Thank you for joining us for today’s webinar:

LIFT-UP: An Innovative Approach to Municipal Financial Empowerment

The webinar will begin promptly at 12pm CT (1pm ET, 11am MT, 10am PT)
LIFT-UP: An Innovative Approach to Municipal Financial Empowerment

December 15, 2016
12pm-1pm CST
Brought to you by:
Center for Financial Security
at the University of Wisconsin- Madison
LIFT-UP: An Innovative Approach to Municipal Financial Empowerment

- Welcome
- Presentations
  - Introduction to the project
  - Project findings
  - City spotlight
  - Opportunities and resources
- Q & A
- Sign off
Our Presenters

Denise Belser
Program Manager
Economic Opportunity and Financial Empowerment (EOFE)
Institute for Youth, Education and Families
National League of Cities (NLC)

Stephanie Moulton
Associate Professor
The Ohio State University
Research Fellow
Center for Financial Security,
The University of Wisconsin-Madison

Bonnie Ashcroft
Customer Service Section Chief – Collections
Utility Customer Service
Department of Public Works and Engineering
City of Houston
A Framework to Promote Long-Term Family Financial Stability

Denise Belser
Institute for Youth, Education and Families
About NLC: Promoting Family Economic Success

- The National League of Cities (NLC)
  - Working in partnership with state municipal leagues, NLC serves as a resource to, and an advocate for, the more than 19,000 cities, villages, and town it represents

- The Institute for Youth, Education, and Families (YEF Institute)
  - Five core program areas
    - Education and Expanded Learning
    - Youth and Young Adult Connections
    - Economic Opportunity and Financial Empowerment
    - Early Childhood Success
    - Health and Community Wellness
Reconciling the disconnect between municipal debt collection practices and financial empowerment efforts

Why is LIFT-UP needed?

- Declining revenue and stretching city budgets
- Push for more aggressive debt collection methods
- Potential negative impacts on families

Cities addressing families’ financial needs
- Coordinating with financial empowerment providers
- Identifying a mix of intervention programs
- Promoting long-term family financial stability
LIFT-UP Pilot
A Framework to Promote Long-Term Family Financial Stability

LIFT-UP

1. Targeting and Referral Mechanisms
   Customers in delinquency status with a specific payment pattern are identified by utility staff and referred to a financial counselor or coach to restructure the outstanding debt.

2. Financial Empowerment Services
   Customers complete a one-on-one financial counseling meeting to develop a restructured payment plan and address financial issues.

3. Restructured Payment Plans
   The water utility approves the restructured payment plan created by the financial counselor and customer.
Financial Empowerment Services for Delinquent Municipal Utility Customers: Evidence from the National League of Cities’ LIFT-UP Pilot

Presented by: Stephanie Moulton, Phd
Associate Professor, The Ohio State University
Research Fellow, Center for Financial Security, The University of Wisconsin
Research Overview

- Does LIFT-UP improve customer financial stability, as measured by better utility payment outcomes?

- Outcomes measured:
  - Probability of utility shut-off
  - Outstanding balances
  - Payment patterns
  - Avoidable fees

- Research design:
  - Offer LIFT-UP to a (random) subset of eligible utility customers
  - Track outcomes before and after LIFT-UP, and compare the changes in outcomes for those offered LIFT-UP to those not offered LIFT-UP (intent to treat)
  - Evaluate the impact of LIFT-UP for those offered who enrolled in LIFT-UP, using a two stage regression model to estimate the “treatment on the treated” (TOT)
## Variation Prior to LIFT-UP

### Indicators of Delinquency Conditions and Procedures at the LIFT-UP Water Utilities

<table>
<thead>
<tr>
<th></th>
<th>Houston, TX</th>
<th>Louisville, KY</th>
<th>Newark, NJ</th>
<th>Savannah, GA</th>
<th>St. Petersburg, FL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of residential accounts</strong></td>
<td>465,000</td>
<td>244,000</td>
<td>37,000</td>
<td>72,000</td>
<td>70,000</td>
</tr>
<tr>
<td><strong>% of delinquent total accounts</strong></td>
<td>25%</td>
<td>48%</td>
<td>44%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Frequency of billing</strong></td>
<td>Monthly</td>
<td>Bi-monthly</td>
<td>Monthly</td>
<td>Bi-monthly</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Interest or late fees</strong></td>
<td>10% of current balance</td>
<td>5% of accrued balance</td>
<td>1.5% of accrued balance</td>
<td>n/a</td>
<td>$5</td>
</tr>
<tr>
<td><strong>Nonpayment fees</strong></td>
<td>n/a</td>
<td>$25</td>
<td>n/a</td>
<td>n/a</td>
<td>$8</td>
</tr>
<tr>
<td><strong>Shut-off fees</strong></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>$50</td>
<td>$15</td>
</tr>
<tr>
<td><strong>Reactivation fees</strong></td>
<td>$33.02</td>
<td>n/a</td>
<td>$25</td>
<td>n/a</td>
<td>$15</td>
</tr>
</tbody>
</table>
## Variation in LIFT-UP Design

<table>
<thead>
<tr>
<th>LIFT-UP Key Design Characteristics, by City</th>
<th>Houston, TX</th>
<th>Louisville, KY</th>
<th>Newark, NJ</th>
<th>Savannah, GA</th>
<th>St. Petersburg, FL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delinquent balance</strong></td>
<td>$350-1,000</td>
<td>$100 or greater</td>
<td>$300-4,000</td>
<td>$150-500</td>
<td>$50 or greater</td>
</tr>
<tr>
<td><strong>Standard payment plan</strong></td>
<td>Typically 3-6 months, 12 maximum</td>
<td>3-week extensions maximum</td>
<td>4-6 months, 12 maximum</td>
<td>2 months</td>
<td>Typically 3 months, 12 maximum</td>
</tr>
<tr>
<td><strong>LIFT-UP payment plan</strong></td>
<td>6-12 months, 24 months maximum</td>
<td>Up to 12 months</td>
<td>12-24 months</td>
<td>4 months</td>
<td>Up to 24 months</td>
</tr>
<tr>
<td><strong>Approach to FE Services</strong></td>
<td>Motivational class &amp; one on one coaching</td>
<td>Case management and/or credit counseling</td>
<td>One on one coaching</td>
<td>Individual budget counseling</td>
<td>Individual budget counseling</td>
</tr>
<tr>
<td><strong>Provider of FE Services</strong></td>
<td>Utility staff trained as coaches; external class</td>
<td>Louisville Department of Community Services and Apprisen</td>
<td>The United Way</td>
<td>Consumer Credit Counseling Service of Savannah</td>
<td>Neighborhood Home Solutions</td>
</tr>
</tbody>
</table>
3,205 utility customers offered LIFT-UP
306 enrolled (almost 10%)
# Program Completion

## LIFT-UP Completion Rates (as of May 2016)

<table>
<thead>
<tr>
<th></th>
<th>Houston</th>
<th>Louisville</th>
<th>Newark</th>
<th>Savannah</th>
<th>St. Petersburg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Completed LIFT-UP</strong></td>
<td>43.2%</td>
<td>54.5%</td>
<td>1.4%</td>
<td>60.9%</td>
<td>28.9%</td>
</tr>
<tr>
<td><strong>Terminated (e.g., nonpay, move)</strong></td>
<td>40.5%</td>
<td>45.5%</td>
<td>43.1%</td>
<td>39.2%</td>
<td>20.0%</td>
</tr>
<tr>
<td><strong>Still Enrolled</strong></td>
<td>16.2%</td>
<td>0.0%</td>
<td>55.5%</td>
<td>0.0%</td>
<td>51.1%</td>
</tr>
<tr>
<td><strong>Total Number of LIFT-UP Participants</strong></td>
<td>37</td>
<td>20</td>
<td>62</td>
<td>97</td>
<td>90</td>
</tr>
</tbody>
</table>
Results: Houston and Newark

**Significantly lower participant water balances**
- In Houston, $170 lower at 12 months ($374 vs $544)
- In Newark, $300 lower at 8 months ($700 vs $962)

**Changing payment habits**
- Participants making more frequent payments
  - Houston (6, 12 mo.) Newark (3, 6, 8 mo.)

**Probability of shut-off**
- In Houston, small reduction and diminishes over time after 6 months
Results: Newark

Newark, Account Balances Over Time

Baseline | 3 months | 6 months | 8 months | 11 months
---|---|---|---|---
Control $969 | $949 | $804 | $669 | $605
ITT=1 $0 | $200 | $400 | $600 | $1,000
TOT=1 $1,200 | $1,000 | $800 | $600 | $400

Legend:
- Control
- ITT=1
- TOT=1
Results: St. Petersburg

Participants were 53% less likely to experience a service termination during 12 months following program

- Relative to the 12 months prior to beginning LIFT-UP

Had fewer avoidable fees at 3, 6, and 12 months

- Average savings of ~ $100 at 12 months relative to the 12 months prior to starting LIFT-UP

Had higher outstanding balances beginning 3 mo. post-intervention, increasing over time

- Probably due to customized repayment plan allowing for more time to pay back debt
Results: Savannah

- First program to launch
- Highest participant completion rate (61%)
- Probability of Shutoffs
  - Lower for those taking up LIFT-UP relative to all offered
  - BUT- control group much better at baseline; likely not a valid control assignment
Key Takeaways

- Leveraging systems already in place to help struggling residents
  - Unique opportunity for cities to identify residents at risk of financial hardship
    - Targeting consumers where they are, using existing on-ramps
    - City leaders as champions are critical to success
  - From an evaluation perspective, this can be more complicated
    - Less “controlled” setting
    - More variation across implementation sites
    - Administrative data is a “double-edged” sword; on one hand, less intrusive for research participants, and more accurate; on the other hand, places a burden on the administrative data provider to compile and extract data in a usable format
Key Takeaways

- Embrace variation; not a “one-size-fits all” approach
  - Each city has unique residents, unique billing systems and a unique LIFT-UP model
    - Oftentimes, researchers seek “fidelity” to a standard treatment intervention; in this case, there cannot be a standard intervention because the utility system is structured differently in each city
    - A behaviorally informed intervention must match the behaviors incentivized by the system; the coping behaviors that consumers use to make ends meet vary based on the structure of the utility payment system
      - Some cities allow large balances without the risk of shutoff
      - Others shutoff frequently and require customers to make frequent payments to maintain water access
Key Takeaways

- Customize Financial Empowerment Options
  - Different customer needs = different financial empowerment options
  - Creating a triage and referral system

<table>
<thead>
<tr>
<th>Common Financial Challenges Experienced by LIFT-UP Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor Money Management</td>
</tr>
<tr>
<td>• Low to Moderate Income</td>
</tr>
<tr>
<td>• Insufficient emergency savings</td>
</tr>
<tr>
<td>• High consumer debt</td>
</tr>
<tr>
<td>• Income volatility</td>
</tr>
<tr>
<td>Chronically Limited Income</td>
</tr>
<tr>
<td>• Fixed income (retired/disabled persons)</td>
</tr>
<tr>
<td>• Unreliable/reduced wages</td>
</tr>
<tr>
<td>• Working poor</td>
</tr>
<tr>
<td>• Elderly</td>
</tr>
<tr>
<td>Acute Financial Crisis</td>
</tr>
<tr>
<td>• Job Loss</td>
</tr>
<tr>
<td>• Health Issue</td>
</tr>
<tr>
<td>• Loss of spouse (divorce, death)</td>
</tr>
<tr>
<td>• Other sudden, financial shock</td>
</tr>
<tr>
<td>Chronically No Income</td>
</tr>
<tr>
<td>• No documented income</td>
</tr>
<tr>
<td>• Possible physical or mental challenge</td>
</tr>
<tr>
<td>• Possible income from informal/gray market job sector</td>
</tr>
</tbody>
</table>
LIFT-UP Pilot Program

Project Overview

Presented by:
Public Works & Engineering
Resource Management Division
Utility Customer Services Branch (UCS)
TRAINING UTILITY WORKERS

• 6 customer service reps were certified as financial coaches through the Central New Mexico Community College (CNM) Financial Coaching program

CAPITALIZING ON LOCAL NONPROFIT NETWORKS

• More collaboration and inclusion of the local nonprofit network
• Area Church’s utilized
Debt Repayment Plans

• Continued flexibility to current payment options, due to financial validation
• Coach assists when stressors distort financial decision making process
• Coach has option to waive required down payment – Awareness – Hope – Goal
• Continued customer follow up
• Reward for paying on time after completion of program
Participant Screening Process

• Flag Delinquent customers with the following criteria:
  
  – Residential Customers Only
  – Delinquent Customers scheduled for disconnection
  – No Vacant Properties
  – Consecutive arrears for 3+ billing periods
  – Account balance = to or > $350.00 but < $1000.01 account balance
  – Active Water Service Account currently not disconnected
  – Prior broken payment agreements
City Incentives

- No late fees charged to water/sewer accounts.
- No interest charged on account balances.
- Flexible and Long term payment plans.
- Waived minimum down payment for payment agreement of 25%.
- Utilize grant funds for incentive after task completion.
- Quarterly Customer contact with coach.
- Reduce Monthly Water Bill with conservation tips.
- Sign up for Consumption Alert Program.
- W.A.T.E.R. Fund assistance based on age, income and disability.
City Incentives

- Participants Water Accounts had an in depth utility review.
- Prequalified for water fund assistance.
- Exemption status added if available.
- Consumer Tool Kit
Like saving money?

Lower your water bill with a free online tool and water saving tips.

PWE’s online Consumption Awareness Program (CAP’s) can save money by tracking your water use.

Participants were provided with hands on training how to use the UCS web site in the coaching session.
Customer Communication

- Direct phone line set up for customer use
- Office appointments
- Email, Fax, Text
- Reminders sent for upcoming payments and coaching sessions
- Agency introduction
- Coach support

Are you ready to begin your path to financial freedom?
LIFT-UP Opportunities

• LIFT-UP can reduce costs to the city and instability for families
• Implementation requires coordination and integration between city systems
• Restructuring debt requires tradeoffs
• Consider individualized incentives and services to have long-term positive impacts on financial behavior
• Potential for replication and scale
Program Resources

- Available online www.nlc.org
- LIFT-UP Brief
- Evaluation Report:
  - Executive Summary
  - Full Report
- Coming soon!
  - LIFT-UP Video
  - City Blogs
Thank you for joining the Center for Financial Security for today’s webinar:

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Please remember that today’s webinar was recorded and will be posted on our website: cfs.wisc.edu within two business days.

Please contact Hallie Lienhardt with questions:

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608-890-0229