

Financial Stress Crisis Response

ORGANIZATION(S) PREPARING/SUBMITTING PROPOSAL: Neighborhood Housing Services of Beloit; Community Action, Inc.; Family Services of Southern Wisconsin and Northern Illinois, Inc. (CCCS Beloit-Janesville)

Objectives:

Initiatives to address financial stress can be understood as falling within three conceptual categories. The first category is intended to be primarily preventative in nature. By providing strategic budget counseling to those under increasing economic pressure, we hope to slow the rate of personal financial decline as well as limit the depth of financial distress. Workshops and individual counseling sessions are designed to address this issue by improving budgeting knowledge and skills. Changes in these client attributes represent accessible measurable outcomes for this category of initiative.

The second initiative category seeks to address the needs of those who are clearly in financial trouble. Services are intended to assist clients in identifying the specific strategies necessary to either stabilize their financial situation or identify and pursue the “least worst” financial outcomes. Services include aggressive and longer-term budgeting counseling to avoid bankruptcy (if possible); foreclosure prevention counseling (e.g., HAMP, et al.), and assistance in accessing community resources and mental health services. (The mental health component is intended to address those factors such as anxiety, depression, and inter-personal conflicts that limit an individual’s capacity to take effective action.)

The third initiative category represents efforts to resolve the most significant personal economic reversals: bankruptcy and mortgage foreclosures. As bankruptcy counseling is essentially self-funding through service user fees, we are focusing our request on efforts to increase follow-up (that is, longer-term) financial counseling support, as well as mental health services. In light of Rock County’s initiative to implement court mandated foreclosure mediation, we are seeking support for the counseling component of those cases. This includes the clarification of the respondent’s financial/budgetary status and follow-up counseling.

The objectives of the latter two categories of service are (a) promote housing market and neighborhood stabilization by reducing the rate of foreclosure in Rock County and (b) improve long-term housing and financial outcomes for individuals facing mortgage foreclosure and/or personal bankruptcy.

Progress to Date:

All three agencies have taken steps to increase their current capacities to respond to the ever increasing need for these services. In addition, we have been instrumental to the development and implementation of court-mandated mortgage foreclosure mediation.

The three applicant agencies have initiated a collaborative effort to secure local funding resources such as support from the local United Ways, local banks/bank foundations, and local service clubs. (We are anticipating approximately \$50,000 of local support for the above efforts for 2010.) We have also submitted a funding request to the local foundations for support for 2011.

Barriers:

Federal incentives to banks to modify mortgages appear to have had a positive impact at the local level by increasing the number of modifications completed as well as decreasing the “turnaround time.” Continuing if not enhancing these incentives would likely continue to have a positive local impact.

Funding for foreclosure prevention counseling was initially provided by HUD; these funds, however, have been insufficient to meet the increasing need; particularly in light of the anticipated impact of the graduated end of economic supports for dislocated workers. Priority funding for areas with dislocated auto workers is requested.

Where federal agencies can help/what type of partnership would help:

The current HUD model of support for mortgage foreclosure counseling is predicated upon the assumption that clients are capable of acting to improve their financial situation and/or that the counselor will be able to compensate for the functional limitations of clients. We believe that Federal support for mortgage foreclosure prevention counseling is essential but that it has been our experience that the efficacy of our clients is compromised by the negative mental health factors such as anxiety, depression, and marital/relationship conflicts. In order to improve longer-term outcomes, we believe that mortgage prevention (and bankruptcy) counseling should in many cases be augmented by client access to a case manager (to assist in setting and achieving budget-related action steps) as well as by access to brief mental health services to begin to address depression /anxiety issues/relationship concerns. Federal support for these “efficacy enhancement” services would be helpful.

Budget:

	First Year	Second Year	Third Year
Salaries (counselors, et al)	\$405,260	\$397,446	\$392,180
Fringes (health, retirement)	\$ 69,165	\$ 69,831	\$ 67,862
Travel (on behalf of client)	\$ 21,518	\$ 18,444	\$ 18,444
Supplies/materials	\$ 27,666	\$ 24,592	\$ 24,592
Equipment (computer)	\$ 18,444	\$ 6,148	\$ 3,074
Building rental	\$ 24,592	\$ 24,592	\$24,592
Other (insurance/audit)	\$ 76,859	\$ 67,628	\$61,480
Total	\$643,495	\$608,681	\$592,224

Total Three-Year Investment: \$1,844,400