Local Initiatives for Financial Empowerment through Utility Payments (LIFT-UP)

Blueprint Outline

Overview

The purpose of this blueprint outline is to help city leaders and staff explore the feasibility of implementation of the Local Interventions for Financial Empowerment through Utility Payments (LIFT-UP) program. LIFT-UP identifies families struggling with debt and connects them to financial empowerment interventions to help them reduce their debt and become more financially secure. The program is based on a two-year pilot project conducted by the National League of Cities (NLC) in five cities and evaluated by the Center for Financial Services at the University of Wisconsin-Madison (CFS-UW). This blueprint provides the key questions city leaders should consider to explore replication options in their communities. More information about the program evaluation can be found on the NLC website.

The outline is divided into four parts: Program Goals; Program Design; Measuring Program Impact; and Other Considerations, each containing key questions for consideration. The Program Design section also offers an opportunity to explore three core elements of the model – targeting residents and new referral mechanisms; restructured payment plans; financial empowerment services; and data outcomes and measurements. This section will help cities assess potential design features and program feasibility in greater detail.

For more information, please contact Denise Belser at belser@nlc.org.

Part I: Program Goals

1. **What is the key challenge or ‘big picture’ impact you are trying to address through LIFT-UP (e.g. my city wants to improve financial stability for residents)?**
   i. Which city service(s) or agency(ies) does your city want to focus on that collects payments from residents and imposes fines or fees (e.g., city-owned utilities, public hospitals, city courts)?
   ii. What is the scope of the issue LIFT-UP is intended to resolve and how is this debt negatively impacting the city and its residents?
   iii. How invested are city leaders in solving the issue listed above for residents?

2. **What specific outcomes do you hope to achieve through LIFT-UP (e.g. my city wants to reduce delinquency rates on water bills, reduce resident debt, reduce frequent shutoffs, etc.). What does success look like to you?**

3. **What other outputs would you like to track (e.g. my city hopes to serve # more residents with financial empowerment services through LIFT-UP)?**
LIFT-UP
Local Interventions for Financial Empowerment through Utility Payments

Targeting and Referral
Municipal utility identifies customers in delinquency status and at risk of shut-off and refers them to a financial empowerment provider to restructure the debt.

Financial Counseling
A financial counselor works with each customer to address their financial concerns and refers them to other supportive services as needed.

Restructured Payment Plan
The financial counselor and customer determine a realistic and customized restructured payment plan (RPP), which the utility reviews and approves.

Incentives & Ongoing Contact
The city offers incentives to encourage customer to make on-time payments towards the RPP and maintains contact with the customer throughout the process.

Program Completion
Customer makes payments toward the RPP, completes the program and is no longer delinquent.

Win-win for cities and residents
Customer has stronger financial skills and ongoing connections to financial empowerment services. The city recoups lost revenue and reduces shut-off and collection costs.
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Part II: Program Design

A) New Targeting and Referral Mechanisms

1. What population do you intend to target for a LIFT-UP intervention?
   i. How will you determine eligibility criteria (e.g.: exclude residents with no income, require participants to have low incomes, require participants to have less than a particular amount of savings)? Consider household income or asset based criteria.
   iv. What level of payment arrears is desirable to the city to restructure? What is the ceiling/floor?
   v. What stage in the service termination process is most effective to target (e.g. customers who are at risk of termination)? After termination notice is sent?

2. What processes are currently in place at the agency to assist this target population?
   i. How do families in debt to the agency currently make ends meet? Are there other assistance programs available? What are these existing utility assistance programs and how do customers find out about them? How do customers qualify?
   ii. Does the city partner with any organization to provide financial or other assistance? How will LIFT-UP interact with, compliment or substitute for other types of assistance?

3. What factors are likely to affect the willingness and ability of residents to participate in LIFT-UP?
   i. Getting the word out: How will customers find out about LIFT-UP? Will the agency proactively identify customers once a payment is missed? Will the agency call and/or mail eligible customers? Will the agency publicize the program broadly and wait for customers to opt in? How can behavioral economics play a role in designing effective outreach materials?
   ii. Enrollment: Where and how do residents enroll in LIFT-UP? What steps or hurdles will residents need to go through in order to participate in the program? How easy is it to sign up? Who will enroll participants, and at what location? (consider proximity of location and hours of operation) What documentation will be needed to determine eligibility?
   iii. Triaging: When a resident is not a good candidate for LIFT-UP but is in need of other social or financial services, what other resources and services are available to assist residents (e.g. foreclosure prevention, job placement or training, public benefits, etc.)? Are there other efforts such as water fund programs and charitable resources available to assist residents who are unable to pay their outstanding bill balances?

4. Mapping current processes
   i. Create a diagram to map out the city agency’s existing collection process through a process flow exercise to help you understand how the city currently assists residents and examine what type of data is being collected. A second process flow should be created prior to launching your program to visualize how participants will experience the program and to ensure points of intervention in the process are smooth and clearly defined for participants. The instructions for this exercise are in Appendix A along with a sample LIFT-UP city process flow.
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B) Restructured Payment Plans and Incentives

1. Why would a resident want to participate in LIFT-UP, and what additional incentives may be needed to encourage participation?
   i. How amenable is your city/city agency to exploring flexible payment arrangements?
   ii. Will LIFT-UP prevent participants from losing access to city services (e.g., prevent water shut-off)? How common is loss of access to services for residents in the target population (e.g., is water shut-off frequently)?
   iii. What fees can be forgiven as part of an incentive structure? (E.g. late fees, service termination fees, etc.)
   iv. Could your city consider an option to forgive some portion of the debt as an incentive to make payments?
   v. Are there any other incentives you could consider that are unrelated to the payments, such as gift cards, matched savings accounts or savings bonds?
   vi. At what point or points during the program should incentives be offered (at the start to boost participation, in the middle to prevent drop off, at the end to ensure program completion)?

2. What type of payment plan(s) will be offered to LIFT-UP participants to repay past-due municipal debt?
   i. Do you currently develop payment plans with customers who miss their payments / have outstanding debt?
   ii. How will LIFT-UP payment plans differ from payment plans offered to customers not participating in LIFT-UP?
   iii. What city policies may restrict customized or extended repayment terms?
   iv. What terms can be considered for restructuring debt, such as waiving fees, frequency of payments, length of the new payment plan, minimum payments, interest, and other criteria?
   v. Will payment plan amounts be standardized for all customers, or customized based on customer ability to pay? Can your city’s billing and collection system support customized repayment terms based on the customer’s budget and ability to repay?
   vi. What type of extended payment terms can you offer? (6 mo., 12 mo., 24 mo., longer)?

3. How will you handle new debt incurred by LIFT-UP participants while they are making their payments for past due debt?
   i. Will new debt payments be combined in one “bill” with the payment plan payments? (For example, for water bills, new water bill amounts will be added to the monthly payment plan amount, or billed separately?)
   ii. What happens if the LIFT-UP participant defaults on their payment plan and/or their new debt payment? At one point will they be terminated from the LIFT-UP program (and lose any incentives such as waived fees or holds on service terminations)?
4. **How will you monitor the new payment plans between the customer and city?**
   i. Who will reach out to LIFT-UP participants if they miss a payment? How will they be notified? What intervention or services will be offered (if any?)
   ii. Do you have the capacity to communicate (at least) quarterly with each customer to discuss unexpected issues that could impact their ability to maintain new payment arrangements?
   iii. What level of capacity do you have to communicate with residents by email, phone or mail?

C) **Financial Empowerment Services and Ongoing Participant Contact**

1. **Who will provide the initial financial intake session, and how will it be provided? Who will provide the subsequent financial counseling?**
   i. Will the city agency partner with external financial empowerment service providers or provide counseling on site?
   ii. What providers exist in your community that offer one-on-one financial counseling?
   iii. Do agency staff have capacity to provide financial counseling as a part of their job responsibilities?
   iv. Is there an entity within the city that can provide training to staff to perform financial counseling?

2. **After the initial intake session, what additional resources and referrals will be provided to LIFT-UP customers? (For example: Bank On, benefit eligibility, workshops, and job training)**
   i. How can the initial organization provide a “warm” referral to a partner organization? Are relevant staff on-site? Or can a direct line to the organization be provided to schedule an appointment?
   ii. How will the counseling organization follow up with identified customers?
   iii. For customers who are not eligible for LIFT-UP, what is the “triage” plan for these identified customers?

3. **How do you determine if your partner organization has the capacity to provide counseling to customers?**
   i. Can your partner organization(s) scale up to meet ebbs and flow in demand for LIFT-UP?
   ii. Will you need to develop a broader network of partner service providers?

4. **What mechanisms need to be in place across city agencies to ensure positive outcomes for LIFT-UP participants?**
   i. How will the city agency be in a position to enforce regular communication and data sharing with other payment collecting agencies and financial empowerment providers?
   ii. Will the city agency or financial empowerment provider be able to identify a trusted individual to stay in close contact with LIFT-UP customers?
   iii. How will participants be reminded to keep scheduled counseling appointments and make timely payments (e.g. phone calls, letters, and text messages)?
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Part III: Measuring Program Impact

1. **What type of data does your city currently track for customers in debt to the city (for the agency of focus)?**
   (Data may include customer balances, missed payments, late payments, fees assessed, termination of services, etc.)
   i. What kind of data is available at the customer level to monitor progress?
   ii. Can you extract/download historical data (e.g. payments, balances, shut-offs and fees) at a customer level in a database format, such as an Excel file?
   iii. Can this process be automated (e.g., extracted into an automated report on a periodic basis monthly or quarterly)?
   iv. Is the customer data maintained centrally in one system, or will you need to link the collection of data across multiple data systems (e.g., collections and billing systems). How will this linking process occur?
   v. Are their IT system upgrades or changes that are under development that may impact the ability to track and monitor customer data?

2. **What types of additional information would you like to collect from LIFT-UP participants, and how can this be collected?**
   i. What other information should be collected on participants during the financial intake session (e.g. demographics, income)? How will this data be stored and shared? Will this be linkable to the customer payment data (e.g., with a participant ID or account number)?
   ii. What type of data should be collected by the financial empowerment provider? How should this be shared (if at all)?
   iii. Could the city agency find resources to fund a pre- and post-program customer survey to collect qualitative data about resident experiences and outcomes? How would this survey be administered?

3. **Who will manage the data analysis and present it to key stakeholders?**
   i. Does the utility (or other entity) have the personnel capacity to analyze the extracted data?
   ii. Are the key stakeholders in the city interested in an analysis of the impact of the program on customer level outcomes? Or, are stakeholders more interested in general program take-up and citywide debt collection trends over time (where an evaluation of individual customer level data may not be necessary)?
   iii. Are there research partners who could be engaged to assist with the evaluation of the data?
   iv. How will the analysis of the LIFT-UP results be used?

4. **What level of “rigor” is desired (and needed) for your evaluation of the program results?**
   i. Would you consider the LIFT-UP program in your city to be in the developmental phase, where program logistics and partnerships are still being established?
   ii. Have you validated your intervention and piloted it with a group of customers?
Do you have external funders or stakeholders who will require or expect a rigorous evaluation?

Part IV: Other Considerations

1. **What key partners need to be a part of early discussions for development of a LIFT-UP initiative that is designed to reduce resident debt (e.g. city officials, department managers, financial empowerment providers and/or other community stakeholders)? What role will each partner play in the development and implementation of the initiative? How receptive do you think these partners will be to providing staff support or even financial assistance?**
   
   i. What do the various stakeholders want to see as a result of LIFT-UP?
   
   ii. Is there an identified elected official who will champion this program? If not, how do you intend to make this a priority for city leaders?

2. **Assuming implementation is feasible, what barriers do you anticipate with the development and implementation of LIFT-UP in your city? Examples include city buy-in, staff capacity, data capabilities. What resources would your city need to overcome these barriers?**

3. **What costs are associated with managing customers’ delinquent accounts? How much does the agency spend on managing the delinquent account (including customer service time, cost of shutting off access or denying service, and costs of re-establishing access or service)?**
   
   i. How much does the agency re-coup through late fees and charges?

   ii. How much does the city spend trying to recoup that debt (through debt collection services or outreach)?

   iii. How much does the agency write off every year in delinquent debt?