



Annual Evaluation Report

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Introduction

In 2009, Express Credit Union/Express Advantage (ECU/EA) launched a new initiative to provide financial services for low- and moderate-income credit union members. ECU/EA connects low- and moderate-income households with affordable financial services and provides an alternative to payday loan and check cashing services. ECU/EA partners with local social service organizations to conduct outreach, make referrals to ECU, and deliver financial education and support services to members. Service representatives from ECU make on-site visits to community partner agencies to sign up new members. These community partners include:

- Catholic Community Services
- Hopelink
- Multi-Service Center
- Neighborhood House
- New Futures
- Refugee Women's Alliance
- Solid Ground
- YWCA
- Washington CASH

Community Capital Development and United Way of King County have also been key partners to the ECU/EA initiative; however, their role differs in that they do not provide direct client outreach and financial education services for the initiative's low-income members.

ECU/EA hired Clegg & Associates and Calculated Risk to design and implement a multi-year evaluation of its services, as well as the services delivered by its community agency partners. The evaluation explores the impact of the ECU/EA program on credit union members' financial knowledge and confidence; their access to financial services; their use of different financial services, including payday loans; their ability to save and build assets; and ultimately, their ability to obtain the assets they need to achieve their life goals.

Clegg & Associates and Calculated Risk designed the evaluation collaboratively with ECU/EA and community partners, with activities that included:

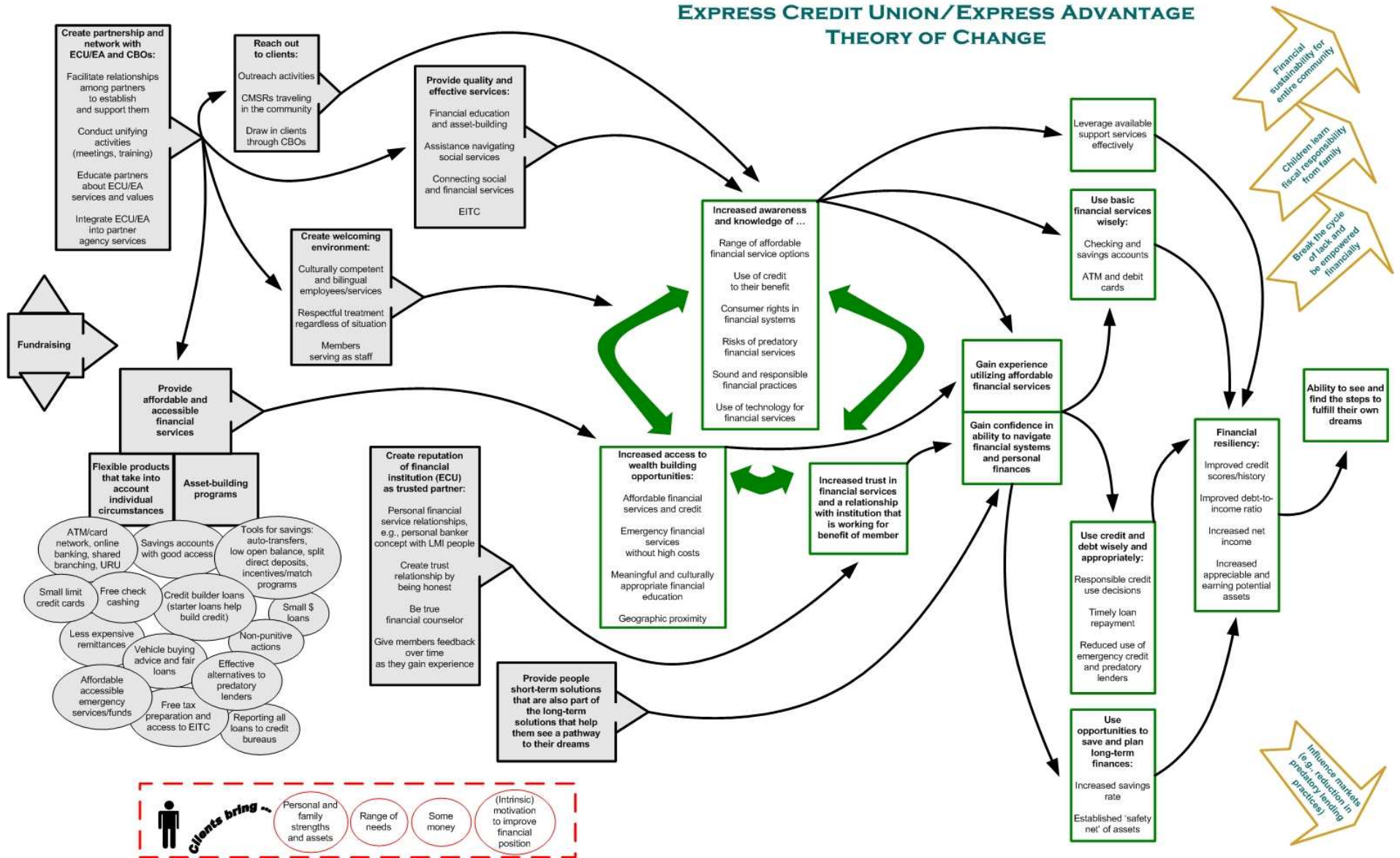
- A mapping process to articulate the theory of change for the project and identify its outcomes
- Identification of measurable indicators for priority outcomes
- Creation of a multi-year evaluation plan outlining the data collection methods and sources and the timing and phase-in of data collection
- Development of data collection instruments, including a tool to measure Social Return on Investment (SROI) and reporting template for partner agencies

This initial evaluation report presents the data gathered since the program's launch in February 2009. While it is early to definitively measure impacts on long-term outcomes, such as members' progress toward achieving their financial goals, the data can be analyzed for short-term impacts, such as changes in knowledge about financial services. The findings from the first year and a half of the program's implementation can help the program to identify any changes in direction that are needed. It will also help ECU/EA tell its story, quantify its value, and illustrate its successes and lessons learned to other communities interested in employing a similar low-income credit union model.

Theory of Change

The theory of change that guides the ECU/EA initiative describes how the credit union’s financial services and the outreach, financial education, and support services provided through the agency and its community partners relate to intended short-term, intermediate, and long-term outcomes for individuals who become credit union members. The design of the ECU/EA initiative is based on the premise that as members gain financial literacy — they will increasingly enroll in and use financial services at credit unions and banks; and as they gain experience and confidence in navigating financial systems — they will make wise use of banking services, for example, avoiding payday loans. This knowledge and access to financial services will help members to build their financial resiliency and assets, which will ultimately help them to make progress toward their financial goals. This theory of change, developed by ECU/EA stakeholders, board members, and staff, is mapped on the following page.

EXPRESS CREDIT UNION/EXPRESS ADVANTAGE THEORY OF CHANGE



Evaluation Plan

ECU/EA's evaluation plan, which is included on the following pages, shows the intended outcomes of the ECU/EA initiative and how they will be tracked and measured by the evaluation. To help us assess the impact of the ECU/EA initiative on various outcomes, we developed four different types of surveys, tests, and interview protocols:

- **Member survey:** A member survey was sent by postal mail and email to all individuals who have joined ECU since February 2009, the launch date of new services for low-income members. We received responses from 134 people for a response rate of approximately 10%. The survey asks members about their experience at ECU and the services they have used. It also includes questions about which aspects of ECU/EA have been most valuable.
- **Partner agency client tests:** ECU/EA's community partner agencies administered pre- and post-tests to clients during their participation in financial education workshops in order to measure the workshops' impact on financial knowledge and confidence. Community partners collected and submitted 477 client pre-tests and 422 post-tests. Test questions assessed clients' level of knowledge about banks and financial services before and after they received financial education from the community partner agencies. The impact on clients' knowledge about financial resources is of key importance to the ECU/EA theory of change, which proposes that increases in knowledge will contribute to increasingly wise use of financial services.
- **Partner agency survey:** To explore the partnership component of the ECU/EA initiative, we surveyed staff at the community agencies. A total of 15 community partner staff completed the survey. The survey asked for their feedback on how ECU/EA is serving their clients and the value of the partnership to the agency as a whole. The survey also provided the opportunity for respondents to make suggestions for program improvements.
- **ECU/EA staff interviews:** To gain ECU/EA's perspective on its partnership with the community agencies, we posed similar questions to ECU/EA leadership through an interview.

In addition, the evaluation plan relies on information from OSI, ECU's database on service use. OSI has developed a number of customized reports that will present a rich source of information on various indicators and outcomes. The data currently contained in the OSI custom reports requires review and clean up before it can be incorporated in the evaluation and therefore does not appear in this report. However, these reports are quite close to completion and we expect that the data will be used in the short-term to complete the SROI analysis and in the long-term for evaluation reports in future years.

The evaluation plan examines measures of importance in assessing the program's impact on members' finances throughout the different phases of its theory of change. The evaluation plan is less concerned with financial markers and service outputs, such as the institution's total assets and net worth. However, these types of measures are important to the institution and have been captured in the program's dashboard, which is reproduced in the appendix of this report.

Evaluation Plan: Express Credit Union/Express Advantage

Measures	Data Source/Method	Timeline
Outcome: Members gain financial literacy		
Clients receiving financial education at community partner agencies report increased knowledge about available financial services	Pre-/Post-tests administered by instructors and case managers at community partners	Before and after education (TBD for case managers' administration of post-test)
Clients receiving financial education at community partner agencies report increased ability to budget and manage their money	Pre-/Post-tests administered by instructors and case managers at community partners	Before and after education (TBD for case managers' administration of post-test)
Outcome: Enrollment of members		
Number of new low-income members, by source of referrals (including community partner codes)	OSI	Monthly, until timeline for baseline is established, then quarterly
% of LI members that report a welcoming environment (culturally competent and bilingual employees/services, respectful treatment, satisfaction with services)	Member survey	September, and annually thereafter
% of LI members that report trust in the reputation of ECU as a financial institution (personal finance service relationships, honesty, financial counseling, giving members feedback over time)	Member survey	September, and annually thereafter
Outcome: Retention of members		
# and % of LI members with any account activity over time, stratified by membership start date	OSI	Monthly, initially, then quarterly
Ratio of active to non-active members	OSI	Quarterly
# and % of accounts terminated by ECU	OSI	Quarterly

Measures	Data Source/Method	Timeline
Outcome: Use of banking services		
# of new, cumulative, and net accounts by type	OSI	Quarterly
% of LI members who apply for loans	OSI	Quarterly
% of LI members applying for loans that are approved, denied, countered, pending, and withdrawn	OSI	Quarterly
Outcome: Members gain experience and confidence in navigating financial systems		
LI members' assessment of their confidence in their ability to navigate financial systems and personal finances	Member survey	TBD
LI members' assessment of their experience utilizing affordable financial services, by type of product	Member survey	TBD
% of members who use ATMs, debit cards, online banking, direct deposit, and shared branch banking	OSI	Quarterly
Average # of banking products used by LI members	OSI	Quarterly
Outcome: Wise use of banking services		
Average aggregate account balance per LI member	OSI	Quarterly
# and % of LI members reporting use of new and existing external payday loans	Member survey	TBD
# and % of LI members with overdrafts/NSF	OSI	Quarterly
# of fees charged by type of fee	OSI	Quarterly
# and average amount of loans by purpose code (short-term/payday, debt consolidation, citizenship, auto, home, etc.)	OSI	Quarterly
# and % of LI members with late loan payment fees, by type of loan	OSI	Quarterly
# and % of LI members whose loans are charged-off by ECU, by purpose code	OSI	Quarterly

Measures	Data Source/Method	Timeline
Outcome: Financial resiliency		
% change in LI members' average aggregate account balance	OSI	Quarterly
% of LI members with external loans who have fulfilled their external loan obligations	Member survey	TBD
% of LI members that report sufficient income to meet their families' monthly living expenses	Member survey	TBD
% of LI members that report that they are saving more	Member survey	TBD
% of LI members that report that they have more assets	Member survey	TBD
% of LI members with EITCs completed	Member survey	TBD
% of members reporting that they could cope with a financial disruption	Member survey	TBD
Outcome: Members know how to reach their dreams, financially		
LI members' perception of their ability to see and find the steps to fulfill their dreams	Member survey	TBD
% of LI members that report improved job opportunities	Member survey	TBD
% of LI members that report improved housing opportunities	Member survey	TBD
% of LI members that report they are more hopeful about their lives	Member survey	TBD

Measures	Data Source/Method	Timeline
Process Evaluation		
Is ECU meeting the needs of clients?	Interviews with partner staff	TBD
Is the relationship with ECU adding value for partner organizations?	Interviews with partner staff	TBD
Does the partnership aspect of the ECU/EA model add value for ECU? (reaching target populations, providing financial education, and case management support for financial literacy)	Interviews with ECU staff	TBD
For clients referred by community partners that do not join ECU, why not?	Case manager referral follow up	TBD
Degree of correlation between race/ethnicity of ECU staff and race/ethnicity of community partners' clients	Community partners	Annual

Progress To Date

Data from the first year and a half of program implementation indicates that ECU/EA is achieving a number of its short-term and intermediate goals. The program has enrolled a large number of new low-income members, increased access to financial services for people who face barriers at mainstream banks, and increased financial knowledge through community partner agencies and credit union staff. What follows is a summary of all data available as of October 2010.

ECU/EA Service Data

Service data from the launch of new low-income services in February 2009 until the end of September 2010 show:

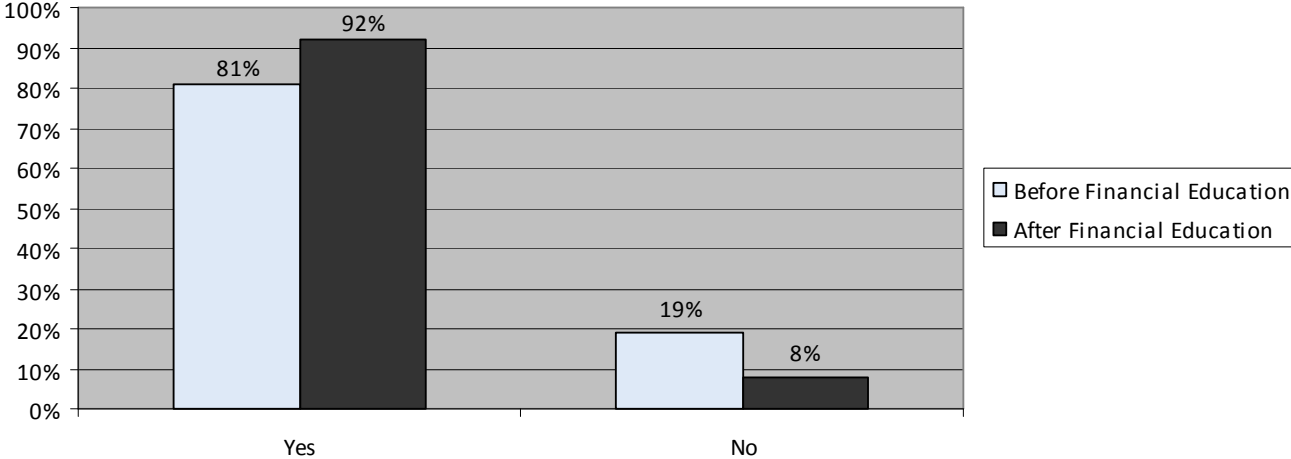
- Almost 1,400 new members enrolled
- At least 60 new accounts opened each month
- Over 100 new members have taken out small dollar “payday alternative” loans — of which half have been successfully paid back and the remainder are still on the books
- Only 15 new member loans (totaling just over \$6,700) charged off, which is less than .02% of total loans and a significantly lower charge off rate than for the existing membership
- 85 people enrolled in the Vehicle Ownership Program, including matched deposits for 15 people who have already purchased their used vehicle
- Over 20 vehicles refinanced at lower interest rates

Outcome: Financial Literacy

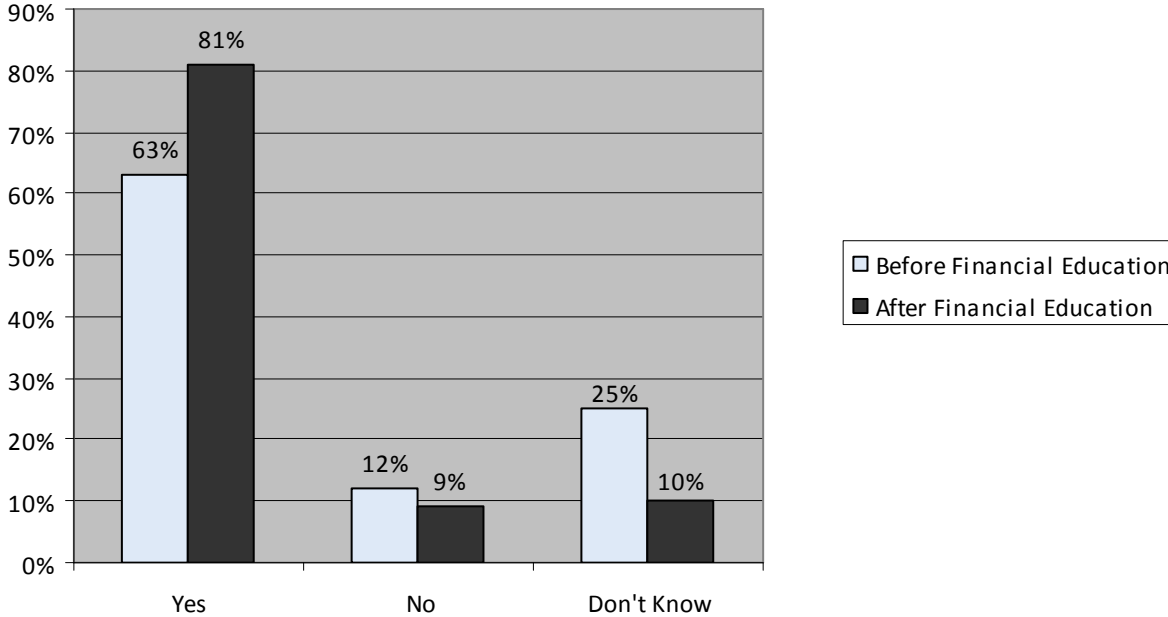
The ECU/EA model relies on community partner agencies that provide financial education to their clients. Workshops differ in content depending on the agency delivering the service, but all of them cover basic banking and personal finance information. Responses from the pre- and post-tests indicate that the workshops are successful in increasing clients’ financial literacy. Client responses to the test questions are shown in the charts on the following pages.

Tests demonstrate an increase in the percentage of clients who know how to open a checking account, from 81% before financial education to 92% after financial education. Similarly, after completing financial education classes, clients were more likely to know that their money is guaranteed to be safe in a bank — with 81% answering the question correctly after financial education, compared to 63% before.

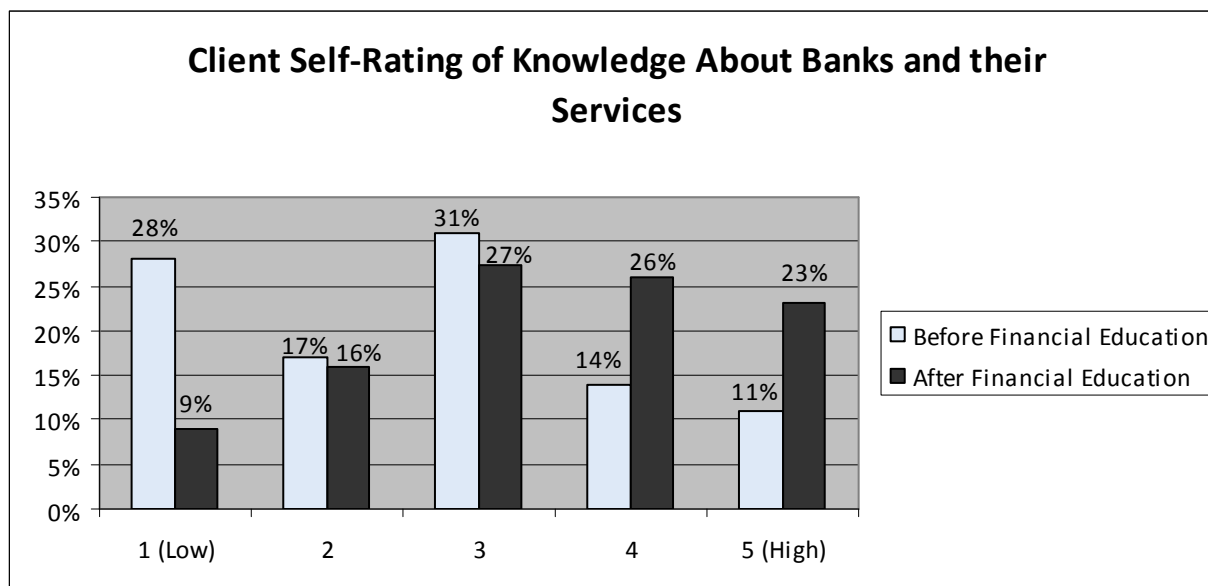
Client Responses to Question: Do You Know How to Open a Checking Account?



Client Responses to the Question: Is Your Money Guaranteed to be Safe in a Bank



Pre- and post-tests suggest that the workshops are increasing clients' overall knowledge about banks and their services. While on a scale of one (1 – low) to five (5 – high), 28% of clients rated their knowledge a one (1) before financial education, this decreased to 9% after receiving financial education. The following chart shows the range of their responses before and after financial education at community partner agencies.



The pre- and post-tests collected by community partners indicate that most of their clients are not, or are not yet, ECU members. Only 8% of the agencies' clients reported belonging to ECU. However, many clients were unbanked, with only 45% belonging to a credit union or bank other than ECU. This suggests that ECU/EA's outreach model is correct in targeting clients at these agencies as underserved by financial institutions, but suggests there is still a very long way to go in drawing these clients to ECU.

Our clients are excited when they have an opportunity to get back into banking. Many of our clients' income is so low that they do not qualify for other services due to debt, to income, and employment history. I look forward to working more with the second chance clients, so we can get them into the budget classes with goals to build assets for their future.

Partner agency staff

Responses to the member survey, which included all members who had enrolled for services at ECU between February 2009 and the end of September 2010, indicated that most members had not taken part in a financial workshop with ECU/EA community partners or with other experts. However, a substantial minority did say that they had taken a class or received professional advice from

another source. Approximately 38% of members had taken a class or received advice about money management, and 23% had taken a class or received advice on how to use financial services at banks and credit unions.

The member survey also revealed an initial difference among the responses of members who had received financial education on managing their money, compared to those who had not. Members who had received financial education were generally more optimistic about their ability to manage their money and pay bills. While further analysis will be completed in subsequent evaluation reports

after low- and moderate-income members have had more time to use financial services at ECU, the following items stand out as particularly notable differences for members that had received financial education:

- 67% of members with financial education stated that they could handle an unexpected bill of \$200 this month, compared to 43% of members without financial education
- 80% of members with financial education had a plan to manage their money, compared to 64% of members without financial education
- 79% of members with financial education stated that they had made progress toward their financial goals since joining ECU, compared to 55% without financial education
- Only 8% of members with financial education rated their knowledge about banks and credit unions and their services low or very low, compared to 29% of members without financial education

Outcome: Enrollment and Trust

Individuals who completed the member survey strongly indicated that they find ECU to be a welcoming and respectful environment. They reported that ECU staff are effective in communicating and treat them with respect. Perhaps the most compelling indicator of members’ satisfaction with ECU is the high percentage (84%) who “strongly agreed” that they would refer a friend to ECU. The following table shows members’ responses, with their most common responses indicated in bold.

They treat everyone politely! No bigots on staff. They teach people.
ECU member

Members’ Perception of the Environment at ECU					
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I feel welcome at ECU.	81%	15%	3%	0%	1%
ECU employees treat me with respect.	81%	16%	1%	0%	1%
I am able to communicate with ECU employees easily.	80%	17%	2%	0%	1%
I would refer a friend to ECU.	84%	12%	2%	1%	1%

They don't make you feel bad or stupid about your financial situation. They gave me a favorable rate for my car loan, they financed me as a person not just a credit score.

ECU member

Those who completed the member survey also indicated a great deal of trust in ECU as a financial institution, with the majority “strongly agreeing” that they trust staff to be honest and provide them with good advice about managing their money. Responses to the member survey are shown in the following table.

Members' Confidence in ECU as a Financial Institution					
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I trust ECU to keep my money safe.	74%	22%	3%	1%	0%
I trust ECU employees to be honest with me.	78%	19%	3%	0%	0%
I trust ECU to give me good advice about managing my money if I need it.	72%	14%	14%	0%	1%

Outcome: Use of Banking Services

Respondents to the member survey indicated that they were using a number of different financial services at ECU/EA. All members are required to have a savings account, as a component of credit union membership. In addition, the majority reported using a checking account, debit card, direct deposit, ATM, and online banking — all encouraging signs that members may be using ECU services, rather than paying a check cashing fee at a different institution. Fewer members are using loan services, with approximately a quarter of members reporting that they have a personal loan or car loan with ECU. The percentage of members with a checking account (72 percent) is particularly high, given the large number of members who are unable to initially open a checking account due to Chex reports of previous problems in using financial services. Their responses are shown in the following table.

I am able to save a little each paycheck. And, I am still able to get to funds if I need to.

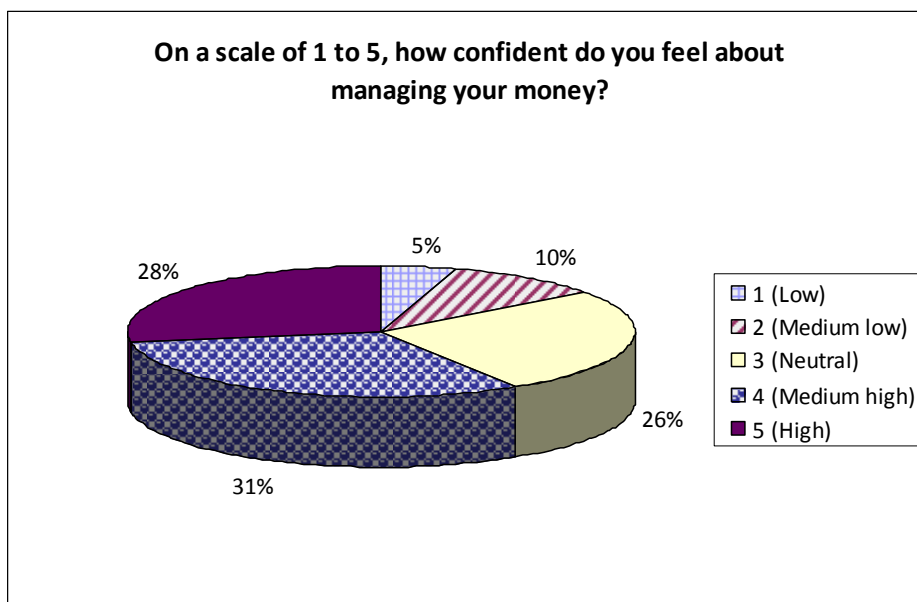
ECU member

Members Reporting Use of Different ECU Financial Products	
Checking account	72%
Debit card	71%
Direct deposit	68%
ATM	65%
Online banking	63%
Shared branch	49%
Personal loan	27%
Car loan	25%

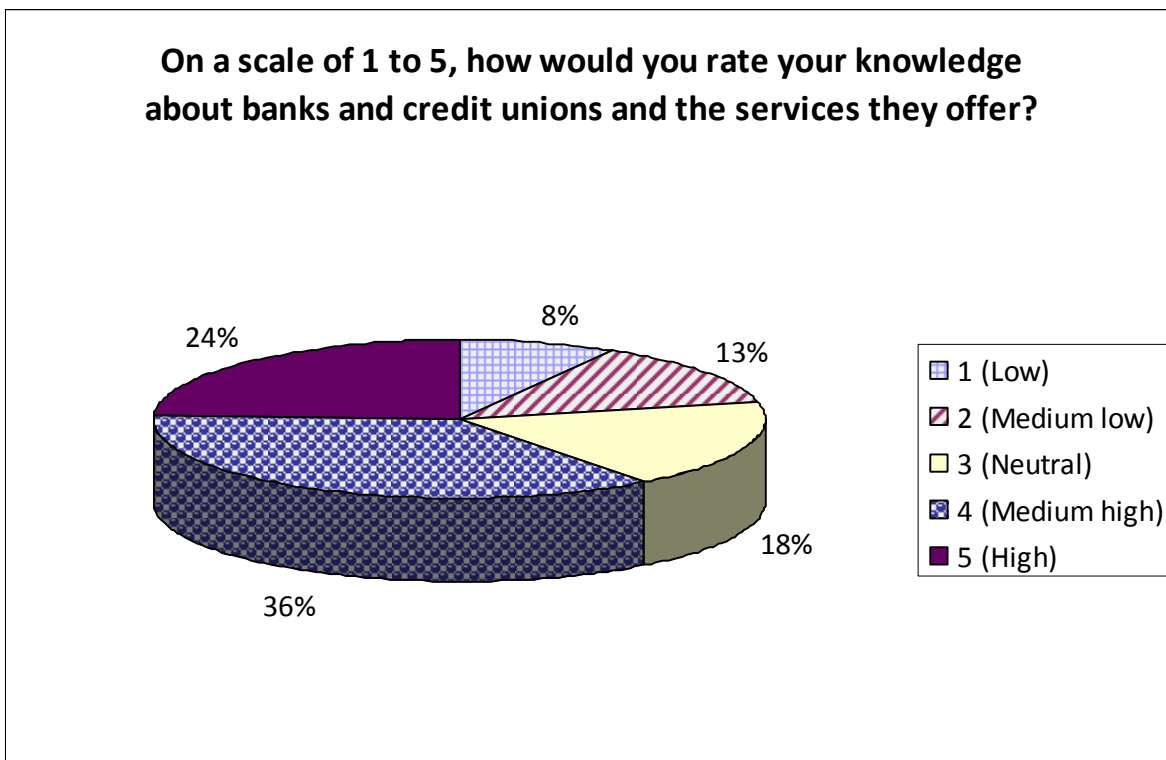
It is important to note that the data on use of ECU’s financial products is self-reported by the 10% of members who completed the member survey. It is possible that these members are more engaged than the majority of ECU’s members. Forthcoming custom reports from OSI include information on total service levels and will be incorporated in future evaluations. This may present a different picture of service use than members’ self-report.

Outcome: Experience and Confidence in Navigating Financial Systems

The member survey asked respondents to rate their confidence in their ability to manage their money. While they indicated a wide range in confidence levels, the majority (59%) rated their confidence in managing their money as high or medium-high. Their responses are shown in the following chart.



Members indicated a similarly mixed, but overall high degree of knowledge about financial institutions and services. Sixty percent rated their own knowledge about banks and credit unions as either high or medium-high, as shown in the following chart.



Outcome: Wise Use of Banking Services

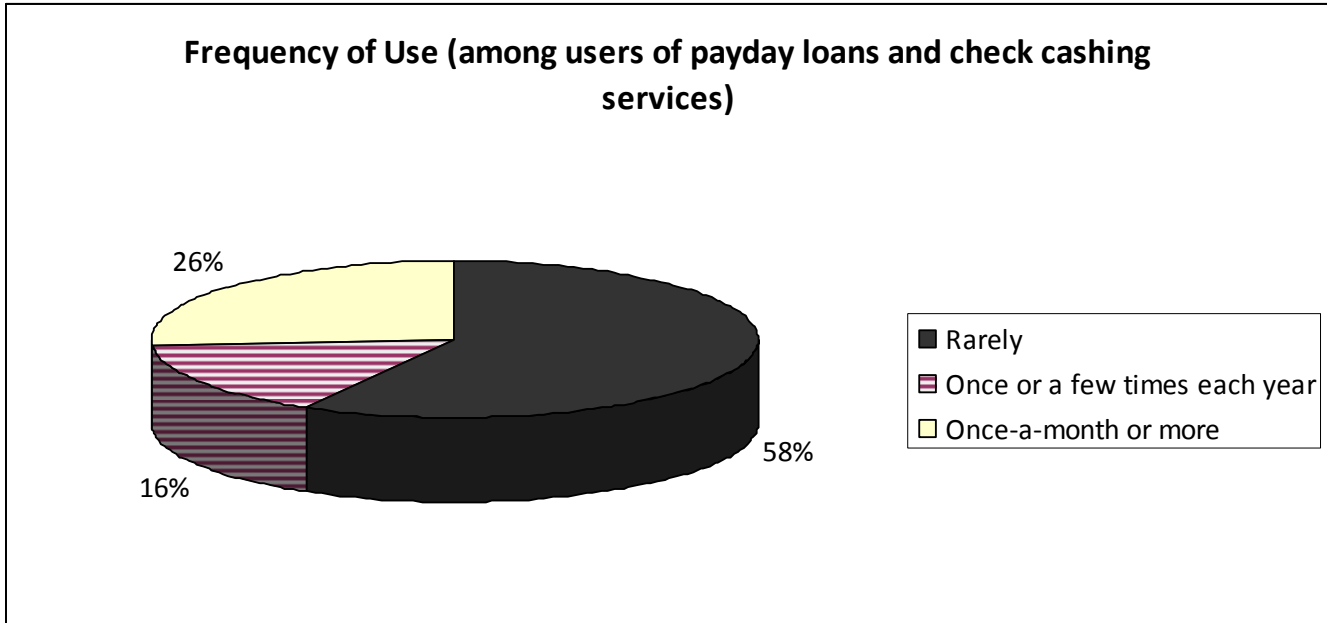
Data from the member survey may support the hypothesis that access to services at ECU results in members taking on fewer payday loans. While 50% of all members had at some point in their lives borrowed money from a check cashing outlet or payday loan company, only 21% currently owed money for this type of loan.

I was tired of paying extra fees at payday loan centers. Plus, I need to have a regular checking/savings account for my family.

ECU member

Data from client pre-tests at partner agencies suggests that the ECU logic model is on target in reaching out to a client population that might otherwise use payday loan services or check cashing outlets. Forty-seven percent of respondents to pre-tests in financial education workshops indicated that they have previously used a payday loan or check cashing outlet. Among the 65 clients who did use

payday loans and check cashing services, most used them “rarely,” but 26% reported using them “once-a-month or more,” as shown in the following chart.



Outcome: Financial Resiliency

Data on members’ financial resiliency is mixed and does not, at this point, provide a definitive answer to the question of whether the ECU/EA initiative is increasing members’ financial stability. Respondents to the member survey were asked to agree or disagree with a variety of statements related to their ability to meet financial challenges. Their responses to each statement run the gamut from “strongly agreeing” to “strongly disagreeing.” On one hand, 38% (the most common response) indicated that they have a plan to manage their money, which is an encouraging indicator that members have skills needed to manage their resources.

I wanted a small personal financial service company that, once I got back on my feet, could help me rebuild a respectable credit score and more.
ECU member

On the other hand, the most common response to queries whether members have reduced debt or saved more money since joining ECU is “neither agree nor disagree.” Responses in this area may improve over time, as the ECU/EA initiative is still a new program and has had a year or less to make an impact on members’ savings and debt.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I have enough money to meet my family's expenses every month.	26%	24%	21%	22%	8%
Since joining ECU, I've reduced debt.	20%	27%	40%	11%	2%
Since joining ECU, I am able to save more money.	24%	22%	35%	15%	3%
I could handle an unexpected cost or bill of \$200 this month.	26%	25%	15%	18%	16%
I have a plan to manage my money.	33%	38%	20%	7%	2%

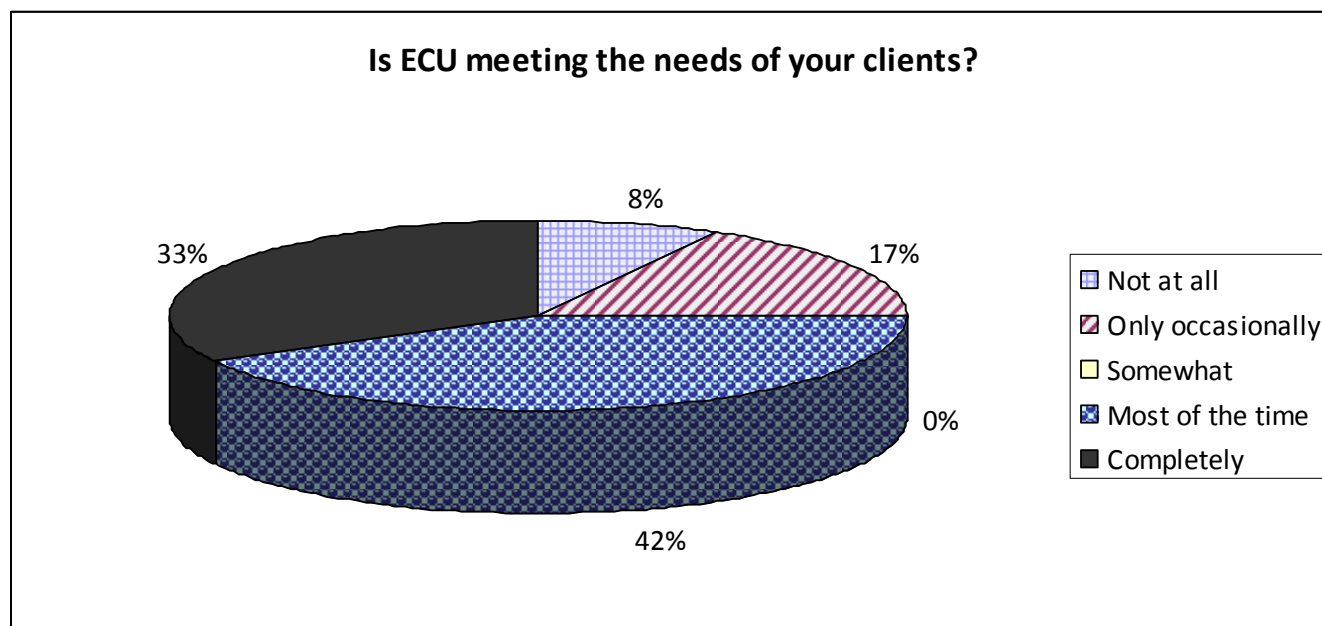
Outcome: Ability to Pursue Financial Goals

Despite mixed feedback about building savings and assets, the majority of respondents to the member survey indicated that they have made progress toward their financial goals. A surprisingly high proportion (63%) “agreed” or “strongly agreed” with the following statement:

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Since joining ECU, I have made progress toward my goals financially.	28%	35%	30%	4%	2%

Process Measures: Service Model

The evaluation's process measures focus on the effectiveness of ECU/EA's service model, rather than on client outcomes. The process measures explore how well the service model meets client needs and provides value to community partner agencies. Feedback from the 15 staff at community partner agencies who completed the survey indicates that ECU is meeting the needs of their clients "most of the time" or "completely." However, a small number (25%) of community partners interviewed report that ECU meets their clients' needs "only occasionally" or "not at all." The following chart shows the responses of staff at community partner agencies that completed the community partner survey.

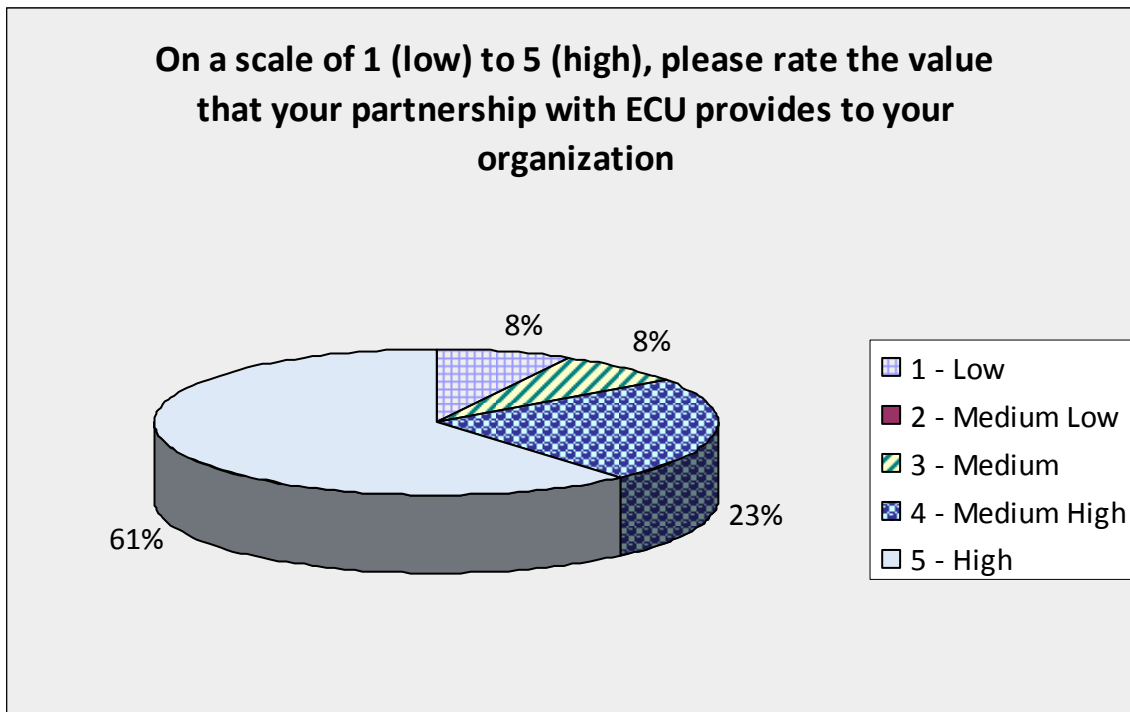


Open ended feedback on the degree to which ECU is meeting community partners clients' needs may provide insight on the responses that were less than positive, highlighting the diversity of clients' cultures and the impact of different cultural and religious beliefs on clients' needs for financial services. For example, one community partner noted that some clients' religions require non-interest bearing financial services, while another community partner suggested that it will take time to build trust in financial institutions among clients whose cultures do not have norms regarding banking.

Community partners were generally quite positive about the value ECU provides to their organization. On a scale of one (1 – low) to five (5 – high) most of those interviewed (61%) ranked the value of partnering with ECU a five (5). An additional 23% ranked the value of the partnership a four (4). The following graph shows their responses.

We have a diverse clientele with many languages and cultural norms regarding banking systems. The process of building trust and knowledge takes some time due to this.

Partner agency staff



A key reason that many partner agencies' respondents feel that the partnership has value is that it provides banking services to low-income people who would otherwise be unbanked, including people with no banking history and those who need a second chance for financial services due to a negative banking history. In addition, community partners indicate that the on-site model of service delivery is key to the initiative's success. One suggestion from multiple community partners to further the program's impact is to increase the availability of marketing materials that clearly explain the program's philosophy and outline the different services that are available.

This is an amazing resource for our clients to have right on site.
Partner agency staff

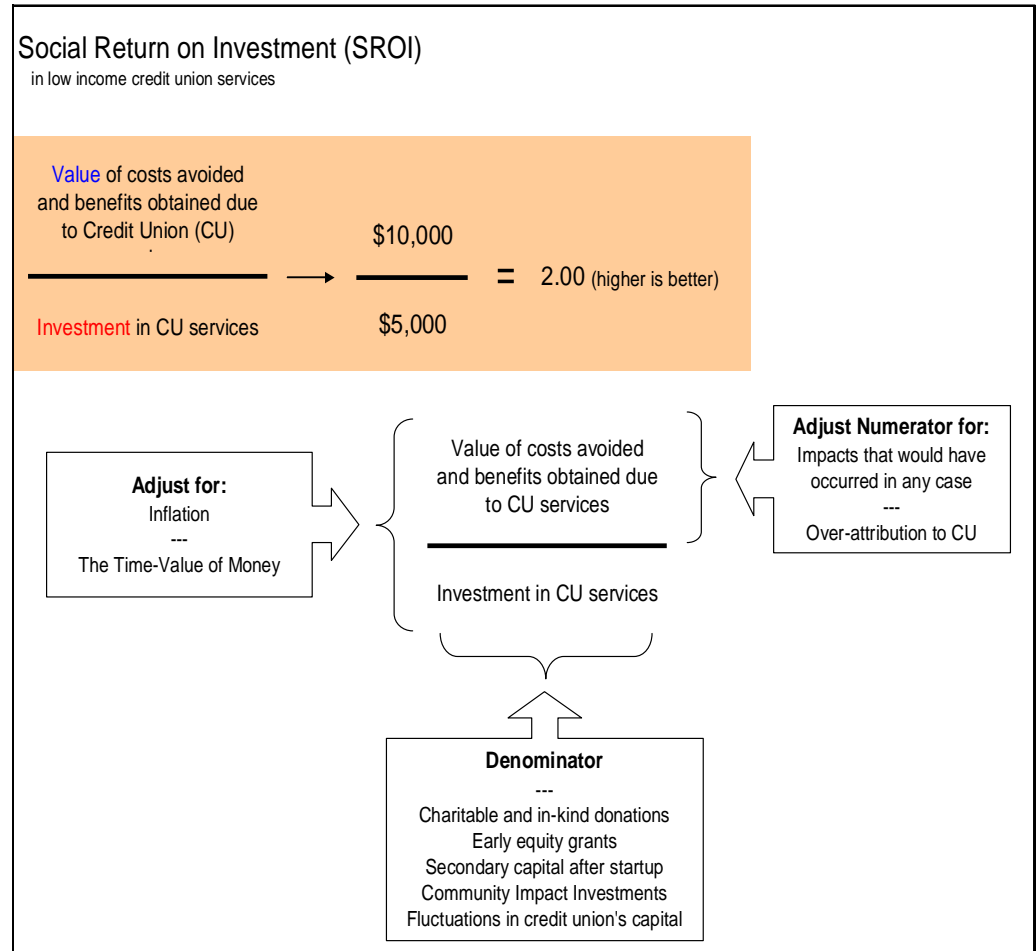
ECU/EA leadership affirmed that the community partner model adds value to the ECU/EA program. Community partners are particularly important for outreach as they have contact with clients that ECU would otherwise not reach. Their financial education and case management services are also helpful in building clients' financial stability. To address variability among different agencies, ECU recently hired an asset building staff person to talk to community partners about the information that needs to be shared and the needs of clients coming to ECU, as well as developing new trainings.

Social Return on Investment Model

The social return on investment model, or SROI, developed for ECU/EA is influenced by developmental and educational work carried out by the New Economics Foundation (NEF), a charity based in the United Kingdom whose mission includes novel ways of measuring social well-being. In their work, NEF has pioneered the application of traditional return on investment approaches to programs and initiatives in the human and social services areas.

The NEF approach is grounded in close collaboration with program stakeholders and depends in large part on a well-specified theory of change to guide the selection of measures that are meaningful and reflective of impact. Given the extensive theory of change work described earlier, the NEF approach is well suited to the actual evaluation plan designed for ECU/EA.

At a very high level, the SROI is the ratio of value to investment. The diagram to the right depicts this overall relationship. It also provides some detail about the components of the metric and lists certain explicit adjustments that are necessary to make the value-to-investment comparison appropriate.



As shown in the previous diagram, the SROI denominator is derived from actual historic investment funding and capital fluctuations during operations. Value (the numerator) is obtained by tallying likely costs and fees ECU members avoid when using specific ECU products and services, as well as newly obtained benefits that accrue from adopting more traditional banking services. Discussions between ECU and Calculated Risk staff determined the elements to include in the model, and research conducted by Clegg & Associates provided needed benchmark information to make it operational. Several exchanges helped refine the model, making it more flexible for the user.

The following page shows what is being called the “control panel” from the SROI model, **populated with fake demonstration data**. After loading the model with important set-up information (e.g., service utilization, benchmark data approximating the avoidable costs faced by unbanked individuals, capital fluctuations, investment funding, etc.), the control panel synthesizes quantitative results and provides a central location for adjusting the SROI modeling options. A sampling of these results and options are called out with numbered arrows, as follows:

- **Arrow #1** the current SROI ratio
- **Arrow #2** up to 20 distinct product or service offerings that may be included selectively, using the checkboxes, in the SROI analysis
- **Arrow #3** for each product/service offering, the range of benchmarked avoided cost or obtained benefits is displayed; “sliders” permit the user to apply the range conservatively, modestly, or aggressively
- **Arrow #4** for each product/service offering to which a benchmarked avoided cost or obtained benefit estimate applies, the user may discount the “numerator value,” recognizing that a portion of benefits could have occurred in any case
- **Arrow #5** for each product/service offering to which a benchmarked avoided cost or obtained benefit estimate applies, the user may discount the “numerator value,” recognizing that a portion of benefits might not have transpired on account of the credit union
- **Arrow #6** up to six distinct components of investors and/or funding sources may be included selectively, using the checkboxes, in the SROI analysis

Control Panel: Social Return on Investment estimation model

The current calendar year is (yyyy): 2010	Social Return on Investment RESULTS	
	Cumulative present value of avoided costs & obtained benefits:	\$3,957,131
	Cumulative present value project investments and contributions:	\$2,962,446
	Social Return on Investment (1.0 indicates "break-even"): 1.34	

2 Include? A B C D E F G H I J K L M N O P Q R S

1

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
Estimated annual growth in costs or benefits	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

3 Benchmark selection (in 2010 dollars) What costs or benefits are associated with various LICU products and services?

	Cost/Yr	Cost/Yr	Cost/Wire	Cost/Trans	Cost/Loan	Cost/Yr	Seg/Day	Cost/Day	APR Advantage	APR Advantage	APR Advantage	APR Advantage	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	
Minimum amount	\$102	\$33	\$0	\$31	\$1.52	\$15	\$425	\$1.33	\$2.44	2%	2%	2%	2%	\$100	\$200	\$300	\$400	\$500	\$600	\$700
Median amount	\$208	\$326	\$0	\$31	\$2.22	\$99	\$425	\$1.33	\$5.30	18%	18%	18%	18%	\$100	\$200	\$300	\$400	\$500	\$600	\$700
Maximum amount	\$674	\$457	\$0	\$31	\$2.92	\$183	\$425	\$1.33	\$8.35	30%	30%	30%	30%	\$100	\$200	\$300	\$400	\$500	\$600	\$700
Selected benchmark:	\$674	\$537	\$0	\$31	\$2.92	\$183	\$425	\$1.33	\$8.28	36.0%	36.0%	36.0%	36.0%	\$100	\$200	\$300	\$400	\$500	\$600	\$700

4 Deadweight reduction What portion of impacts would have occurred anyway?

	Cost/Yr	Cost/Yr	Cost/Wire	Cost/Trans	Cost/Loan	Cost/Yr	Seg/Day	Cost/Day	APR Advantage	APR Advantage	APR Advantage	APR Advantage	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	
Minimum amount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Maximum amount	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Selected reduction:	20%	20%	20%	30%	20%	20%	20%	20%	20%	20%	20%	20%	53%	58%	100%	80%	95%	88%	93%	

5 Attribution reduction What portion of remaining impacts are due to causes other than the LICU option being available?

	Cost/Yr	Cost/Yr	Cost/Wire	Cost/Trans	Cost/Loan	Cost/Yr	Seg/Day	Cost/Day	APR Advantage	APR Advantage	APR Advantage	APR Advantage	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	Cost/loan	
Minimum amount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Maximum amount	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Selected reduction:	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	80%	80%	53%	20%	89%	80%	0%	

Cumulative avoided costs & obtained benefits:

Cost by product or service	\$573,638	\$1,465,028	\$0	\$50,341	\$8,000	\$80,510	\$210,282	\$4,762	\$29,263	\$44,194	\$105,994	\$2,987	\$211,887	\$7,624	\$17,090	\$0	\$127,912	\$26,415	\$29,113	\$16,180
Included in SROI model	\$573,638	\$1,465,028	\$0	\$50,341	\$8,000	\$80,510	\$210,282	\$4,762	\$29,263	\$44,194	\$105,994	\$2,987	\$211,887	\$7,624	\$0	\$0	\$0	\$26,415	\$29,113	\$16,180

Cumulative present value of avoided costs & obtained benefits: 3,957,131

6 **COST OF FUNDS COMMITTED** by Key LICU Project Investors

- EA charitable donations to non-profit organizations
- Fluctuation in ECU capital balances
- Value of in-kind donations: time/space/equipment/etc.
- Equity grants from funding partners
- Secondary capital raised to sustain operations
- Community Impact Investment monies

Describe cost of funds to be used in this model

Return targeted by EA for funds slated for donation	\$20,275	\$20,275
Support: ECU's weighted average cost of funds	\$73,340	\$73,340
Support: 1-year Treasury bill rate	\$40,741	\$40,741
Return targeted by grantors for funds slated to be granted	\$1,489,689	\$1,489,689
Return ordinarily targeted by investors for use of their funds	\$0	\$0
Partner's opportunity cost of making these commitments	\$0	\$0

Cumulative present value project investments and contributions: 2,962,446

EXPECTED ANNUAL RETURNS ON FREE CASH by Beneficiary Category

LICU members
Employees

Other beneficiary 3
Other beneficiary 4
Other beneficiary 5

Describe return rates to be used in this model

Expected return on free cash deposits
Expected return on liquid balances & marketable securities

Cle Associates

Conclusions

Overall, the data on service use and client outcomes for the ECU/EA initiative's first one and a half years is quite positive. The data suggests that the program is successful in accomplishing the short-term outcomes in the theory of change that underpins the program — reaching out to clients that might otherwise be unbanked, increasing access to affordable financial services and asset building programs, and creating a welcoming environment, as well as a reputation as a financially trustworthy partner. The data also suggest that the initiative is making progress on its intermediate goals, including increasing members' knowledge and experience in using financial services and building confidence in their ability to navigate financial systems and personal finances.

Feedback from the member survey about the environment created at ECU is extremely positive. An overwhelming majority of members reported that they felt welcome at ECU and that they were treated with respect, as shown in the responses to member survey questions presented on pages 13 – 14. Building trust is a key step in ECU/EA's theory of change, as it is a component of connecting low-income members with affordable financial services.

ECU/EA's current theory of change, shown on page 4, speculates that once people enroll in affordable financial services, they will increasingly: (1) become aware of the various services that are available, (2) gain access to more services, and (3) build trust in financial institutions and their ability to meet their needs. The data that has been gathered to this point suggests that increases in all three areas are occurring for ECU members, but does not clarify which of these elements is most important and in what order they occur. Future evaluations will likely explore this question with data gathered over time on client outcomes.

Financial resiliency is a long-term outcome that can be difficult to measure, as it is not a tangible state of being that can be clearly said to exist or not exist for each credit union member. The responses to the member survey that are presented on page 18 present a mixed picture of members' ability to handle expenses, reduce debt, manage budgets, and save money. Since this is a long-term outcome that we expect will require multiple years before an impact is visible, the information in the current evaluation report will be most useful as baseline data, and as we compare members' responses in subsequent years and explore whether they improve over time.

Next Steps

This report, based on the first one and a half years of program operation, presents baseline data on many of the evaluation's indicators and outcomes. Next year's evaluation will track changes over time, which will allow us to present trends in outcomes, including exploration of intermediate and long-term outcomes. As an evaluation of a more established program, we will also begin to incorporate comparisons with national trends.

A number of additional evaluation steps will occur in the next year. The OSI custom reports are already nearly complete. The reports should be ready and available for analysis in the near future. This will present us with richer data for next year's evaluation report and will allow us to complete the initial SROI analysis. Once the SROI tool is populated, ECU/EA and evaluation staff will meet to discuss the results of the SROI analysis and to explore the services, benefits, and costs that are currently included,



and identify those that are not yet captured. In addition, the development of a user's guide will allow ECU/EA staff to take responsibility for keeping SROI data up to date.

We will also continue to work with ECU/EA's community partners. We anticipate conversations about the financial education services that agencies provide, as well as continued dialogue about data collection on clients' financial knowledge, confidence, and resiliency.

ECU/EA has been highly responsive in its first one and a half years in gauging its results and making improvements as it goes. The program continues to introduce new products, such as the Emerge loan, and refine its services, such as adjusting the length of repayment time for payday alternative loans. This adaptability and willingness to make changes to meet members' needs is admirable and suggests that the program will continue to be responsive as data over time identifies the services and components of the program model that are most important and suggests areas where changes and additional services may be needed.

Appendix



ECU/EA Dashboard Indicators

Financial	
⊕ Total assets	⊕ Ratio of delinquent to total loans by credit score category
⊕ Net worth	⊕ Net charge-off rate
⊕ Ratio of net worth to total assets	⊕ Transaction cost and profitability by product
⊕ Total shares	⊕ Return on average assets
⊕ % growth in member shares	⊕ Administrative costs as % of total costs
⊕ Ratio of loans to total assets	⊕ Ratio of operating expenses to average assets
⊕ Ratio of delinquent loans to total assets	⊕ % variance between projected budget and actual costs and revenues
Operations	
⊕ Total membership, by ethnicity	⊕ # of transactions by type of account
⊕ Total # of low-income members, by ethnicity	⊕ % of LI member who use direct deposit
⊕ % of membership that is low-income	⊕ Ratio of borrowers to members, also broken out by age of membership
⊕ % growth in LI membership	⊕ Rates of approval, decline, counteroffer, withdrawn, and pending for loan applications for LI and all members, by credit score category
⊕ % of loans made to LI members	⊕ # and % of LI members attending financial education workshops and % of those individuals completing sessions
⊕ % of proposed products on line and available to members	⊕ # and % of LI members screened for EITC eligibility and % of those eligible receiving EITC
⊕ Average # of months accounts remain open	⊕ # of requests for translation services and total # of hours of service provided
⊕ Ratio of closed to open accounts for low-income and all members, also broken out by age of membership	

Partner Development	Fundraising
<ul style="list-style-type: none"> ⊕ Total # of partnership agreements with community-based organizations ⊕ # of clients referred by each partner ⊕ # of clients receiving financial education from each partner ⊕ % of clients referred who become members, by partner ⊕ # and % of employees at partner agencies who become ECU members 	<ul style="list-style-type: none"> ⊕ Total \$ raised for ECU ⊕ Total \$ raised for EA ⊕ % of fundraising goal secured for ECU ⊕ % of fundraising goal secured for EA ⊕ Total # of sub-rate depositors for ECU ⊕ Total # of contributors for EA
Human Resources	Customer Satisfaction
<ul style="list-style-type: none"> ⊕ Ratio of part-time to full-time employees ⊕ Ratio of members to full-time employees ⊕ % staff turnover ⊕ % of employees who are bilingual 	<ul style="list-style-type: none"> ⊕ % of members surveyed reporting satisfaction with services received ⊕ % of LI members with any account activity
Conversion of Unbanked Individuals to Banked Members	
<ul style="list-style-type: none"> ⊕ # and % of new LI members previously unbanked ⊕ % of LI members with account activity and > \$5 minimum account balance ⊕ # and % of LI applicants who have a Chex systems report ⊕ % of LI members who open accounts beyond checking and savings 	<ul style="list-style-type: none"> ⊕ Average number of accounts and services per member ⊕ Average dollar amount of loan at time of closing ⊕ % of LI members who use ATMs, debit cards, shared branching, online banking, and direct deposit ⊕ % of LI members applying for loans, by type of loan