BRIDGING BARRIERS

with Embedded Financial Coaching

A Toolkit for Workforce Development Programs

An integration project of Prosperity Gateways

Landscape Scan

Integrating financial coaching into workforce development programs

Prosper Canada

Landscape Scan

The integration of financial coaching into employment services is a strategic initiative aimed at enhancing financial knowledge and employment outcomes for participants.

Introduction

This landscape scan explores the current barriers, strategies for effective integration, and key performance indicators (KPIs) for measuring success. By examining successful frameworks from the USA and initiatives specific to Canada, this report provides comprehensive insights and recommendations for developing and implementing financial coaching programs.

The growing interest in financial coaching within employment services is driven by the recognition that financial stability is crucial for sustained employment. Financial coaching provides individuals with the tools and knowledge to manage their finances effectively, set and achieve financial goals, and navigate financial challenges. By integrating financial coaching into employment services, participants can gain a holistic support system that addresses both their employment and financial needs.

Methodology

A comprehensive research approach was adopted, including a scan of academic and grey literature to gather relevant information. The findings informed the development of core research questions posed to members of an Ontario-focused Community of Practice (COP) described below, and subject matter experts (SMEs). Data sources included grey and white literature on program services integration, input from COP members (EBO Financial Education Centre, BuildingUp, West Neighbourhood House), and interviews with representatives from organizations such as the Urban Institute and Local Initiatives Support Corporation (LISC).

The methodology also included case studies of successful programs in the USA. These case studies provided real-world examples of how financial coaching can be integrated into employment services, the challenges faced, and the outcomes achieved. By comparing different models and approaches, the research was able to identify common elements of success and areas for improvement.

Successful USA Frameworks

To address the challenges of integrating financial coaching into employment services, two standout examples from the United States, SparkPoint and Local Initiatives Support Corporation (LISC), offer valuable insights.

These frameworks were selected for their proven approaches to overcoming integration barriers and fostering long-term success in financial empowerment and employment outcomes.

SparkPoint has been at the forefront of this work, utilizing a holistic model that co-locates multiple services, including employment and financial coaching. By bundling these services together, SparkPoint has created a seamless experience for participants, addressing their diverse needs in a coordinated way. Their long-standing experience highlights the benefits of this comprehensive approach, making them a prime example of successful integration.

On the other hand, **LISC** takes an investment-driven approach to readiness. They dedicate months to preparing employment service agencies and systems for integrated service delivery. By focusing on building an understanding of this model and evaluating agency readiness, LISC ensures that those with the greatest commitment and preparedness advance to their specialized academy. This readiness-based approach ensures that agencies are equipped to maximize the benefits of financial coaching alongside employment services.

These two frameworks illustrate different but equally effective methods of overcoming integration challenges, providing models that others can adapt to their own contexts.

One of the key strengths of the SparkPoint and LISC models is their emphasis on long-term commitment and personalized coaching. By providing participants with ongoing support and tailored advice, these programs help individuals make lasting changes in their financial behaviors and achieve sustainable improvements in their financial and employment outcomes.

Sparkpoint

Based in the Bay Area, San Francisco, the United Way-funded **SparkPoint Centers** have brought together the region's most effective programs to deliver integrated services. Key services include improving credit, increasing income, and building assets. The integrated service delivery simplifies navigation for participants and provides personalized coaching with a long-term commitment (United Way Bay Area, 2024). The SparkPoint model has demonstrated significant success in helping participants achieve financial stability and improve their employment outcomes.

LISC

The **LISC Financial Opportunity Centers** (FOCs) model focuses on integrating financial coaching with employment services to improve financial stability and job readiness for participants (Dietz et al., 2016). The LISC Implementation Academy trains organizations in implementing the FOC model, enhancing skills in financial coaching and client management, and understanding best practices in employment services and income support (LISC, 2024). The FOC model emphasizes a comprehensive approach to service delivery, integrating financial coaching with employment services to support participants in achieving financial and employment stability.

Barriers to Financial Coaching Integration

Service providers often face significant barriers due to limitations in resources, system integration issues, and institutional resistance.

Resource limitations include shortages of qualified financial coaches, insufficient funding for program support, and a lack of technological resources necessary for efficient service delivery (Prosper Canada, Financial Coach Interviews, 2024). These limitations restrict the scalability and reach of financial coaching programs within employment services.

Additionally, system integration issues involve challenges in integrating financial coaching within existing employment services systems (Prosper Canada, SME Interviews, 2024).

Participants face barriers in enrolling and staying engaged in financial coaching programs, and due to many factors, it may be difficult for potential participants to recognize the value of financial coaching. Additionally, if participants already face challenges in accessing employment services, technological and socio-economic barriers may further prevent them from accessing financial coaching services. Factors such as varying levels of participant motivation and immediate needs overshadowing long-term financial goals can also impede engagement.

Another significant barrier is the lack of awareness and understanding of financial coaching among potential participants. Many individuals are unfamiliar with what financial coaching entails and how it can benefit them.

This lack of awareness can lead to low enrollment and engagement rates. To address this, programs need to invest in outreach and education efforts to inform and demonstrate to participants the benefits of financial coaching and how it can help them achieve their financial and employment goals and specific tangible effects on their savings or debt (Prosper Canada, Financial Coach Manager Interviews, 2024).

Enhancing Financial Coaching Integration

To enhance the integration of financial coaching into employment services, it is crucial to adopt a multi-faceted approach that addresses the various barriers and challenges faced by both service providers and participants.

Collaborating with local non-profits, educational institutions, and financial institutions can help organizations share resources and extend their reach (Prosper Canada, Financial Coach Manager Interviews, 2024). This collaboration can include exchanging financial education materials, training modules, and data and research findings. Implementing specialized software and data-sharing agreements can also enhance program effectiveness. For example, case management systems and financial planning tools can help streamline operations and improve data management, making it easier to track participant progress and measure program outcomes.

Staff cross-training can further enhance integration by enabling employment service staff to offer basic financial information and recognize when to refer clients to specialist financial coaches. Developing customized coaching plans that align with individual participant employment goals and financial situations is another critical strategy (Loomis, 2022). Personalized coaching plans can increase the relevance and immediate utility of financial coaching, helping participants see the direct benefits of the program. Outreach with communities can also enhance participant trust and familiarity with the program, making it more likely that they will enroll and stay engaged.

Regular feedback sessions with participants are essential for gauging satisfaction and gathering insights for program improvement. These sessions can help organizations adapt their programs to better meet participant needs and resolve any issues promptly, supporting sustained engagement. For example, BuildingUp implemented regular community workshops and personalized follow-up sessions, which significantly improved participant retention and engagement rates (Prosper Canada, Financial Coaches Interviews, 2024).

Adopting a holistic approach that considers the various aspects of participants' lives can also enhance integration (Dew et al., 2022). This involves addressing not only financial and employment needs but also other areas such as health, education, and housing.

By providing comprehensive support, programs can help participants overcome multiple barriers and achieve better overall outcomes.

For instance, some programs have partnered with health services to provide participants with access to medical care and mental health support, ensuring a well-rounded approach to their well-being.

Measuring Success in Programs

Effective measurement of program success requires a combination of quantitative and qualitative metrics.

Quantitative metrics such as credit score improvements and job retention rates provide measurable indicators of program impact. Qualitative metrics such as participant feedback and case studies offer deeper insights into the personal experiences and outcomes of participants (Prosper Canada, Financial Manager Interviews, 2024). Combining these metrics provides a comprehensive understanding of program effectiveness and areas for improvement (Prosper Canada, SME Interviews, 2024). Key performance indicators (KPIs) for integrated financial coaching programs include improvements in financial metrics (credit score, debt management, increased savings), employment-related outcomes (job retention, wage increases), and participant engagement (level of engagement, feedback). Additionally, incorporating a financial health score from one of the many existing scales offers a more comprehensive view, going beyond traditional outputs like credit scores, savings, and wages.

This allows for assessing whether participants have reduced financial volatility and stress, providing deeper insight into their overall financial well-being.

Synergy between financial coaching and employment services enhances both financial literacy and job readiness, contributing to overall program success (Treskon et al., 2021). An opt-out model for data collection results in higher participation rates and ease of data collection, while an opt-in model often results in lower participation rates but respects individual autonomy and privacy (SME Interviews, 2024). Balancing these approaches is essential for effective program evaluation and participant engagement. The choice between an opt-in or opt-out model depends on more than just privacy and autonomy; it also hinges on the priorities of the entity funding the program. Some funders trust that integrating financial coaching is beneficial, regardless of whether participants explicitly confirm this, while others require data-driven justification that their investment is making a measurable impact. For example, some programs have fully integrated financial coaching and indicator tracking into their program design, explaining during intake or orientation that it is a key part of the overall learning experience. Opting out of financial coaching can be framed as similar to opting out of learning essential skills like time management or teamwork—critical competencies that directly influence success in both personal and professional settings. This integrated approach, much like an opt-out model for data collection, not only increases participation rates but also ensures more comprehensive data, ultimately providing a clearer and more accurate picture of the program's overall impact.

Conclusion

The integration of financial coaching into employment services represents a powerful strategy for enhancing both financial and employment outcomes for participants.

This landscape scan identifies critical barriers to effective integration, such as resource limitations, system integration challenges, and the need for greater awareness and motivation among participants. By leveraging successful frameworks from the USA, like the SparkPoint Centers and LISC Financial Opportunity Centers, and applying lessons learned from Canadian initiatives, organizations can develop comprehensive and sustainable financial coaching programs. However, it's important to acknowledge that Canadian partners are still in a pilot phase, refining the best program design and making the case for continued support. Unlike the U.S., where models have had 25 years to build the necessary capacity and infrastructure, Canada is in the process of building this foundation.

U.S. models tend to embed financial coaching within workforce development programs.

In contrast, the funders behind our COP in Ontario have provided financial coaching programs with funds to hire full-time staff, hoping employment programs will opt in to offer free financial coaching to their participants. The challenge lies in the fact that employment programs, despite recognizing the benefits of financial coaching, often lack incentives to integrate these services beyond their understanding of its importance. While enthusiasm is high, there's no structural motivation for employment programs to prioritize integration, even though coaches and participants alike see clear advantages.

Moreover, it's essential to emphasize how the relationship between financial coaching and workforce training works. Financial knowledge alone does not lead to better financial health if participants don't experience income growth. Similarly, wage increases alone don't translate to financial stability without strategies to manage debt, build credit, and save for emergencies. Reducing financial volatility enables participants to focus better and avoid debilitating financial setbacks, which leads to improved job retention and wage progression. In turn, this positively impacts their long-term financial health.

Lastly, financial coaching offers a relationship-based service model. When financial coaches build trust with participants, they can reconnect beyond the initial job training to provide ongoing support. This long-term relationship is beneficial for participants' financial health and for the program's ability to track outcomes over time.

Key to this success is a multi-faceted approach that includes collaboration with various stakeholders, the implementation of specialized tools, and the development of personalized coaching plans. Regular feedback and a holistic, non-judgmental approach to participant support are essential for sustained engagement and better overall outcomes. Through continuous improvement and dedicated support, financial coaching can significantly contribute to financial stability, job readiness, and wage progression, ultimately strengthening communities and improving lives.

Acknowledgements

This report was made possible through the contributions of subject matter experts, financial coaches, and participants who shared their insights and experiences.

Special thanks to the representatives from the Urban Institute, Local Initiatives Support Corporation (LISC), and Inclusiv for their valuable input. Their contributions have been instrumental in providing a comprehensive understanding of the integration of financial coaching into employment services.

Additionally, the feedback from participants has provided valuable insights into the effectiveness of the programs and areas for improvement. Special thanks also go to the Community of Practice (COP) members (EBO Financial Education Centre, BuildingUp, West Neighbourhood House) for their input and collaboration throughout this project. Their experiences and insights have provided a rich source of information and have been crucial in shaping the findings and recommendations of this report.

For more information

Claire-Hélène Heese-Boutin

Manager, Program Delivery and Integration

c.heeseboutin@prospercanada.com

www.prospercanada.org