together with local funders, the total SIF match amounted to \$8.4 million.

Our intermediary role does not come free but as new sites are added, the marginal cost declines—one of the principal benefits of scaling up. The cost of national and local support to the 64 operating centers comes to about \$700,000 per year, on a total program budget of about \$9 million. This covers about one-third of the cost of a program officer in 12 local programs, a national staff data management and technical assistance provider at 75 percent of full-time, one national grants manager and the program executive director. National LISC was able to add 28 new centers funded by SIF with an increase of 1.25 full-time

equivalents (staff positions). The marginal cost of each new site comes to about \$70,000 per year, ranging from about \$50,000 in Indianapolis to \$75,000 in Chicago.

Finally, it is worth concluding with a comment on the support that *intermediaries* need beyond money. Grantmakers for Effective Organizations sees itself as playing at least two roles: “ongoing convener and conduit between philanthropy and the public agencies involved with the Social Innovation Fund to build effective partnerships between philanthropy and the public sector”; and to “support collaborative learning and action among Social Innovation Fund intermediaries, so they can most effectively invest public and private resources, and so the lessons they learn are translated for the broader field.” (GEO PowerPoint – “How Small Foundations Can Scale What Works,” nd.)

Like any other organization, LISC staff can become focused on the operational details of day-to-day program implementation. By bringing together grantees, people at GEO and the federal programs have been helpful in providing a framework by which we can orient ourselves within the broader social innovation movement. It certainly helps to be involved in conversations around best practices at the national level. Even within our own organization, the national conversation helps to reinforce the importance of performance-driven program management.

## **VI. Major Lessons from the LISC Experience**

**The LISC experience with FOCs demonstrates how critical it is to have an infrastructure to support the scaling up of social innovations, one that is able to set standards for service delivery, measure performance, provide technical assistance and training and develop new ideas in support of continuing operations.**

Ratliff and Moy drew four main lessons from their path-breaking analysis, all of which are confirmed by the LISC scaling experience:

1. “Sharing information on best practices in a field is, in and of itself, insufficient for getting to scale.” Although this is an extremely important role for LISC as national FOC program manager, much of our activity centers on technical support, accountability, research and development and generating resources.
2. “In practice, scale is not possible without some degree of standardization; i.e., consistently delivering a high quality product or service that is uniform across customers.” Granted there must be flexibility across different operating sites, but considerable LISC effort is devoted to defending the integrity of the core FOC model.
3. “No field can go to scale without appropriate infrastructure, and this infrastructure must be consciously invested in and built.” LISC has continued to invest in program delivery processes, protocols and standards; performance measurement systems and their design, maintenance, and use; methods of direct technical assistance and peer learning; and in generating resources.

4. Replication is part of the process, but scale occurs not through fortuitous replication but a deliberate and well-considered rollout. One great value of the SIF grant is that it enabled LISC to formalize a process for program expansion and build the national management structure needed to ensure that it happens in a disciplined way.

The FOC experience offers other lessons for those looking to scale up other social initiatives.

5. It is difficult to underestimate the level of effort required to assemble and maintain high-quality data, even with a standard platform and protocols. LISC has actively managed this part of the FOC approach through direct technical assistance to operating sites, audits of data quality and the incorporation of monitoring information in local and national program management. Without this support, it is highly unlikely that operating sites would be able to maintain and use high-quality performance information.
6. Scaling is an iterative process. The approach is continually improving, even to the point of reaching deeper understandings of the core theory that underpins the program. One implication of this is that the evidence base is never complete.
7. Even tested approaches cannot be dropped into new settings with the expectation that operating sites will become fully functioning within a short period of time. Each new site must to some extent repeat the process of model development that characterized its earliest applications. Of course, with the accumulation of experience, the process is far more efficient than it was in its initial stages and more efficiencies are gained as technical assistance and peer support becomes ever more robust.
8. The goal of sustainability must be understood in relative terms. The FOC model will always rely on subsidy; there is no paying marketplace that will support the provision of these services to lower-income individuals and families. What is reasonable to aspire to is true replication: the incorporation of the FOC approach into the legal and administrative structure of the mainstream workforce system over the long term, outside of the LISC umbrella. In other words, sustainability should be understood in terms of the incorporation of FOC concepts into existing flows of predictable subsidy allocation.

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**Appendix**  
**List of Persons Interviewed**

**LISC Staff**

Kevin Jordan, Senior Vice President for National Programs and former Director, Family Income and Wealth Building Program

Ricki Lowitz, Director, Economic Opportunities, LISC Chicago

Thomas Orr, Senior Program Officer, Indianapolis LISC

Rodney Benifield, former Program Officer, Detroit LISC

Vicky Rodriguez, Program Officer, San Diego LISC

**FOC Program Staff**

Pauline Sylvain, Program Director, Center for Working Families, North Lawndale Employment Network, Chicago

Terri Garcia, Executive Director, Southeast Community Services, Indianapolis

Jason Jarvinen, Financial Opportunity Center Manager, International Rescue Committee, San Diego

Veronica Sanchez-Peavey, Assistant Vice President, SER-Metro Detroit

Libby Palackdharry, Center for Working Families Manager, Southwest Housing Solutions, Detroit

Livia Villareal, former Deputy Director of Counseling Services, Greater Southwest REACH Center, Chicago

Sheryl Morris, Director, Center for Working Families, Jane Addams Resource Corporation