

Proposal Summary
Meeting Date: 11/19/2019

LISC Chicago Request # 116050

Project Title:	Integrating Financial Coaching in Community Entrepreneurship Programs - Westside Collaborative
Duration:	12 months
Request Amount:	\$100,000
Recommended Amount:	\$100,000
Program Area:	Education\Continuing Education\Adult\Entrepreneurship
Population Served:	Economically Disadvantaged
Type of Support:	Program Support
Location:	Chicago, IL
Staff:	Clark McCain

Organizational Background

Local Initiatives Support Corporation (LISC) Chicago is one of 35 local offices of LISC, a national organization that works with residents and partners to forge resilient and inclusive communities of opportunity across America – great places to live, work, visit, do business and raise families. LISC Chicago’s mission is to connect neighborhoods to the resources they need to become stronger and healthier. Each local LISC office is charged with raising funds to support a portion of its operations and programs. In 2019, the LISC Chicago program has an operating and program budget of \$6.9 million.

Finances (LISC National)

	Estimate	Actual	Actual
	06/30/2019	06/30/2018	06/30/2018
Revenues	\$194,551,600	184,306,338	\$149,296,661
Expenses	194,498,000	148,658,814	140,897,556
Surplus (Deficit)	53,600	35,647,524	8,399,105
Net Assets		\$323,101,763	\$287,406,415

Annual Revenue Sources

Grants	85%
Fees	0%
Government	10%
Private Support	0%
Earned Income	5%
Other	0%

Program Description

Many aspiring entrepreneurs face financial barriers that threaten their dreams of opening or growing a business. It may be poor or invisible personal credit that bars them from accessing traditional loan products, irregular income that prevents them from making long-term plans, or the burden of debt and onerous payment plans that makes saving and investing difficult.

LISC has 15 years of experience integrating financial coaching into workforce development programs. Research on some of LISC’s work has shown that people who participate in personal financial coaching are more likely than others to reduce non-asset related debt, such as medical debt, and there is preliminary evidence to show that long-term engagement with coaching has positive effects on people’s net income, FICO credit score, and net worth.

LISC believes that financial coaching is not just for people who are looking for a job or are in entry-level employment — it can really help someone achieve their business financial goals when they build capability and achieve their personal financial goals first. According to Dr. Loren Williams of Sunshine Enterprises, “how folks manage their personal finances is how they will manage their business finances.”

LISC and its partners’ work with entrepreneurs so far shows that entrepreneurs in low- and moderate-income neighborhoods can benefit from financial coaching and credit-building activities in particular. Among the participants in a pilot program, nearly one in three is unscored due to insufficient credit, and those who are scored have a median FICO score of 563, well below what is usually needed to apply for mainstream financing.

With support from CFI, LISC Chicago has facilitated a pilot program to test the impact of integrating financial coaching within a community-based entrepreneurship education program. In this pilot, financial coaching was provided by North Lawndale Employment Network (NLEN) which assists North Lawndale residents through employment initiatives that lead to economic advancement and an improved quality of life.

A LISC-trained NLEN employee provided financial coaching services to the entrepreneur participants working with Sunshine Enterprise, a CFI grantee, which provides training and coaching of individuals for success in business. Of the 57 people who attended a workshop co-facilitated by NLEN and Sunshine, 39 went on to work directly with the financial coach via one-on-one sessions with 28 (72%) having at least five meetings. Almost half of those 39 have increased their FICO credit score, net income, and/or net worth, and many have taken meaningful steps toward opening or growing their business.

The proposed program would scale the pilot effort and is modeled on how LISC originally began the integration of financial coaching into community-based employment organizations where one financial coach worked with the clients of multiple agencies. As the service became ingrained into the work of those employment organizations, they recognized the long-term benefit to their client placement and retention work that came from offering personal financial coaching. This resulted in the creation of a network of collaborating organizations and these organizations built the financial coaching work into their ongoing staffing and program design.

LISC plans to replicate the model piloted with NLEN and Sunshine with several business support organizations on the West Side. LISC anticipates they will include New Covenant Community Development Corporation in North Lawndale, Garfield Park Community Council, and Austin Coming Together. A mobile financial coach would work with individuals referred from these and potential additional partners on personal financial goals. The coach would also provide group-based workshops on topics like credit building, savings, and budgeting.

Strengths / Weaknesses

Strengths

- Based on a successful CFI-funded pilot program
- Leverages strong relationships between LISC and partner organizations
- Delivers support in an area of great need, both topical and geographical

Weaknesses

- Partner organizations not yet confirmed but participation expected due to organizational relationship through Financial Opportunity Center network

Why Fund

In August of 2018, CFI funded a pilot program whereby a LISC-trained financial counselor employed by North Lawndale Employment Network provided financial counseling to participants in Sunshine Enterprises Community Business Academy. The pilot proved successful and LISC intends to expand it to other entrepreneurship education organizations on the West Side. LISC has a robust network of organizations which are part of its Financial Opportunity Center network, including CFI grantee Cara. This award would advance our *Entrepreneurship-In-Neighborhoods* Strategy 2: Develop and enhance networks of business service organizations to scale professional and program development across multiple organizations that share best practices

Prior Grants

Last Grant Date: 8/22/2018
Last Grant Amount: \$76,000.00

Number of Prior Grants: 1
Total Amount Granted: \$76,000

Grants Budget (if not general operating)			
Expenditure Category	Recommendation	Other Sources	Total
LISC Program Officer	\$7,000	\$7,000	\$14,000
Financial Coach	70,000	--	70,000
Equipment	1,500	--	1,500
Travel	1,500	--	1,500
Partner Support	10,000	30,000	40,000
Overheads	10,000	--	10,000