

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



Hallie Lienhardt
Outreach Specialist
Center for Financial Security
University of Wisconsin-Madison

- 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,
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Bonnie Ashcroft
Customer Service Section Chief – Collections
Utility Customer Service
Department of Public Works and Engineering
City of Houston

LIFT-UP



Local Interventions for Financial Empowerment
through Utility Payments

A Framework to Promote Long-Term Family Financial Stability

Denise Belser

Institute for Youth, Education and Families

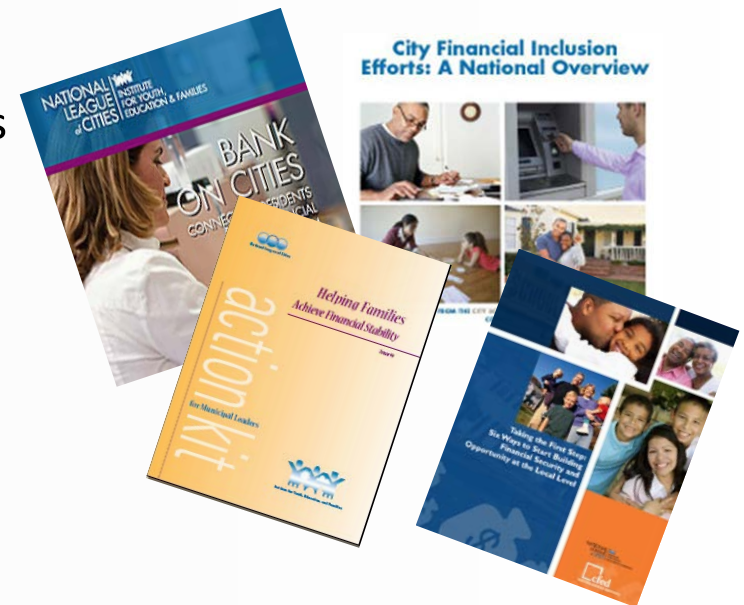


CITIES STRONG TOGETHER

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 towns 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



Why is LIFT-UP needed?

Reconciling the disconnect between municipal debt collection practices and financial empowerment efforts



LIFT-UP Pilot



A Framework to Promote Long-Term Family Financial Stability

LIFT-UP



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

	Houston, TX	Louisville, KY	Newark, NJ	Savannah, GA	St. Petersburg, FL
Number of residential accounts	465,000	244,000	37,000	72,000	70,000
% of delinquent total accounts	25%	48%	44%	30%	20%
Frequency of billing	Monthly	Bi-monthly	Monthly	Bi-monthly	Monthly
Interest or late fees	10% of current balance	5% of accrued balance	1.5% of accrued balance	n/a	\$5
Nonpayment fees	n/a	\$25	n/a	n/a	\$8
Shut-off fees	n/a	n/a	n/a	\$50	\$15
Reactivation fees	\$33.02	n/a	\$25	n/a	\$15

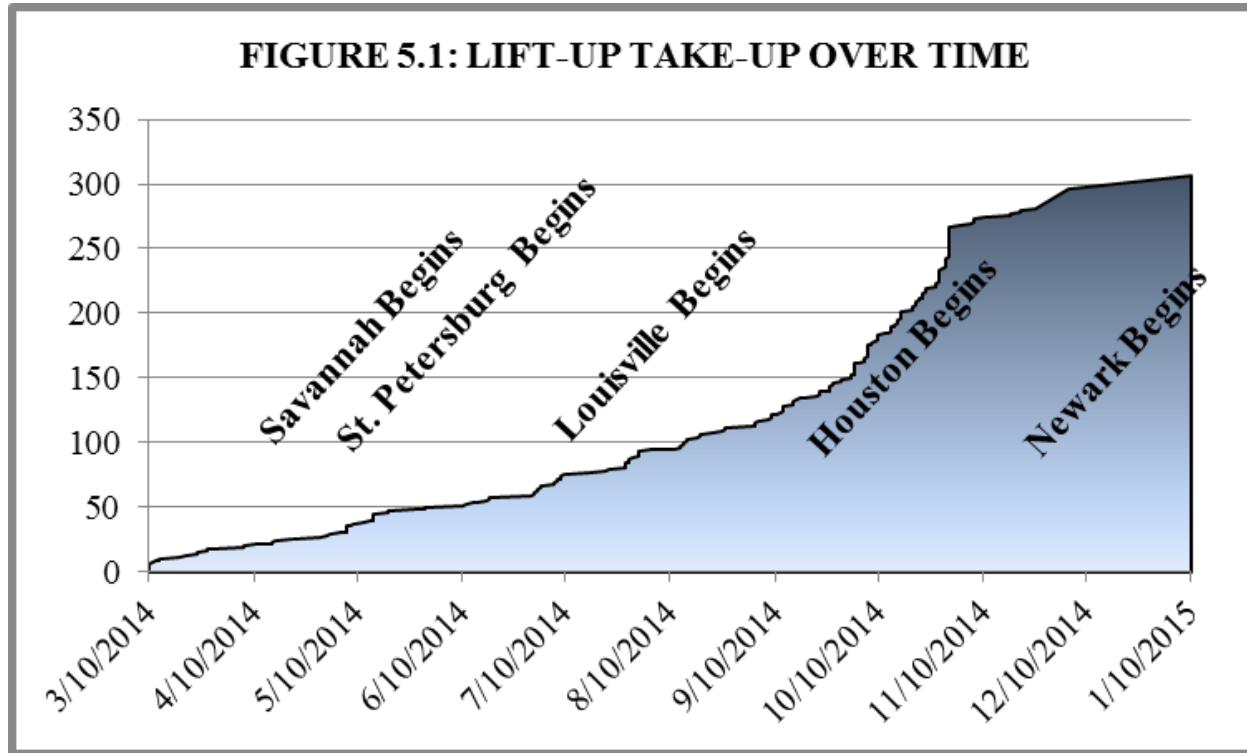


Variation in LIFT-UP Design

LIFT-UP Key Design Characteristics, by City

	Houston, TX	Louisville, KY	Newark, NJ	Savannah, GA	St. Petersburg, FL
Delinquent balance	\$350-1,000	\$100 or greater	\$300-4,000	\$150-500	\$50 or greater
Standard payment plan	Typically 3-6 months, 12 maximum	3-week extensions maximum	4-6 months, 12 maximum	2 months	Typically 3 months, 12 maximum
LIFT-UP payment plan	6-12 months, 24 months maximum	Up to 12 months	12-24 months	4 months	Up to 24 months
Approach to FE Services	Motivational class & one on one coaching	Case management and/or credit counseling	One on one coaching	Individual budget counseling	Individual budget counseling
Provider of FE Services	Utility staff trained as coaches; external class	Louisville Department of Community Services and Apprisen	The United Way	Consumer Credit Counseling Service of Savannah	Neighborhood Home Solutions

Implementation



3,205 utility customers offered LIFT-UP
306 enrolled (almost 10%)

Program Completion

LIFT-UP Completion Rates (as of May 2016)					
	Houston	Louisville	Newark	Savannah	St. Petersburg
Completed LIFT-UP	43.2%	54.5%	1.4%	60.9%	28.9%
Terminated (e.g., nonpay, move)	40.5%	45.5%	43.1%	39.2%	20.0%
Still Enrolled	16.2%	0.0%	55.5%	0.0%	51.1%
Total Number of LIFT-UP Participants	37	20	62	97	90



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.)

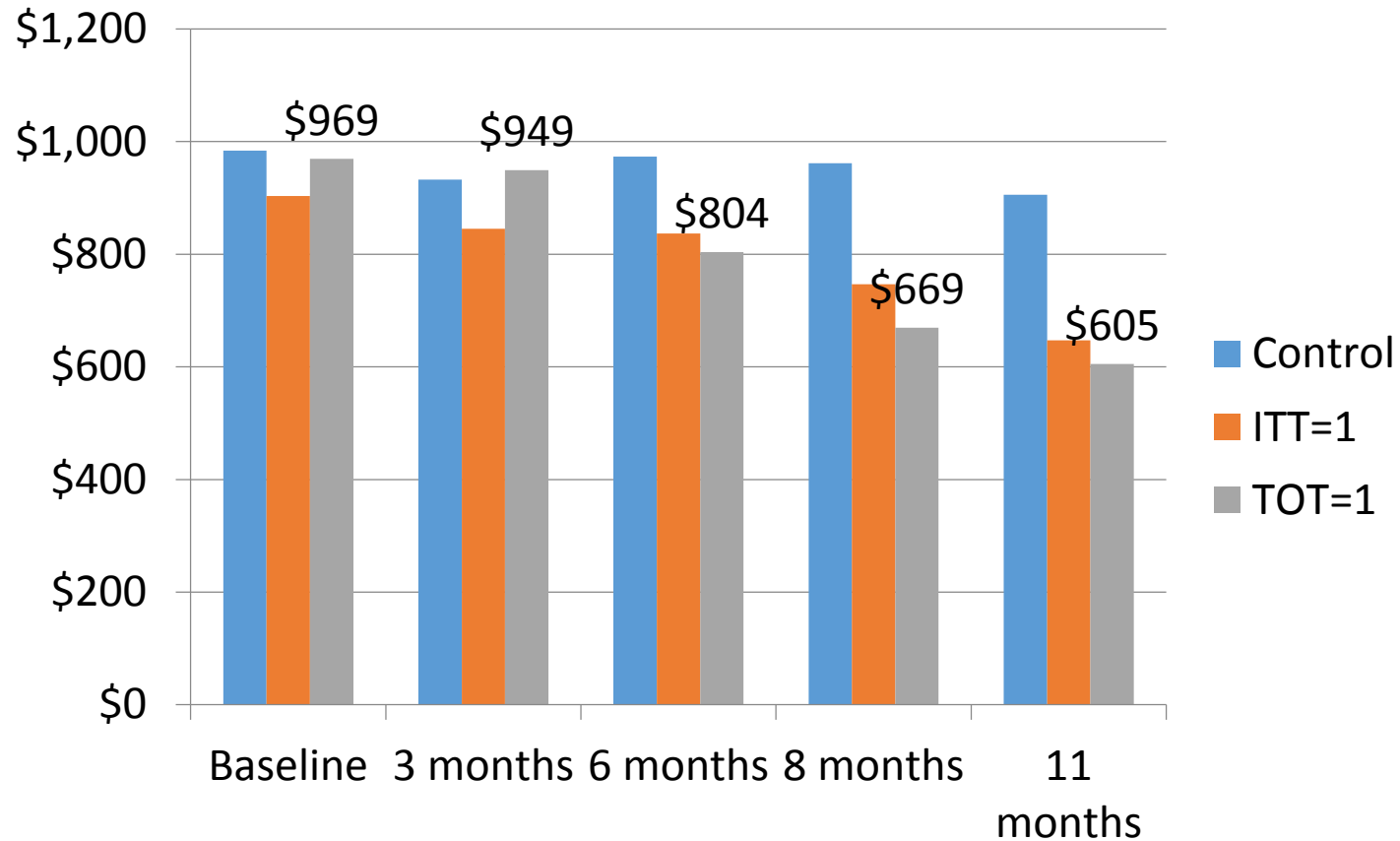
Probability of shut-off

- In Houston, small reduction and diminishes over time after 6 months



Results: Newark

Newark, Account Balances Over Time



Results: St. Petersburg

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

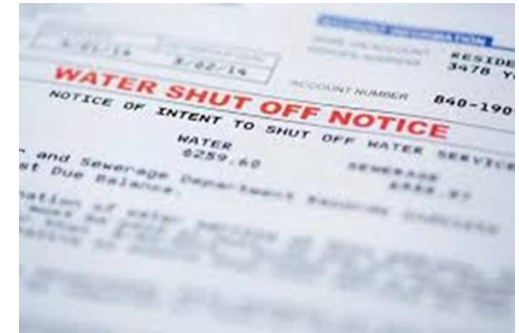
- Relative to the 12 months prior to beginning LIFT-UP

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

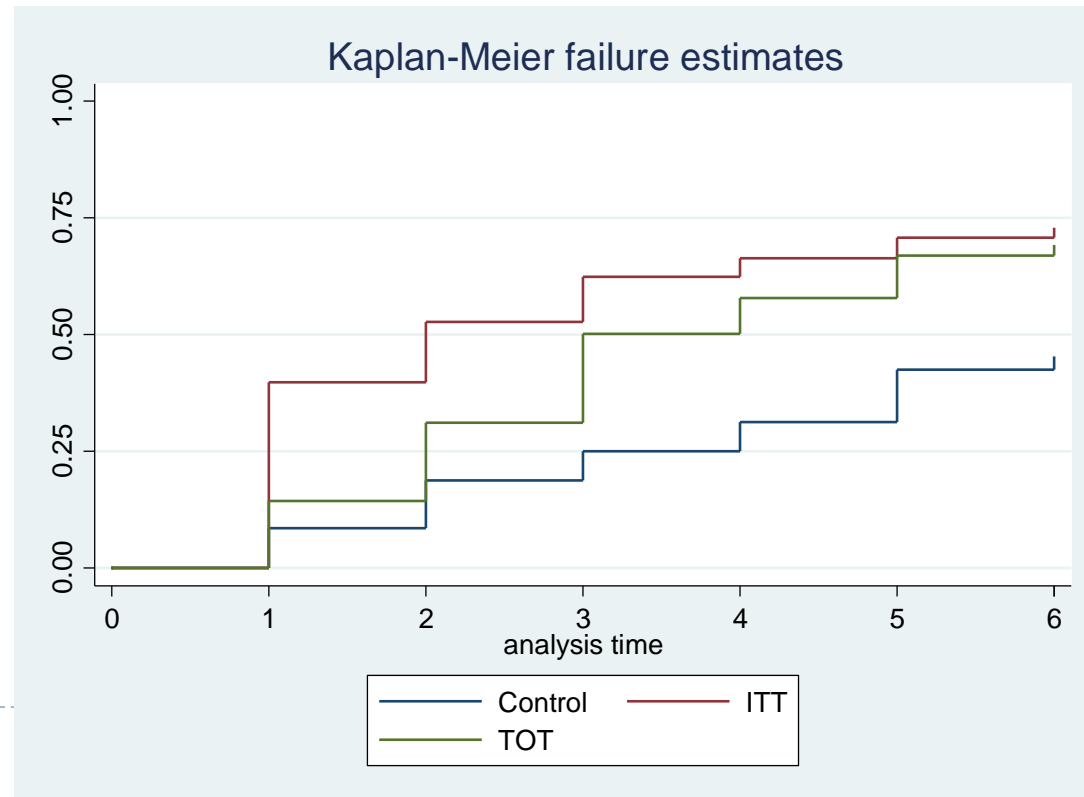
Had *higher* outstanding balances beginning 3 mo. post-intervention, increasing over time

- 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

Common Financial Challenges Experienced by LIFT-UP Customers

Poor Money Management	Chronically Limited Income	Acute Financial Crisis	Chronically No Income
<ul style="list-style-type: none">• Low to Moderate Income• Insufficient emergency savings• High consumer debt• Income volatility	<ul style="list-style-type: none">• Fixed income (retired/ disabled persons)• Unreliable/ reduced wages• Working poor• Elderly	<ul style="list-style-type: none">• Job Loss• Health Issue• Loss of spouse (divorce, death)• Other sudden, financial shock	<ul style="list-style-type: none">• No documented income• Possible physical or mental challenge• Possible income from informal / gray market job sector



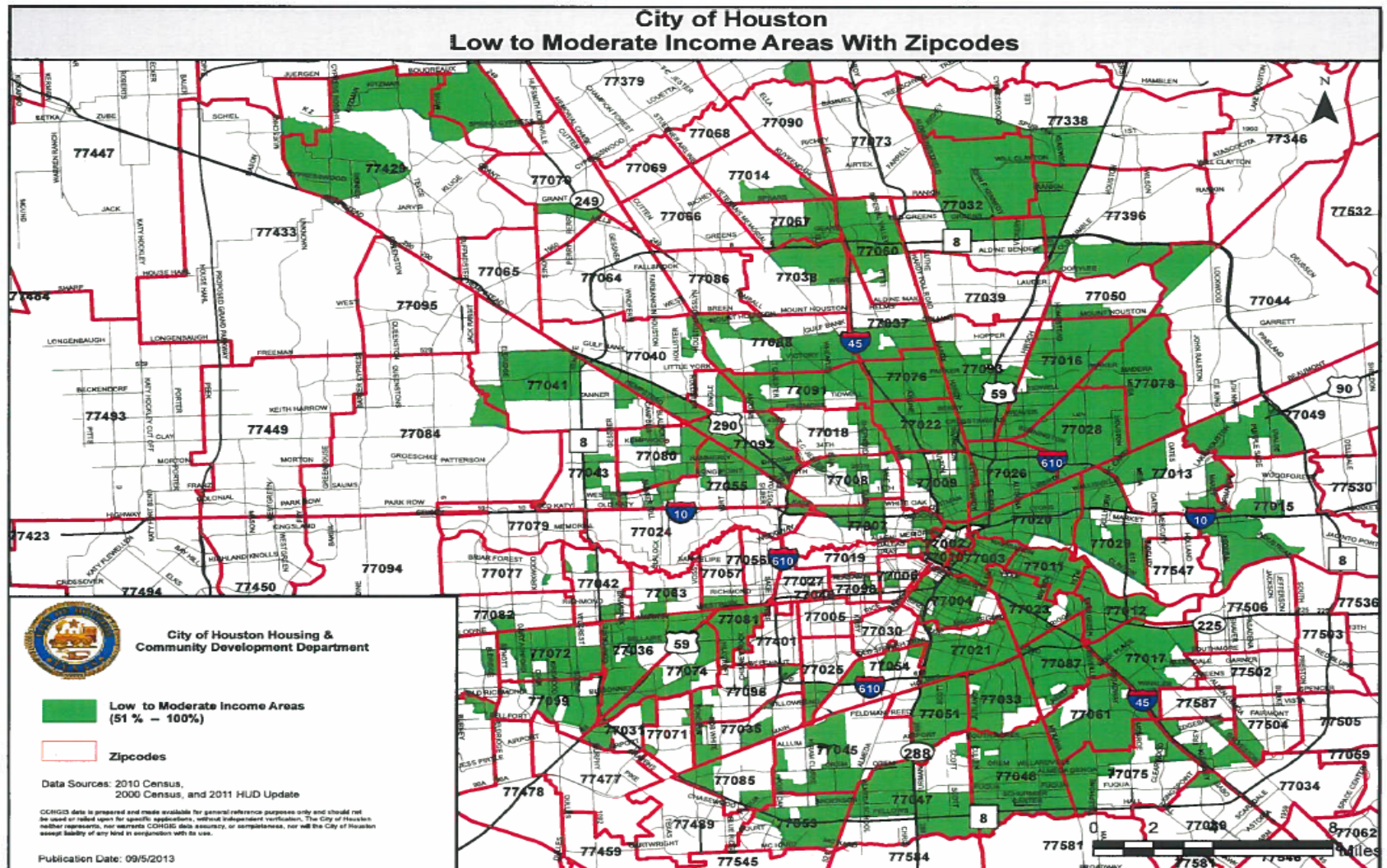
LIFT-UP Pilot Program

Project Overview

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



Project Challenges



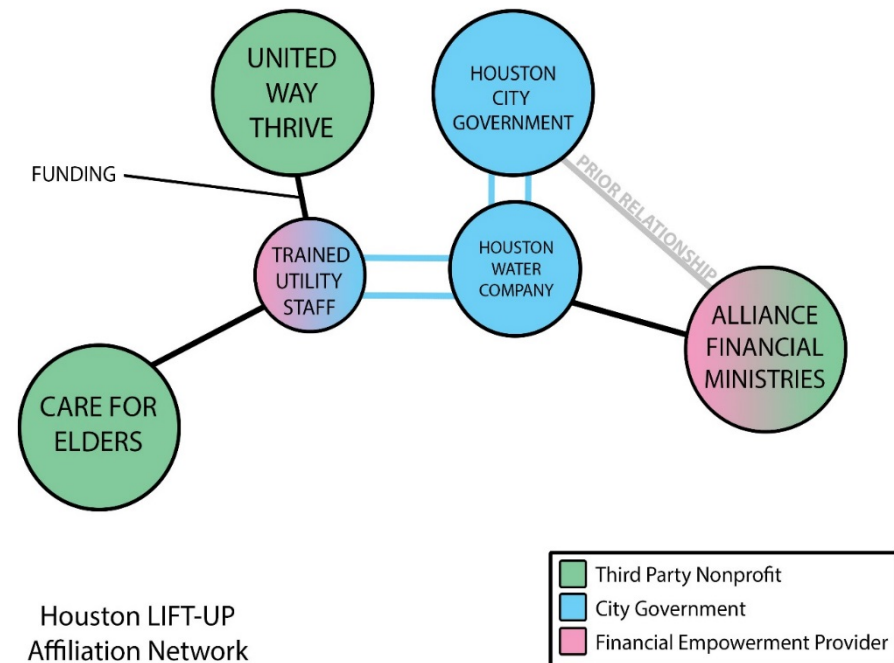
Uniqueness of Houston *Lift-Up*

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





CITY OF HOUSTON
Application for W.A.T.E.R. Fund and Drainage Fund Assistance

_____ I request assistance with my **WATER/WASTEWATER CHARGES**. The W.A.T.E.R. Fund offers assistance to qualified single family residential customers. Payment is limited to a maximum of \$100.00 of assistance in a six (6) consecutive month period, and is dependent on the amount of funds available.

_____ I request assistance with my **DRAINAGE CHARGE**. The Drainage Fund offers assistance to qualified single family residential drainage customers. Payment is limited to a maximum of \$100.00 of assistance in a six (6) consecutive month period, and is dependent on the amount of funds available.

Instructions: Please complete each section below. Indicate N/A if the section does not apply to you.
Return to: W.A.T.E.R. Fund and Drainage Fund
4200 Leeland Houston, TX 77023-3016

Applicant Name: _____ Telephone (Day): _____

Service Address: _____ Telephone (Evening): _____

Social Security Number: _____ Birth Date: _____ Sex: _____ Race: _____

Texas Driver's License or ID: _____ A copy of the current bill(s) must be attached.

Water/Wastewater Account #: _____ Current amount of bill: \$ _____

Drainage Account # _____ Annual Drainage Charge: \$ _____

<i>Low Income Disabled</i>	<i>Senior Citizen (60+)</i>	<i>Other Low Income</i>
(Proof of disability must accompany this application)	(Photo ID must accompany this application)	

Service must be in the name of the applicant. A copy of the birth certificate or Social Security card for each household member must be attached. Proof of total household income must accompany all applications.

Number of people living in the household (including yourself): _____

Are any household members employed by the City of Houston? YES _____ NO _____

NAMES	BIRTHDATE	SOCIAL SECURITY #

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

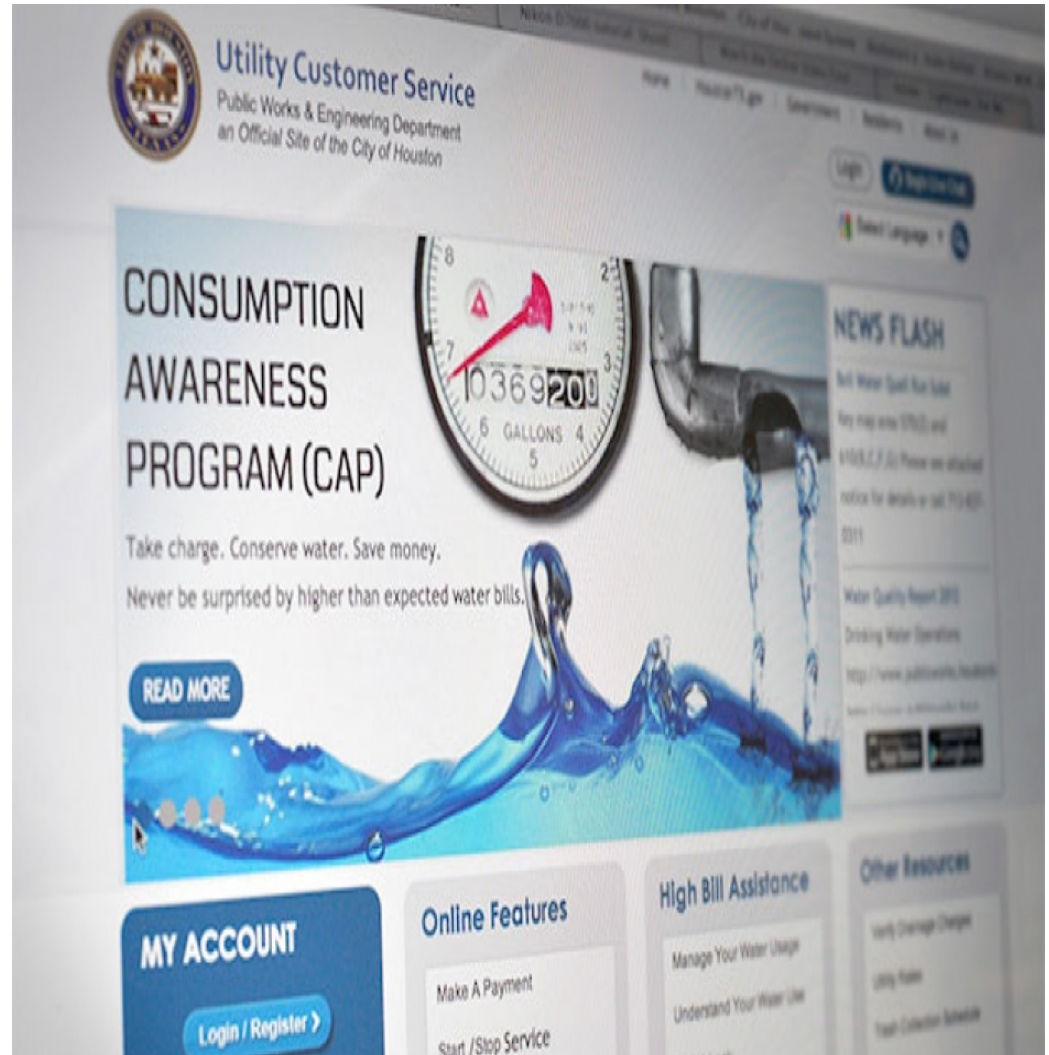
City Incentives

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 up coming 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**




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Implementation and Impact Evaluation of Local Interventions for Financial Empowerment through Utility Payments (LIFT-UP)

Prepared for The National League of Cities Institute for Youth, Education, and Families

Stephanie Mosher*,
Danielle Harlow, The
Olga Kondratyeva, The
Stephanie Casey Perera

Center for Financial Security
National League of Cities

May 2016



Implementation and Impact Evaluation of Local Interventions for Financial Empowerment through Utility Payments (LIFT-UP)

Executive Summary

Prepared for The National League of Cities Institute for Youth, Education, and Families

Stephanie Mosher*,
Danielle Harlow, The
Olga Kondratyeva, The
Stephanie Casey Perera, The Ohio State University

Center for Financial Security
National League of Cities Executive Summary

v 2016

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"we" was made possible
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Q & A



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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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