

Dislocated Worker and **Financial Stress Crisis Response**

Proposal for Expanded Programming

Prepared by Consumer Credit Counseling Service Beloit/Janesville*

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Overview

The evolving negative effects of the recent manufacturing plant closures and the concurrent economic downturn represent a significant challenge to the individuals directly affected as well as the community as a whole. On an individual basis these difficulties can culminate in bankruptcy and/or foreclosure. This document represents a summary of a continuum of interventions intended to assist in addressing and hence stabilizing and promoting the recovery of our community. Many of these services are in place but lack the capacity to meet the current and anticipated needs. Other services represent what we believe to be a “best practice” approach (e.g., post foreclosure/post-bankruptcy counseling support).

Community financial stress interventions can be placed into three conceptual categories. These categories are distinguished by the intensity of financial distress, the time available to forestall negative outcomes, and by implication, the degree of sophistication and intensity needed to affect the outcome.

I. The first category is intended to be primarily preventative in nature, that is, by providing viable budgeting strategies individuals and families can, in many cases, slow the rate of the deterioration of their financial situation and thus be better situated for subsequent recovery. Services in this category include workshops specific to budgeting and financial strategies, individual counseling appointments focusing on identifying functional solutions, and access to assistance in accessing other community resources unity support coordinator.

Current service numbers support a projected utilization of approximately 1820 individuals/couples per year for counseling with approximately 1560 anticipated to attend workshops (these numbers may be duplicative counts as attendance at one intervention would not preclude attendance at the other). We anticipate focused resource access assistance engaging approximately 450 individuals/couples per year (drawn from the above attendees). We project that a smaller number (approximately 230 per year will pursue mental health/relationship counseling).

II. The second conceptual category of service seeks to address the needs of those who are seriously/significantly “in trouble” financially. Mounting debt, declining income, and increasingly limited options represent a significant challenge to this group. Services are intended to identify strategies necessary to attempt to either stabilize their financial situation or identify “least worst” financial options. Services include aggressive and longer-term budgeting counseling to avoid bankruptcy (if possible); foreclosure prevention counseling (e.g., HAMP et al), assistance in access community resources, and mental health services (primarily to assist in addressing those factors such as anxiety, depression, and interpersonal conflicts that limit an individual’s capacity to take effective action).

We anticipate serving approximately 680 individuals/clients at this level for longer-term/more intensive financial counseling. The number participating in mortgage foreclosure prevention counseling is based upon the projection of serving approximately 1050 cases per year (that is, approximately 70% of the volume currently reaching the court process. Community resource assistance and mental health services are projected to meet the needs of approximately 680 individuals/families.

There are currently three recognized not-for-profit service providers addressing financial issues in Rock County. CCCS Beloit/Janesville is a member agency of the National Foundation for Credit Counseling, recognized by the United States Trustee to provide bankruptcy counseling, and is accredited by the Council on Accreditation. The program provides a variety of financial counseling services. Neighborhood Housing of Beloit provides, among other housing access related services, mortgage foreclosure counseling; similarly, Community Action, Inc. offers mortgage foreclosure prevention counseling.

	Intervention	Current providers	Current funding	status	Comment
Category One Secondary Prevention					
	budget workshops	CCCS		insufficient capacity	
	individual financial counseling	CCCS; NHS (for housing)	CCCS: varied	insufficient capacity	
	resource access assistance	none	none		insufficiently developed/ linked to financial stress issues
	mental health counseling	multiple	primarily self-pay	insufficient linkage to financial stress issues/ affordability issues	
Category Two First Level Intervention					
	mortgage foreclosure counseling	CCCS Community Action; Neighborhood Housing Services	HUD	capacity insufficient/ unstable	HUD –based funding inadequate for volume
	debt management plans	CCCS	consumer/ creditor		
	resource access assistance	none	none		insufficiently developed/ linked to financial stress issues
	mental health counseling	multiple	primarily self-pay	insufficient linkage to financial stress issues/ affordability issues	
Category Three: Second level Intervention	mortgage foreclosure mediation	CCCS	NFMCP; United way		
	bankruptcy counseling	CCCS	consumer		

	resource access assistance	none	none		insufficiently developed/ linked to financial stress issues
	mental health counseling	multiple	primarily self-pay	insufficient linkage to financial stress issues/ affordability issues	

III. The third category of service represents efforts to resolve arguably the most significant personal economic reversals: bankruptcies and foreclosures. Since pre and post bankruptcy counseling is primarily funded through fees for services, the missing service point arises as follow-up counseling (beyond the United States Trustee mandate). We are projecting approximately 2/3 of the current caseload of 900 per year will pursue some degree of follow-up counseling.

Court-ordered mortgage foreclosure mediation services represent an important initiative for securing timely resolution of foreclosures. (Currently, the financial analyst/mediation specialist function is under-funded.) The projected foreclosure mediation utilization rate is projected to be 750 per year.

We are also including long term follow up counseling, assistance to access for resources, and mental health services.

Project Costs

Category One (prevention) costs are projected as follows (per year)

Budget counseling	\$104,000
Financial workshops	\$ 1,800
Resource Access Assistance	\$ 26,000
Mental Health Counseling	\$ 13,000

Total Category One costs \$144,800

Category Two (Intervention) costs are projected as follows (per year)

Longer term Budget counseling	\$ 52,000
Foreclosure prevention counseling	\$120,000
Resource Access Assistance	\$ 52,000
Mental Health Counseling	\$ 39,000

Total Category Two costs \$263,000

Category Three (Intensive Intervention) costs are projected as follows (per year)

Bankruptcy follow up counseling	\$ 52,000
Foreclosure mediation support	\$ 90,000

Foreclosure follow up counseling	\$ 52,000
Mental Health Counseling	\$ 13,000
Total Category Three costs	\$207,000

Local Participation and Leverage

The proposed project was designed in conjunction with a broad consortium of public, community-based and private sector representatives. Consortium members intend to leverage the following in support of the proposed project:

- CCCS Beloit/Janesville (a licensed debt management program) currently provides no cost budget analyses to approximately 2/3 of its client population. The program also provides mortgage default counseling through a NFCC (National Foundation for Credit Counseling) administered HUD grant.
- Community Action is a HUD certified housing counseling agency. Community Action receives \$25,000 in grant funds annually to support eligible housing counseling activities including mortgage default counseling. Community Action will provide these services in collaboration with this project, will be available to provide specialized work-out services and will assist in training and supporting additional staff to expand service availability.
- Rock County - judges, foreclosure mapping, access to resources (e.g, Badger Care)
- Rock County Mediation Partnership: A working group of volunteer attorneys and community members actively donating significant professional services to assist homeowners in a successful foreclosure mediation outcome.
- United Way of North Rock County: Actively seeking community in-kind and financial support to promote a financially stable community and families. To date United Way of North Rock County has contributed \$5,000.00 in support of foreclosure prevention and community financial stability

**Consumer Credit Counseling Service Beloit/Janesville is a COA accredited program of Family Services of Southern Wisconsin and Northern Illinois, Inc.*