

# SparkPoint Centers – A New Model for Building Family Self-Sufficiency

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## EXECUTIVE SUMMARY

Financial literacy is important for all individuals regardless of income level. The United Way of the Bay Area has spearheaded an effort to increase financial education for low-income families in an effort to eradicate poverty. It has done so by facilitating the formation of ten Bay Area SparkPoint Centers. The SparkPoint concept was specifically developed in an effort to assist low-income people in gaining access to a full range of services to help them get out of poverty and achieve long-term financial stability. SparkPoint Centers bring together nonprofit and government partners to deliver services that address four goals: 1) increase family income to meet the local self-sufficiency standard; 2) increase credit score to 650 or higher; 3) decrease debt to at least 40% of a family's income; and 4) establish savings that cover at least three months' worth of expenses.

SparkPoint utilizes the one-stop model, which enables clients to take advantage of several services

under one roof, preventing clients from having to waste time and resources seeking services at multiple locations.

Sonoma County Job Link is a one-stop center that provides the public services related to employment and training. Incorporating a financial literacy component into Job Link would address the community's increasing need for individuals to make educated decisions regarding their financial future. Increasingly, financial decisions are being shifted to individuals and away from government and employers. As this trend increases, individuals who lack financial literacy will not be able to choose the right savings or investments for themselves and may even be at risk of fraud. However, individuals who do become financially educated will be more likely to save and prepare for their future, which should have positive effects not only on an individual's financial security but on the general economic growth as well.

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## Introduction

Financial education has always been important. People have always been responsible for managing their own finances on a day-to-day basis. However, the responsibility and risk for financial decisions that have a major impact on an individual's future are increasingly being shifted to individuals and away from government and employers. As this trend increases, individuals who lack financial literacy will not be able to choose the right savings or investments for themselves, and might even be at risk of fraud. But if individuals do become financially educated, they will be more likely to save and prepare for their future, which should have positive effects not only on an individual's financial security but on the general economic growth as well.

How financially literate are we? According to an Organisation for Economic Co-operation and Development (OECD) study on financial education, the level of financial literacy is low in most countries, including developed countries. Further increasing numbers of US high school students fail tests designed to measure their ability to choose and manage a credit card or save for retirement.

## Background

One response to the increasing need for financial education has been the development of SparkPoint Centers throughout the San Francisco Bay Area by the United Way. United Way has been addressing people in financial crises throughout their 85-year

history. Data collected by the United Way show that funding individual nonprofit programs alone is less effective than bringing together a network of partner programs. Leveraging its success with implementing Earn It! Keep It! Save It!, one of the nation's largest free tax assistance programs, United Way expanded its approach of integrating multiple nonprofits into one cohesive organization, resulting in SparkPoint. United Way facilitates the effort of addressing poverty in the Bay Area by bringing together partners from various sectors, including: employers, government, nonprofits, and labor organizations that provide grants to partnerships versus individual nonprofits to create SparkPoint Centers.

SparkPoint strives to maintain core elements that are the same across centers, though no two centers are exactly alike. Each center brings together the most effective nonprofit and government partners in the local region to deliver integrated services as a single entity. All SparkPoint service providers use one system and set of metrics to track clients' progress. Each center has a different lead agency, but all centers operate under one memorandum of understanding (MOU). The MOU for each center outlines the specifics of what services, roles, and responsibilities each partner provides.

Another benefit of having United Way of the Bay Area facilitate community efforts to address poverty is that the organization is able to share best practices and learn from others around the country in the United Way network that also focus on financial

stability. In short, United Way brings together individual programs aligned along a common goal to provide integrated services under one-roof.

SparkPoint also builds on the Annie E. Casey Foundation Center for Working Families, a nationally recognized, best-practice model that has shown great promise for significant community impact. Due to United Way modeling SparkPoint after the Casey Foundation's best practices, the organization increases the potential for successful replication in other regions, and increases the national impact on addressing poverty.

United Way of the Bay Area opened its first SparkPoint office in Oakland in 2008, and to date has expanded to ten Bay Area sites. The SparkPoint concept was specifically developed in an effort to assist low-income people in gaining access to a full range of services to help them get out of poverty and achieve long-term financial stability. SparkPoint Centers bring together nonprofit and government partners to deliver services that address four goals: 1) increase family income to meet the local self-sufficiency standard; 2) increase credit score to 650 or higher; 3) decrease debt to at least 40% of a family's income; and 4) establish savings that covers at least three months' worth of expenses.

SparkPoint utilizes the one-stop model, which enables clients to take advantage of several services under one roof and prevents clients from having to waste time and resources in seeking services at multiple locations. SparkPoint Centers services include: credit and money management; benefits enrollment (i.e. public assistance); access to pre-paid debit cards; Individual Development Accounts (savings accounts that receive matching contributions to be used for starting a business, buying a home, or going back to school); first time home-buyer assistance; free income tax assistance; housing and medical assistance; job training and placement; and violence prevention and counseling.

Another benefit of providing financial literacy services to clients under the umbrella of United Way's SparkPoint is access to their wealth of experience and broad, encompassing dataset. SparkPoint

clients are urged to utilize two or more services (referred to as bundled services) to more effectively reach their financial goals. Clients who used more than one service were three times more successful in achieving their financial goals than clients who used only one. These outcomes mirror those of the Annie E. Casey Foundation, further supporting the efficacy of this practice.

At SparkPoint, clients work with a coach who helps create a step-by-step plan to set and achieve personal financial goals. Because changes in behavior happen over time, SparkPoint coaches commit to working with clients for up to three years to achieve their financial goals, enabling low-income people to access a full range of services to help them get out of poverty and achieve long-term financial stability.

### **SparkPoint East Contra Costa-Bay Point**

The SparkPoint East Contra Costa-Bay Point office opened in May 2011. It is located in the Ambrose Recreation Center, which also houses the CalWorks office and Bay Point Works Career Center. This is significant because the onsite one-stop partners enable clients to access many services under one roof—specifically public assistance, and employment and training services). The lead agency is the Contra Costa Employment and Human Services Department, the first SparkPoint Center led by a government agency. Their specific network of partners and services offered are as follows:

**Brighter Beginnings** – A family-strengthening organization that provides financial coaching and credit counseling.

**Bay Area Legal** – Provides access to legal services to ensure that the area's residents living in poverty understand and assert their rights to create stability for themselves and their families. They also provide public benefits advocacy and debtor's rights education.

**Community Housing Development** – Provides credit counseling, Individual Development Accounts, and first-time homebuyer assistance.

**Contra Costa Employment and Human Services Department** – Provides benefits and case management.

**First Five** – Provides the center's financial workshops.

**Opportunity Junction** – Provides Workforce Investment Act services and career counseling.

**Stride Center** – Provides A+ Computer Repair Training.

**STAND!** – Provides counseling and resources for crime victims and families in crises, and encourages violence free families.

The Bay Point SparkPoint Center is visited by 500 individual clients per year. Their services are broken up into three categories: Financial Services, Benefits/Income Support, and Workforce/Employment services. Partners that provide Financial Services include Community Housing Development and Brighter Beginnings.

Benefits/Income Support services are initially provided by intake workers. All SparkPoint clients gain access to services through Benefits/Income Support. Clients are screened for services via a welcome form that screens for public assistance/benefit eligibility, as well as their individual financial and debt information. The intake workers review the form with the customer, assisting them with applying for all public assistance for which they are eligible. The intake workers also discuss all services available within SparkPoint, and set up appointments with partner organizations. To incentivize customers utilizing more than one service within SparkPoint, the intake worker develops a plan for success that includes various appointments with partner agencies. When the initial steps are complete, clients receive gift cards and are entered into drawings for prizes.

In order to measure performance in a uniform way, SparkPoint partners adopted a universal performance matrix. The information is recorded by all

partners, who enter data into one central database, Efforts to Outcomes.

To further facilitate integrated services, appointments with partner agencies are not referred to as "referrals." There is a central calendaring system used by all SparkPoint partners. This central calendaring system enables partner agencies to seamlessly schedule a client with another partner without the added burden of a referral process. As a result, the number of clients who have only one or few contacts with the One-Stop has greatly decreased.

Clients request SparkPoint's financial literacy services most frequently from one of the other partner agencies. Of the participants that come into SparkPoint, 50% are looking for work and 50% are seeking assistance with credit/debt issues. The median disposable income of a SparkPoint client is -\$46.00, further supporting the claim that financial literacy services are needed across all income levels.

### Obstacles to Overcome

The biggest challenge that the Bay-Point SparkPoint Center experiences is for staff to think holistically. Though management and executives of the various partner agencies have bought into the SparkPoint one-stop concept, it is more difficult to infuse down to the line staff level. This challenge seems to be precipitated by each partner agency having its own mission and performance goals independent of SparkPoint's. An example is the Workforce Investment Act program that is administered by the non-profit Opportunity Junction. The caseworker, Paola Lara, is located at the SparkPoint office full-time; however, she is responsible for providing services for three different programs, SparkPoint, the Workforce Investment Act, and the intensive training program provided by Opportunity Junction. As a result, she must enter data that is often duplicative into three different databases. Balancing the competing priorities of providing customer service while performing administrative tasks proves to be a big challenge.

In addition, the overarching mission of SparkPoint in addressing the four core financial goals of

increasing income and credit scores, decreasing debt, and establishing savings can prove frustrating for clients. Typically, clients are only interested in participating in activities that lead to success with regard to whatever the issue was that brought them into the office in the first place (e.g. applying for food stamps, job search activities, et cetera). Having staff continually ask about progress on the other activities can feel harassing for the clients, and frustrating for the staff having to offer unwanted services.

### **Recommendation for Sonoma County**

Sonoma County should create a comprehensive plan to address financial education for both SonomaWORKs and Job Link Clients. This plan would include intensive financial education workshops followed by ongoing case management for participants, providing them with the needed support to increase their success in achieving financial independence.

Given that financial education is important for all, it is critical to incorporate these services into Sonoma County's one-stop, Job Link. There is a misconception that only low-income individuals need financial literacy education. When the recession hit in 2008, Job Link had many clients who made six-figure incomes that, when laid-off by their employers, were one month away from financial ruin. According to Job Link Financial Manager David Ramsey, managing personal finance is 80% percent behavior and only 20% head knowledge. This leads me to believe that the greatest impact for success in creating financial stability with our clients would be client case management via a money coach who provides helpful advice on how to achieve financial goals. This would provide support for our clients and increase their chance for success in changing their behavior.

### **Proposed Action Steps:**

- Expand existing curriculum offered by Goodwill Industries, Santa Rosa Junior College, and Legal Aid on behalf of SonomaWORKs to include Job Link participants.
- Utilize existing expertise regarding financial education within the organization to develop curriculum and provide education for County Employment & Training Counselors. This would provide staff with common knowledge and vocabulary with which to communicate with clients who have the goal of becoming financially literate.
- Train Employment & Training Counselors to provide financial support for clients who are participating in financial education within the existing case management model.

The financial impact to the department is likely to be minimal, if the above action steps were implemented.

Since Sonoma County has an existing one-stop with strong partnerships, having United Way provide oversight would be unnecessary. By implementing the above plan, we could increase Sonoma County's client success for financial independence would be increased.

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