

WEALTH BUILDING AT TAX TIME

Boston's Financial Check-Up as an Economic Mobility Tool



JULY 2017



ACKNOWLEDGEMENTS

This report was developed by Navin Associates and commissioned by the Mayor's Office of Financial Empowerment (OFE). Constance L. Martin, Deputy Director of the Mayor's Office of Financial Empowerment, and Mimi Turchinetz, Assistant Deputy Director, OFE, and Manager of the Boston Tax Help Coalition (BTHC), defined and oversaw its development with assistance from Midori Morikawa, Deputy Director of Workforce and Policy Development, Office of Workforce Development; Scott Nelson, OFE Research Fellow; and BTHC staff members, Joanne Evans, Asset Building Programs Coordinator, and Johanna Black, Ph.D. candidate (Social Policy), Brandeis University. This is a summary report that is based upon three evaluations of the Financial Check-Up, the first by Johanna Black and the second and third by Scott Nelson. Without their original research, this report would not have been possible. Ultimately, they and we are indebted to the volunteer Financial Guides, site coordinators and, most importantly, taxpayers, without whom there would be no evaluation data about this innovative financial empowerment program.

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Dear Friends:

The City of Boston is committed to fostering not just economic growth, but economic mobility for all Boston residents. I am proud to introduce An Evaluation of Boston's Financial Check-Up as a testament to the powerful results such an effort can yield. When we help working families build their financial capability, we create a healthier financial future for our city.

The Financial Check-Up (FCU) is just one of many smart strategies advanced by the Mayor's Office of Financial Empowerment (OFE), which provides residents with financial education, saving and debt management supports, and access to stable employment. The Boston Tax Help Coalition, part of the OFE, administers the FCU along with its free tax preparation services. In each FCU a trained financial guide meets with a resident to review his or her credit report, discuss financial goals, and provide individualized recommendations to build credit over the next year.

This report measured the promising impact these sessions can have. Tax filers who received an FCU were able to use the information provided to improve their financial status within just two months of filing. Over time, they were able to substantially lower credit card and loan debt and improve their FICO credit scores. These are the kinds of results that can change lives. An improved credit score, for example, can help lower the cost of borrowing so that families have more money to spend on things that matter most to them. Crucially, the FCU communicates these benefits to a wide range of historically disadvantaged groups, including residents of public or subsidized housing, tax filers with dependents, women, and people of color.

I am grateful to the staff and volunteers of the Boston Tax Help Coalition for their dedication in doing such important work for Boston residents. Our free tax preparation program and its integrated FCU service are truly a model for the nation. Expanding the Financial Check-Up will not only serve our residents in greater numbers, but will also allow other municipalities to benefit from the innovative work being done here in Boston.

Sincerely,

A handwritten signature in black ink that reads "Martin J. Walsh". The signature is written in a cursive, flowing style.

Martin J. Walsh
Mayor, City of Boston



Dear Colleagues:

We are pleased to share this important evaluation of Boston's Financial Check-Up conducted by Navin Associates on behalf of the Mayor's Office of Financial Empowerment (OFE). The Financial Check-Up (FCU) is provided through the OFE's largest program, the Boston Tax Help Coalition – a partnership of nonprofits, businesses, and community organizations that has provided free tax preparation services since 2001. Last year, the Coalition served nearly 13,000 families, processing \$24.5 million in refunds and saving them on average about \$200 that would otherwise have gone to paid preparers.

The FCU was developed by Coalition staff as a means to optimize free tax preparation as an asset-building opportunity. In this way, residents can make the most of their tax refunds and help build their financial well-being.

During 2015-2017, the OFE undertook a three-phase evaluation of the FCU to examine its impact on Boston residents. This evaluation included qualitative and survey data collection, as well as a state-of-the-art randomized controlled trial to rigorously quantify the FCU's impacts. Through these analyses, we learned that the FCU has a positive impact on recipients, even within as short a time as two months after tax filing. Based on early results, tax filers who received an FCU reduced their installment debt by an average of \$481 more than those who had not received an FCU. Among tax filers with significant credit card debt, FCU participants paid down 18.2% more than their non-FCU counterparts.

With these promising findings, our agency, along with community partners, will expand the FCU to serve additional Boston residents. We look forward to sharing ongoing research that will help measure the long-term impact the FCU can make in the lives of hard-working taxpayers who seek to maximize their financial potential.

Thank you for your interest in and support of Boston's economic mobility work.

Trinh Nguyen
Director
Office of Workforce Development

Constance Martin
Deputy Director
Office of Financial Empowerment



EXECUTIVE SUMMARY

The Boston Tax Help Coalition (BTHC) has developed a credit building tool, the Financial Check-Up (FCU), used in conjunction with its annual free tax preparation services. The concept is to connect with low- and moderate-income taxpayers when they are focused on their finances and, if eligible for refund, suggest that it be used to build assets and make some financial plans. The FCU is a free, light-touch (20 minute), financial empowerment tool that usually includes: (1) a review (with taxpayer consent) of the taxpayer's credit report (provided at no charge by BTHC), including the FICO score¹; (2) a one-year financial plan with prioritization of credit issues; and (3) referrals to other services, depending on the taxpayer's needs and interest. The FCU is conducted by Financial Guide volunteers who are recruited and trained by the BTHC, and is currently offered at a limited number of tax sites. Trained BTHC staff also administer the FCU and supervise the volunteers.

In 2015, the Mayor's Office of Financial Empowerment (OFE) initiated a three-phase evaluation of the FCU in order to measure its effectiveness. The evaluation involved hundreds of taxpayers and included a controlled trial that randomly assigned taxpayers to either receive an FCU or to receive a "control group" version of the service. The evaluation yielded impressive, statistically significant results that demonstrated the FCU's ability to influence FCU taxpayers to act to reduce their debt within two months of tax filing. These results justify the conclusion that the FCU is a successful strategy to build credit and increase financial wellness. It merits program expansion, continued research, and additional funding.

FCU RESULTS

- » Taxpayers reported that the FCU was useful and informative;
- » Taxpayers who received an FCU improved their financial status within two months of filing their taxes, lowering their credit card debt and/or installment debt more than the control group;
- » The FCU helped individuals from financially disadvantaged groups lower their credit card debt more than the control group, including public housing residents, taxpayers with dependents, female taxpayers and taxpayers of color;
- » Taxpayers who received an FCU improved their FICO credit scores;
- » The FCU helped taxpayers improve their sense of financial well-being;
- » The effectiveness of the FCU generally tended to be greater for taxpayers with little/no experience with credit reports, lower credit scores, larger tax refunds and \$500 or more in the bank.

FCU STRENGTHS

- » The FCU results in concrete, measurable, and lasting benefits for financially vulnerable taxpayers;
- » The FCU is efficient, as it is easily administered and relatively inexpensive;
- » The FCU is rooted solidly in the free tax assistance movement and well-positioned to link with a wide range of efforts battling economic disparities; and
- » The FCU results have been and continue to be thoroughly documented and assessed for evaluation purposes.

CONSIDERATIONS FOR PROGRAM IMPROVEMENT

- » Enhance the volunteer Financial Guide's ability to advise the taxpayer;
- » Fine tune taxpayer recommendations based on the individual taxpayer's refund size, bank account balance, and level of credit card debt;
- » Continue to target historically disadvantaged populations;
- » Continue to promote repeated use of FCU; and
- » Analyze differences in FCU tax sites and address how that might affect outcomes.

RECOMMENDATIONS

- » The FCU should be made available at all practicable BTHC tax preparation sites;
- » Given the demonstrated effectiveness of the use of the FCU with economically disadvantaged groups with substantial credit card debt, including women, public and subsidized housing residents, people of color, and taxpayers with dependents, the OFE should maximize outreach to these groups;
- » Research on the FCU's effectiveness should continue in order to study long-term effects that can inform future program improvements, as well as expansion in Boston and replication elsewhere;
- » The OFE should institute one or more pilot partnerships with asset building programs (for example, homeownership, bridge to college, skills training, and new parent classes) to which the FCU could be added;
- » The OFE should continue to disseminate the results of the FCU model for replication regionally and nationally.



INTRODUCTION

BOSTON TAX HELP COALITION

Launched in 2001, the Boston Tax Help Coalition (BTHC) began providing free tax preparation at eight community locations in 2002. By 2016, the BTHC had expanded its tax services to serve nearly 13,000 low- and moderate-income taxpayers² at 37 tax preparation sites across the City, assisted by 373 trained volunteers, resulting in refunds totaling \$24.5 million, of which 36% was from the Earned Income Tax Credit (EITC).³

Through annual surveys of taxpayers who utilized its free tax services, the BTHC established that credit building and debt reduction were priority strategies for achieving financial empowerment, which it defined as “possessing the knowledge and ability to make choices and take desired actions that improve one’s financial wellbeing.” While a credit-focused approach was relatively innovative in a field that traditionally had stressed saving money, possessing credit gives families a greater ability to handle adverse life events and manage their finances. Moreover, it has become an essential element of daily life in this society. Employers and landlords run credit checks as a proxy for responsibility and trustworthiness. Without credit, large cash deposits are often required to set up electricity, gas and telephone accounts. With good credit, a \$10,000 car loan might cost \$1,300 in interest, but with bad credit the interest rate could be five times higher. A \$500 car repair bill might lead to a crushing payday loan or even a lost job.⁴ Consequently, the BTHC and economists like Dr. Jonathan Morduch, an economist at New York University, regard establishing good credit as a core element of financial empowerment. Murdoch, who is Managing Director of a consortium of researchers focused on financial inclusion, believes that borrowing actually can be easier than saving, because owing someone money is a more powerful motivator than saving (but borrowing does not build assets).⁵

The BTHC documents credit repair needs in its annual survey of taxpayers served. Partial results from the BTHC 2016 Taxpayer Data Report are in [Table 1](#).

TABLE 1 | 2016 TAXPAYER SURVEY DATA

Taxpayers rating their credit score as Very Bad/Bad/Fair	48%
Taxpayers who did not have a credit card	41%
Taxpayers who had never seen their credit report	30%
Taxpayers who did not know the interest rate on their credit card	19%
Taxpayers with a credit card interest rate higher than 20%	6%

This report evaluates one BTHC service, the Financial Check-Up (FCU), which has been documented as effective in helping taxpayers improve their credit scores and financial well-being.

BACKGROUND FOR BTHC'S FINANCIAL CHECK-UP

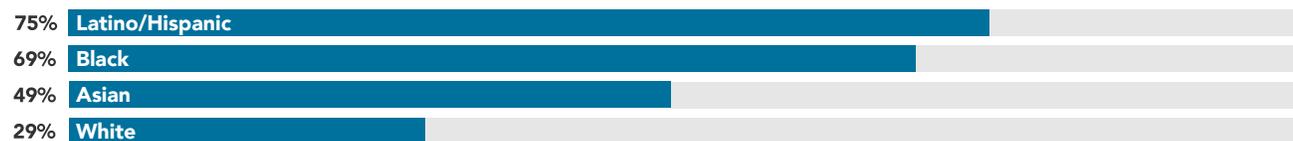
A 2016 study by the Mayor's Office of Workforce Development (OWD) found that, despite Boston's booming economy, many Boston residents struggle economically. "The unemployment rate has fallen to pre-recession levels, but the median income has remained unchanged for a generation. A quarter of full-time, full-year workers, and just under half of all labor force participants, earn less than \$35,000.00."⁶

Boston has the highest rate of income inequality among the 100 largest cities in the country, according to an analysis of 2014 Census data by the Brookings Institution.⁷ This startling fact speaks to the increasingly difficult circumstances of low-income Bostonians in contrast to the increasingly prosperous circumstances of Boston's highest income residents. Both groups are growing in number, while Boston's middle class shrinks. Between 2008 and 2013, approximately 14,000 households were added to Boston. Of these, almost half earned less than \$10,000 annually; nearly 40 percent earned more than \$100,000, and the number of households with incomes between \$25,000 and \$99,000 declined by nearly 1,000.⁸

Within these numbers are vast differences in wealth by race and ethnicity. Wealth allows families to make investments in homes, in education, and in business creation. Dominicans and U.S. blacks have a median wealth of close to zero, while white households have a median wealth of \$247,500. Of all nonwhite groups in Boston for which estimates could be made, Caribbean black households have the highest median wealth with \$12,000, which is only five percent of the median wealth attributed to white households in the Boston Metropolitan Statistical Area.⁹

The Corporation for Enterprise Development's (CFED) 2014 Family Assets Count for Boston also demonstrated the severity of the economic disparities in Boston.¹⁰ Seventeen percent (17%) of Bostonians are living below the federal poverty level.¹¹ Fully 46% of Boston households, including the majority of Black and Latino households, are liquid asset poor, meaning they do not have enough savings to live above the poverty level for three months if their income is disrupted, for example, by losing a job. Such financial vulnerability means that an unanticipated adverse life event can have catastrophic consequences for a family, and when most families in a community are financially vulnerable, the stability and growth of the entire community are threatened.

WHO IS LIQUID ASSET POOR IN BOSTON?



Increasingly, municipal leaders across the nation are experimenting with financial empowerment programs designed to decrease households' financial vulnerability by helping them increase their financial capability, build assets, improve credit scores and expand access to credit, and connect them with benefits for which they are eligible.¹²

Two important and complementary resources in these efforts are the Volunteer Income Tax Assistance Program (VITA), which helps low- and moderate-income families complete their tax returns at no cost, and the refundable federal and state tax credits. The federal Earned Income Tax Credit (EITC) is a refundable tax credit for low-wage workers. The EITC is nationally recognized as an extremely effective tool to reduce poverty and increase employment. In combination with the federal Child Tax Credit, the EITC alleviates the stress of poverty for millions of working American families every year. In 2013, the EITC and other tax credits boosted 9.4 million people, five million of them children, to just over the federal poverty level and helped reduce poverty for another 22 million people.¹³ In Massachusetts, these two federal tax credits, along with the state EITC, collectively assist 74,000 Massachusetts children.¹⁴

Free tax assistance programs have become an incubator for communities to develop innovative strategies to impact the financial well-being of low- and middle-income taxpayers in the United States. A loose network of community-based organizations, institutions, and national partners, operating as a learning community, uses the free tax preparation opportunity to create pilot programs to decrease financial vulnerability and increase assets. Successful pilots then can be scaled up to impact more households locally and nationally.

In Boston, the BTHC has been part of that learning network for more than fifteen years, broadening pathways from poverty to financial empowerment through quality free tax preparation, financial education, and economic stability opportunities. Mayor Martin J. Walsh had highlighted the issue of income inequality in Boston during his campaign. Once elected, he embraced the work of the BTHC, giving it a home and resources in his newly-created Office of Financial Empowerment (OFE) that has been charged with integrating and expanding the City's financial inclusion work.

HOW THE FINANCIAL CHECK-UP WORKS

Over the years, the BTHC sought to leverage its interaction with the taxpayer to offer a credit building tool to be used in conjunction with the free tax preparation process. The idea was to connect with the taxpayer when he/she is focused on finances and, in most cases, eligible for a substantial refund¹⁵ that could be used to build assets and make some financial plans. This is the concept behind the Financial Check-Up (FCU).¹⁶

The FCU integrates a financial assessment tool to the free tax assistance process. It is a free, light-touch (20 minute), financial empowerment tool that usually includes: (1) a review (with taxpayer consent) of the taxpayer's credit report¹⁷, including the FICO score; (2) a one-year financial plan with prioritization of issues; and (3) referrals to other services, depending on the taxpayer's needs and interest.

The FCU is implemented by Financial Guide volunteers who are recruited by the BTHC. Each volunteer is asked to attend six hours of training and commit to volunteer weekly at a tax site for 30 hours of service throughout the tax season. Trained BTHC staff also administer the FCU and supervise the volunteers at the tax sites.

The FCU begins when the Financial Guide meets individually with the taxpayer. While waiting to meet with an IRS-certified tax preparer, the taxpayer is:

- » Screened for eligibility and readiness for tax return preparation (for example, is her income below the VITA income limit, did she bring W-2s and other necessary documents);
- » Given an explanation of the FCU and its benefits, if she has not participated previously, and asked if she consents to review her credit report and score with the Financial Guide and obtain individualized advice;¹⁸
- » Asked a few questions relating to her financial health (for example, does the taxpayer have a bank account, etc.).

The FCU includes the following:

- » Credit advising: If the taxpayer consents to have her credit report pulled, the credit report and score status are reviewed with her and personalized recommendations are made based on her credit report (for example, to lower card balances, pay off accounts, build credit, dispute inaccuracies);
- » Service organization referrals: The taxpayer is referred to public and/or private resources for services, as appropriate (for example, credit repair, housing or fuel assistance, debt management, as selected by the taxpayer);
- » Savings opportunities: The taxpayer is offered savings opportunities that may vary by tax site (for example, opening a bank account on site so as to deposit the tax refund, using part of the tax refund to purchase U.S. Savings Bonds, and/or opening a MyRA account¹⁹);
- » Financial coaching: The taxpayer is invited to sign up for free financial coaching at the OFE's Roxbury Center for Financial Empowerment;
- » Voter registration: The taxpayer is offered the option to register to vote, if applicable; and
- » Tax return recommendations: The taxpayer receives suggestions as how to best utilize his/her tax refund to achieve goals (for example, savings, prioritize paying off certain debts, etc.).

In 2016, 65 Financial Guides provided FCUs for 3,496 low- and moderate-income taxpayers.²⁰ Of these FCUs, 2,437 included credit report review.

THREE-PHASE EVALUATION

In 2015, the OFE decided to conduct a three-phase evaluation of the FCU in order to measure the FCU's effectiveness in helping Boston residents both improve their financial wellness and access a wide range of other services.

Phase I Evaluation:

The BTHC developed a post-tax season survey that asked in-depth questions of taxpayers who participated in the FCU in 2013, 2014, and/or 2015. In 2015, the survey form was emailed to approximately 450 taxpayers and another 100 were contacted by phone; 155 completed survey forms were collected. Johanna Black, a Ph.D. candidate (Social Policy) at Brandeis University, analyzed the data to inform the following three research questions.

- » How does the information about the taxpayer's credit score delivered during the FCU impact how the taxpayer uses his refund and/or follows an FCU recommendation?
- » How does the size of the taxpayer's refund impact whether the FCU influenced his refund use?
- » How does the FCU influence the taxpayer's sense of financial well-being?

Phase II Evaluation:

Phase II built on Phase I by comparing 2015 financial outcomes of taxpayers who received an FCU in 2014 to taxpayers who did not. Scott Nelson, a Research Fellow at OFE and Ph.D. candidate in economics, conducted an analysis to answer these three research questions.

- » What are the characteristics of the FCU service population?
- » What is the efficacy of the FCU as measured by differences in credit score one year later?
- » What factors contribute to FCU efficacy?

Phase III Evaluation:

Scott Nelson also led the Phase III Evaluation in 2016, which was conducted at one of the busiest FCU sites, using a randomized controlled trial. The trial randomly assigned taxpayers either to receive an FCU or to receive a "control group" version, which provided a free credit report without any accompanying credit advising or service referrals (hereinafter "control group"). In total, approximately 400 taxpayers received the FCU and approximately 400 were assigned to the control group. Just as in other randomized trials of new products or treatments, this trial's design can reveal whether and how the FCU helps Boston's taxpayers, through statistical analyses of the differences between FCU recipients' outcomes and the control group's outcomes. Phase III addressed two research questions.

- » Is the taxpayer's financial wellness improved by participation in the FCU, specifically considering credit scores, delinquencies and collections, open credit lines and credit utilization rates?
- » Which population groups benefit most from the FCU and in what specific areas?



1

- Financial aid
- Financial aid and other programs that help pay for college
- Financial aid and other programs that help pay for college
- Financial aid and other programs that help pay for college

American Student Assistance (ASA) College Planning Center 617-556-0200

- Debt Management Programs
- Debt Management Programs
- Debt Management Programs

American Consumer Credit Counseling (ACCC) 817-559-5700

- Bankruptcy Counseling
- Bankruptcy Counseling
- Bankruptcy Counseling

American Consumer Credit Counseling (ACCC) 617-348-6000

Need help for account setup?

- Account setup assistance
- Account setup assistance
- Account setup assistance

Account limitations:

- Account limitations
- Account limitations
- Account limitations

Great for low-income people beginning to save for retirement:

- Great for low-income people beginning to save for retirement
- Great for low-income people beginning to save for retirement
- Great for low-income people beginning to save for retirement

Accounts can be funded in these ways:

- Accounts can be funded in these ways
- Accounts can be funded in these ways
- Accounts can be funded in these ways

Next steps:

- Next steps
- Next steps
- Next steps

FINDINGS

WHO IS SERVED?

The FCU targets Boston’s low/moderate income taxpayers. The FCU service population during the evaluation period was representative of the broader population of low- and moderate-income taxpayers who received free tax services through the BTHC. The FCU evaluation’s three phases covered 2013 – 2016.²¹

The averages in Table 2 are based upon the approximately 1,714 taxpayers who received one or more Financial Check-Ups between 2013 and 2016 and participated in one of the three phases of the FCU evaluation. They are based upon the means reported in the three phases of the FCU evaluation.

TABLE 2 | 2013-2016 FCU EVALUATION PARTICIPANT CHARACTERISTICS

Age	42 ²²
Dependents	0.66
Adjusted Gross Income	\$21,471
Tax refund	\$1,778.03 ²³
Earned Income Tax Credit refund	\$661.83
Self-reported that they had no prior opportunities to view their credit report	50%
Self-reported that their credit score was “not good” ²⁴	43%
Self-reported that their credit score was “worse than expected” ²⁵	25%
FICO credit score	666 ²⁶
Credit card debt ²⁷	\$1,655
Installment debt ²⁸	\$8,642
Bank account balance	\$518

FCU taxpayers find it hard to save. They reported that it was very difficult for them to save money due to the day-to-day expenses and financial challenges that they encountered. This was even more pronounced for FCU taxpayers with poor credit scores who believed that their low credit score was problematic.

FCU taxpayers who reported that their credit score was “not good” were more likely to point to these scores as a reason that it was hard to save, compared to those who reported “good/very good” scores. This difference was statistically significant at the 90% level.

The top four reasons that FCU taxpayers reporting “not good” credit scores found it hard to save were:

1. Paying off money that I owe (63%);
2. Poor credit (44%);
3. Student loan payment (40%)
4. Inability to get a low-interest loan to pay off high-interest debt (34%)

“I am the working poor. How am I going to save with all my money going to the rent? We barely have enough money for food. Why do these organizations seem surprised?”

-Phase I Evaluation Interviewee

SELF-REPORTED VALUE

Taxpayers reported that the Financial Check-Up was useful and informative. All (100%) FCU taxpayers with credit scores “worse than expected” and 86% of those with credit scores “better/as good as expected” stated that learning about their creditors and amounts owed was useful. These findings were statistically significant at the 95% level. FCU taxpayers reported that the FCU was useful in the following ways:

- » Learning credit score (97%)
- » Improving credit score (90%)
- » Obtaining free credit reports (91%)
- » Setting clear financial goals (87%)

IMPROVED FINANCIAL STATUS

Taxpayers who had a Financial Check-Up improved their financial status within two months of filing their taxes.

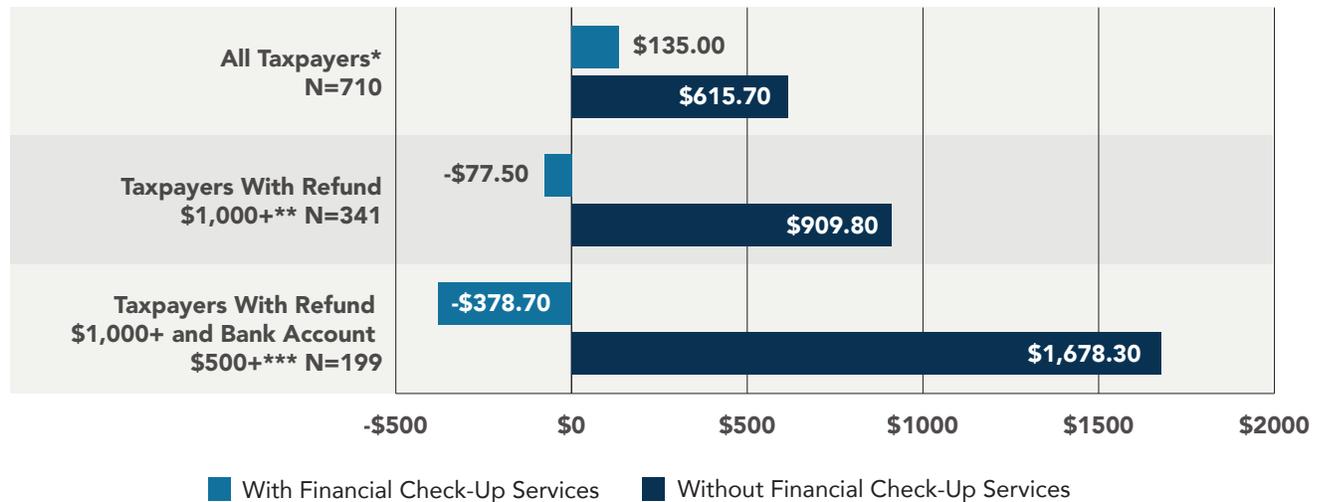
Taxpayers who received a Financial Check-Up lowered their installment debt. Figure 1 illustrates that, within two months of filing their 2016 taxes, FCU taxpayers had \$487.50 less in installment debt on average than the control group (statistically significant at the 90% level). The installment debt of the average taxpayer increased \$615 as opposed to only \$135 for the average FCU taxpayer. Furthermore, this effect is even more pronounced among slightly better off subpopulations.

- » Among taxpayers who received a refund >\$1,000, FCU taxpayers had \$987.30 less in installment debt on average than the control group within two months of filing taxes (statistically significant at the 95% level).
- » Among taxpayers who not only received a refund over \$1,000 but also had more than \$500 in the bank at the time of tax filing, FCU taxpayers on average had \$2,057 less in installment debt than the control group (statistically significant at the 99% level).

One potential explanation for these differences is that, in the absence of an FCU, the average taxpayer with a large refund and positive savings may be more likely to use tax refunds as down payments on new installment loans compared to the FCU taxpayer who, having gained knowledge about how to build her credit score, is more likely to pay down credit card debt.

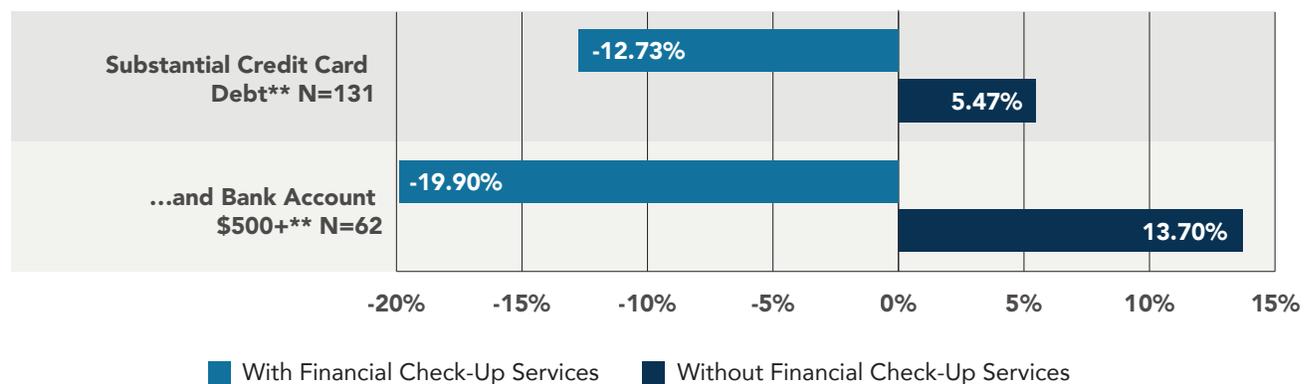
Taxpayers who received a Financial Check-Up lowered their credit card debt. Figure 2 illustrates that, two months after filing their 2016 taxes, FCU taxpayers on average had paid down their credit card debt much more than the control group.

FIGURE 1 | AVERAGE CHANGE IN INSTALLMENT DEBT AFTER TWO MONTHS, 2016



Source: Assessment of Boston Tax Help Coalition’s Financial Check-Up, Phase III Randomized Controlled Analysis, July 2016, Scott Nelson, Research Fellow, Mayor’s Office of Financial Empowerment, Boston, MA. Symbols “*”, “***”, and “****” denote statistical significance at the 90%, 95%, and 99% levels respectively.

FIGURE 2 | AVERAGE PERCENT CHANGE IN CREDIT CARD DEBT AFTER TWO MONTHS, 2016



Source: Assessment of Boston Tax Help Coalition’s Financial Check-Up, Phase III Randomized Controlled Analysis, July 2016, Scott Nelson, Research Fellow, Mayor’s Office of Financial Empowerment, Boston, MA. Symbols “*”, “***”, and “****” denote statistical significance at the 90%, 95%, and 99% levels respectively.

- » Among taxpayers with substantial credit card debt²⁹, FCU taxpayers *reduced* their credit card debt by 12.73%, while the control group *increased* their credit card debt by 5.47%, a difference of 18.2 percentage points.
- » Among taxpayers with substantial credit card debt and more than \$500 in the bank, FCU taxpayers *reduced* their credit card debt by 19.9%, while the control group *increased* their credit card debt by 13.7%, a difference of 33.6 percentage points that was statistically significant at the 95% level.

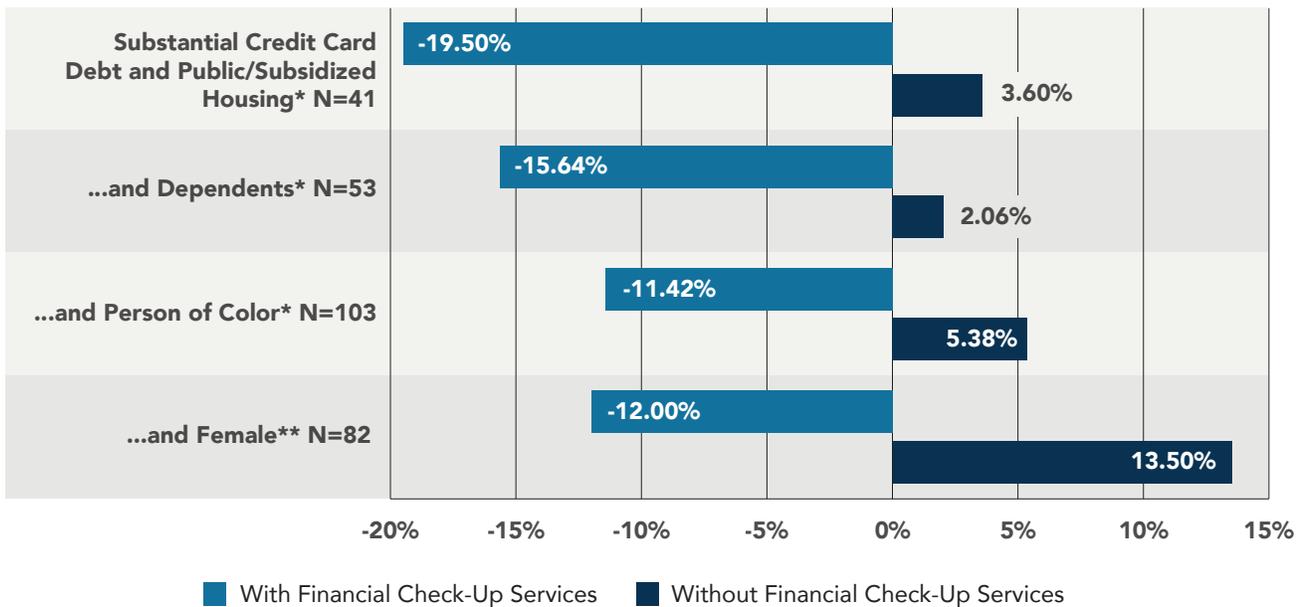
Taxpayers who received a Financial Check-Up submitted more loan applications. Taxpayers who have no previous loan history and/or credit accounts on their credit report face the challenge of establishing a positive credit history. In 2016, two months after tax filing, FCU taxpayers with no credit card accounts and an Adjusted Gross Income greater than \$20,000 submitted 1.604 more loan applications on average than taxpayers who did not receive the FCU. This may reflect the influence of the FCU’s advice to individuals who have no credit history to begin building credit by obtaining a loan, such as a line of credit.

REDUCED CREDIT CARD DEBT FOR DISADVANTAGED GROUPS

The Financial Check-Up helped individuals from financially disadvantaged groups lower their credit card debt. Figure 3 illustrates that, two months after filing their 2016 taxes, four taxpayer subgroups with substantial credit card debt that received a Financial Check-Up, reduced their credit card debt more than the comparable control groups at statistically significant levels.

- » FCU taxpayers residing in public or subsidized housing *reduced* credit card debt by 19.5%; those residents who did not receive an FCU *increased* their debt by 3.6%, a difference of 23.1 percentage points.

FIGURE 3 | AVERAGE % CHANGE IN CREDIT CARD DEBT AFTER TWO MONTHS, 2016



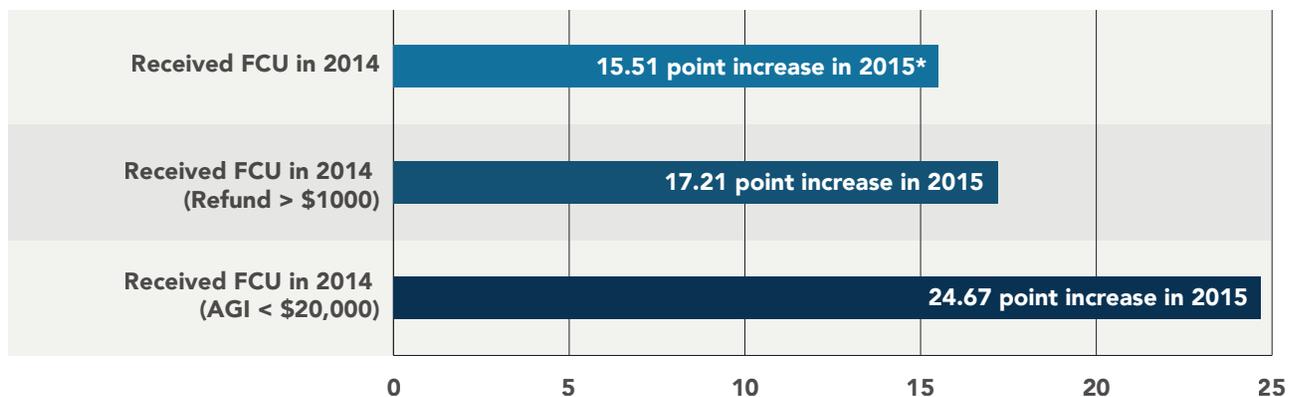
Source: Assessment of Boston Tax Help Coalition’s Financial Check-Up, Phase III Randomized Controlled Analysis, July 2016, Scott Nelson, Research Fellow, Mayor’s Office of Financial Empowerment, Boston, MA. Symbols “*”, “***”, and “****” denote statistical significance at the 90%, 95%, and 99% levels respectively.

- » Taxpayers with dependents who had a Financial Check-Up *reduced* credit card debt 15.64% versus an *increase* of 2.06% for the comparable control group, a difference of 17.7 percentage points.
- » Taxpayers of color who had a Financial Check-Up *reduced* credit card debt by 11.42% versus an *increase* of 5.38% for the comparable control group, a difference of 16.8 percentage points.
- » Female taxpayers who had a Financial Check-Up *reduced* credit card debt by 12% versus an *increase* of 13.5% for the comparable control group, a difference of 25.5 percentage points.

IMPROVED FICO CREDIT SCORES

Taxpayers who received a Financial Check-Up improved their FICO credit scores. Figure 4 illustrates that taxpayers who received Financial Check-Ups in 2014 and returned in 2015:

FIGURE 4 | AVERAGE INCREASE IN FICO SCORE FOR CREDIT SCORE RECIPIENTS, 2014-2015



Source: Assessment of Boston Tax Help Coalition's Financial Check-Up, Phase II Longitudinal Analysis, December 2015, Scott Nelson, Research Fellow, Mayor's Office of Financial Empowerment, Boston, MA. *Statistically significant at 90% confidence level.

- » Had improved their FICO credit scores an average of 15 points, which was statistically significant at the 90% level.
- » Had improved their FICO credit scores an average of 17.21 points, if they received a \$1,000+ tax refund.
- » Had improved their FICO credit scores an average of 24.67 points, if their Adjusted Gross Income was below \$20,000.

In the 2016 Phase III Evaluation, the average FICO credit score for FCU and control group taxpayers was 666, which placed them in the "Fair" FICO credit score category range (580 – 669) as defined by Experian, a global information services group. Experian rates this category as a "below average credit score" and consumers in this range are considered "subprime borrowers" for whom getting credit may be difficult and loan interest rates are likely to be considerably higher. When prospective landlords and employers check credit reports, negative information such as delinquencies and collections can impact the cost of renting an apartment or the likelihood of getting a job. Thus, for someone in the upper end of this range, a FICO credit score increase of 7 to 15 points could move a taxpayer's rating from "Fair" to "Good" and into the category of "acceptable borrowers" with the potential for improved access to credit, lower interest rates, and reduced barriers to jobs

and housing. In other words, the FCU can enable Boston's low- and middle-income residents to improve their credit ratings, thereby improving their economic circumstances and life opportunities.

"...they pull my credit (report) and always tell me what I need to work on and what you don't need to work on...like what is really needed to get off your credit (report) to boost your score."

-Phase I Evaluation Interviewee

"You really need to consider boosting your credit score... if you was looking for a job or housing...your score will help you...that's something to consider or really just drop a bug in people's ears. You know?"

-Phase I Evaluation Interviewee

IMPROVED SENSE OF WELL-BEING

The FCU helped taxpayers improve their sense of financial well-being. From 2013 – 2015, 89% of taxpayers surveyed reported that they felt "somewhat" or "very" hopeful about their financial well-being after their Financial Check-Up. They reported using their tax refund to directly improve their financial well-being in the following ways:

- » Paid for everyday expenses
- » Saved some
- » Paid other debts
- » Paid off credit card deb
- » Paid down credit card balances

Taxpayers who had a Financial Check-Up received recommendations from their Financial Guides, and 28% reported being influenced by the recommendations. For those taxpayers, the top three recommendations that were acted upon were:

- » Pay down credit card balances to increase credit limit and improve credit scores
- » Order a free credit report
- » Pay on a collection account

A great majority (88%) of FCU taxpayers who had previously received Financial Check-Ups agreed strongly that the reason they returned to an FCU site annually was to obtain their credit report and financial advice. They also stated clearly that seeing the FICO credit score was an important element to the Financial Check-Up and if the FICO score was not provided, it would make the FCU less meaningful to them.

"My first instinct kicked on. What can I do to make my credit score higher? I have to do what I have to do....I just kicked it in forward mode and did it."

- Phase I Evaluation Interviewee, a 37-year-old mother of two, on her response to learning that her credit score had dropped due to a few collections and 14 student loans. Her financial guide recommended a financial coaching program that helped her to repair her financial credit, consolidate her student loans and eventually qualify for a mortgage and buy a small condo.

FACTORS ASSOCIATED WITH FCU EFFECTIVENESS

The effectiveness of the Financial Check-Up tended to be associated with taxpayers' experience with credit reports, their credit score, the size of their tax refund, and the tax site that they attended.

Experience with credit reports. Nearly 50% of FCU taxpayers in the Phase I Evaluation had never previously viewed their credit report. While the overall percentage of FCU taxpayers reporting that the FCU influenced how they used their tax refund was small, the percentage who had never previously reviewed their credit report (7.86%) was greater than the percentage who reported prior opportunities to review their credit report (5%) and the difference was statistically significant at the 90% level.

Credit score. Taxpayers with "not good" credit scores were more likely to follow FCU Financial Guides' recommendations than those with "very good/good" credit scores. Predictably, FCU taxpayers with "very good/good" credit scores were more likely to report being pleased by their score than those with "not good" scores, who were more likely to report being "frustrated/confused" or "worried/anxious." These findings were significant at the 90% level.

Refund size. The size of the tax refund played an important role in how taxpayers were influenced by the Financial Check-Up. Taxpayers with large refunds were much more likely to be influenced by the Financial Check-Up regarding how to use their large refunds. Although the definition of "large refund" was not consistent between the Phase I Evaluation and the two subsequent phases³⁰, the findings of all three phases were consistent.

Phase I findings included the following findings that were statistically significant at the 95% level:

- » Compared to FCU taxpayers with small refunds, three times as many FCU taxpayers with large refunds were influenced to pay off one or more credit cards completely, and four times as many were influenced to pay down credit card balances.
- » Twice as many taxpayers with large refunds followed the Financial Guides' recommendations on how to use their tax refund, versus taxpayers with small refunds.

Phase II findings included the following:

- » One year after the 2014 FCU, FCU taxpayers with large refunds had improved their FICO credit score, on average, by 17.21 points versus only 3.95 points for those with small refunds.

Phase III, which included a randomized control group, produced the following findings regarding large refunds:

- » Two months after the 2016 FCU, FCU taxpayers with large refunds, on average, had reduced their installment debt by \$987.30 relative to the control group, which was statistically significant at the 95% level, versus a reduction of only \$13.66 for those with small refunds.
- » This effect was even more striking among FCU taxpayers who both received a large refund and also had more than \$500 in the bank. The FCU influenced those taxpayers to reduce their installment debt by \$2,057 more than the control group. This finding was statistically significant at the 99% level.

Interestingly, no statistically significant effect was seen for FCU taxpayers with large refunds and less than \$500 in the bank. This leads to the observation that the FCU's effectiveness, at least for installment loan reduction, may be strongest for individuals who both receive a large refund and also have more than \$500 in the bank.

"When I first started, I got a 15-minute crash course...when I got my check, it was a decent size, a couple of thousand dollars...I paid some of that money to bills on my credit report...I did that for 5 years and I improved my credit score --"

-Phase I Evaluation Interviewee

While those with small tax refunds³¹ were less likely to pay down their debt, they were more likely to act on a Financial Guide's recommendation to negotiate a lower interest rate with a creditor than those with a large refund: 9.26% of taxpayers with small refunds negotiated a lower interest rate with a creditor while 0% of those with a large refund did so. This difference was statistically significant at the 90% level.

Thus, it appears that the FCU helps taxpayers with large refunds take actions with a bigger or more immediate impact, such as paying off or paying down credit card balances, and helps those with small refunds take actions that do not require much money, such as negotiating lower interest rates.



DISCUSSION AND RECOMMENDATIONS

The Boston Tax Help Coalition developed an innovative service to address the financial vulnerability of taxpayers, their families, and communities, particularly those suffering from racially disparate income inequality of staggering proportions. The three evaluations summarized in this report proved that the Financial Check-Up is an effective credit building and debt reduction tool.

FCU STRENGTHS

The FCU provides concrete, measurable, lasting benefits for financially vulnerable taxpayers. FCU taxpayers, on average, have: an Adjusted Gross Income of \$21,471.00; over \$10,000 in debt; a below average credit score; and about \$500 in the bank. Between living expenses and paying off debts with high interest rates, they have a very difficult time saving money. Half have never seen their credit report.

These taxpayers were nearly unanimous in saying that the FCU helped them access and understand their credit reports and develop short-term (one year) plans to improve their credit scores. Those who had scores that were worse than they had expected found it particularly helpful to learn:

- » What a credit report is, how to access it, and how to read it;
- » How credit reports are used by lenders, employers, landlords, etc;
- » How to renegotiate their debt; and
- » How to improve their FICO credit scores.

And the impact of the FCU went well beyond these lessons in financial literacy. With respect to debt reduction, in only two months, FCU taxpayers with substantial credit card debt reduced their debt by 12.73%, while the control group's debt rose by 5.47%. Impressively, this pattern was also true of financially disadvantaged subgroups that historically have been underserved or have experienced economic discrimination.

- » Taxpayers of color reduced credit card debt by 11.4%
- » Female taxpayers reduced credit card debt by 12%
- » Taxpayers with dependents reduced credit card debt by 15.6%, and
- » Taxpayers in public and subsidized housing reduced credit card debt by 19.5%.

With respect to credit building, FCU taxpayers on average improved their FICO scores by 15 points in one year and by 17.21 points if they received a large refund (over \$1,000). The FICO scores of those with Adjusted Gross Incomes less than \$20,000 went up by 24.67 points in one year.³²

With the resources of a refund over \$1,000 and more than \$500 in the bank, FCU taxpayers also were able to reduce their installment debt (for example, car or mortgage loans) by \$378.70 on average.

In addition to these tangible results, an equally important, if intangible, result was increased hope. FCU taxpayers were more hopeful about their financial well-being as a result of their Financial Check-Up. Undoubtedly, their increased hope helped motivate them to take action on the near-term FCU recommendations. Longer term, their financial futures may well be brighter because the immediate steps that they took to build up their credit, such as paying down debt and improving their credit report scores, may well have more robust effects in the medium- to long-term. With most FCU taxpayers returning for another FCU every tax season, the beneficial effects and hopefulness should multiply.

The Financial Check-Up is very efficient. The FCU takes advantage of the fact that taxpayers are already assembled at the tax preparation site through the extensive marketing and outreach conducted by the BTHC. A "light touch" interaction of 15-20 minutes between the taxpayer and the Financial Guide helps taxpayers make decisions to improve their financial well-being, including how to utilize their refunds effectively. Most Financial Guides are unpaid volunteers who are trained prior to the tax season by a BTHC staff member. Staffing costs to administer the FCU are relatively low, although the recruitment and management of volunteer Financial Guides is time- and resource-intensive.

The Financial Check-Up is rooted solidly in the free tax assistance movement and well-positioned to link with a wide range of efforts battling economic disparities. The longstanding Boston Tax Help Coalition provides continuity of perspective and institutional memory, and its parent organization, the Mayor's Office of Financial Empowerment, provides a lead agency that is positioned to link the FCU with other programs in city government and the community. Such partnerships are essential resources in taking the program to scale.

Use of the Financial Check-Up continues to be thoroughly documented and evaluated. The OFE and BTHC have taken a commendable approach to documenting the results of the FCU, going well beyond documenting taxpayers served, refunds obtained, and client satisfaction. Three evaluations were conducted in 2015 and 2016 and they yielded many statistically significant findings, as detailed above. Moreover, the third

evaluation utilized a randomized control group design, comparing FCU taxpayers' outcomes two months after tax filing to those of taxpayers who had not received an FCU. This rigorous methodology, considered the "gold standard" for research studies, will produce further findings six and twelve months out, which will provide a further detailed picture of the effects of the FCU.

CONSIDERATIONS FOR PROGRAM IMPROVEMENT

The evaluations prove with a high level of statistical confidence that the FCU provides significant beneficial outcomes for a taxpayer receiving it. A core element of the FCU, as evaluated, is the fact that it is administered in conjunction with the BTHC free tax assistance program, where taxpayers are readily available, many of whom are expecting a substantial tax refund. Other core elements are the Financial Guide's (a) explanation, to the taxpayer, of the credit report with FICO score; and (b) personalized, detailed recommendations of specific action items. The following ideas offered for consideration are based upon the strengths of those core elements and evaluation findings.

Enhance the volunteer Financial Guide's ability to advise the taxpayer. Examine the training of the Financial Guides to identify ways it might be improved, and explore ways to strengthen the Financial Guides' supervision and support. For example, they could participate in a monthly conference call to discuss issues such as how to address objections from taxpayers who are wary of discussing personal finances with a stranger. Some physical settings for the taxpayer-Financial Guide interaction could be more conducive to focused, private conversation. Finally, the BTHC should continue to encourage skilled Financial Guides to return year after year so as to reap the benefit of their experience. The BTHC's end-of-season Volunteer Appreciation Event is an opportunity to show Financial Guides, as well as tax preparers, how valuable their work is, and build team spirit.

The evaluations identified variables that affect the FCU outcomes. In order to maximize the effectiveness of the FCU, the OFE and BTHC could develop and utilize these findings. The following considerations are potential starting points.

Fine tune recommendations based on the individual taxpayer's refund size, bank account balance, and level of credit card debt. These variables led to interesting evaluation findings that might be used to target those taxpayers who could benefit the most from the FCU, and/or to better tailor the recommendations of Financial Guides to individual taxpayer circumstances. Such findings include, but are not limited to:

- » Taxpayers with large refunds followed more Financial Guide recommendations about how to use them than taxpayers with small refunds;
- » Learning about creditors and amounts owed was more useful to taxpayers with small refunds, and they were more likely to follow Financial Guide recommendations about what debts to pay first than taxpayers with large refunds;
- » The FCU may have more impact for taxpayers with incomes below \$20,000 than above \$20,000, and particularly for lower-income taxpayers who received tax refunds over \$1,000; and
- » The FCU may be more effective for taxpayers with refunds over \$1,000 and over \$500 in the bank.

Continue to target historically disadvantaged populations. Among FCU taxpayers with substantial credit

card debt, the FCU was highly effective for taxpayers from several historically disadvantaged groups, namely taxpayers with dependents, taxpayers who live in public or subsidized housing, taxpayers of color and female taxpayers.

Continue to promote repeat use of FCUs. The FCU was most effective with consecutive annual visits by the taxpayer to the chosen tax site. This finding does not contradict the value or effect of a one-time FCU with a taxpayer, but it does add a dimension to how the FCU can be most effective over time. Having worked on the one-year plan with recommendations from the Financial Guide, the taxpayer should be in a better financial situation and ready for the next level of recommendations to reduce debt and build credit. Encouraging FCU taxpayers to return year after year will continue to improve program outcomes. Fine tuning the FCU's referral process to more persuasively cross-promote the OFE's free financial coaching services also will benefit taxpayers.

Identify tax site differences. Evaluation data suggest that there were considerable differences in FCU effectiveness among the three sites included in the evaluation. Potential reasons for this include differences in taxpayers' financial circumstances, differences in Financial Guides and site coordinators, and differences in the physical circumstances in which the FCU was offered, among other factors. If the OFE can identify the factors that result in some sites doing better than others, then steps could be taken to attain higher levels of program effectiveness across all sites.

AREAS FOR ADDITIONAL RESEARCH

The Phase III randomized control study will collect and analyze data at six and twelve months after baseline to validate the mid- and longer-term efficacy of the FCU. This will provide valuable data that may confirm or disconfirm the near-term two-month findings, and may produce new findings regarding, for example, changing FICO scores, building credit by being approved for new loans, preventing delinquent loans from entering collections, and avoiding new delinquencies on current loans.

There is preliminary data that suggests some FCU sites are more effective than others as measured by changes in FICO scores of FCU taxpayers from 2014 to 2015. Identifying the reasons for this could be useful for improving a) existing tax site effectiveness, b) initiating new sites, and c) training and supervising Financial Guides.

The Phase II Evaluation found that the FCU was much more effective at increasing FICO scores for taxpayers with Adjusted Gross Incomes below \$20,000 than those with Adjusted Gross Incomes above \$20,000. Yet the Phase II and Phase III evaluations showed that taxpayers with assets (i.e., refunds over \$1,000 and/or over \$500 in the bank) tended to show more positive effects at reducing installment and credit card debt. Additional research may help explain these dynamics.

The three-phase evaluation conducted for this report focused primarily on improving FCU taxpayer credit. However, the FCU also refers taxpayers to economic security resources for which they might be eligible, such as food/fuel assistance, tax and legal services, and organizations with employment and job training programs.

Given the high number of returning FCU taxpayers every year (about two-thirds), surveying FCU taxpayers about their follow-through on referrals could a) provide valuable information with which to evaluate this aspect of the Financial Check-Up, and b) create a feedback loop to improve the referral component.

FCU EXPANSION

Expanding availability of the FCU. Findings demonstrate that the FCU is effective and cost-efficient, but from 2013-2015 fewer than 15% of taxpayers served at the BTHC tax preparation sites received an FCU, primarily due to the fact that only eight sites offered it. As the FCU provides a valuable opportunity for low- and moderate-income taxpayers to obtain a free credit report, access to financial information and assistance, and recommendations to improve their credit scores, instituting it citywide at all practicable tax prep sites should be explored. Naturally this would require additional volunteers, funding, and training, as well as cooperation from partner tax sites that have sufficient available space.

Adapting the FCU model. The use of the FCU with an existing free tax preparation assistance service has proven to be effective program design. It is possible that making it available in settings other than the tax sites would benefit many more Bostonians. In keeping with its behavioral economics framework, the FCU service, in a new setting, should be offered to individuals and families at a time when they are thinking about their financial circumstances. The OFE could inventory City-supported financial inclusion programs (for example, homeownership, bridge to college, skills training, parenting) to which the FCU could be added, and test some new partnerships and sites. To adapt the FCU model and implement a version of the FCU outside the tax season would require shared vision and commitment from the leadership of City departments including at the cabinet-level. Given the high levels of effectiveness of the FCU with historically disadvantaged populations with substantial credit card debt as noted above, strategic collaboration regarding programs that serve these populations should be prioritized.

RECOMMENDATIONS

- » Use of the FCU should be scaled up by making it available at all practicable BTHC tax preparation sites.
- » Given the demonstrated effectiveness of the FCU with economically disadvantaged groups with substantial credit card debt, including women, public and subsidized housing residents, people of color, and taxpayers with dependents, OFE should develop a strategy to ensure that these groups have priority access.
- » Research on the FCU's effectiveness should continue in order to study long-term effects that can inform program improvement, as well as expansion in Boston and replication elsewhere.
- » OFE should institute one or more pilot partnerships with asset building programs (for example, homeownership, bridge to college, skills training, and new parent classes) to which the FCU could be added.
- » OFE should disseminate the study results of the FCU model for replication regionally and nationally.



ENDNOTES

- ¹ Individuals learn their FICO score or that they lack sufficient credit history to be scored.
- ² In 2016, Coalition services were available to taxpayers who earned \$54,000 or less in 2015.
- ³ *2016 Taxpayer Data Report*, Boston Tax Help Coalition, pp. 3-4.
- ⁴ Dewan, Shaila. (2014, February 11) *How Credit-Card Debt Can Help the Poor*. The New York Times Magazine.
- ⁵ *Ibid.*
- ⁶ *Boston's Workforce: An Assessment of Labor Market Outcomes and Opportunities*. Boston Redevelopment Authority Research Division, March 2016
- ⁷ Berube, Alan and Holmes, Natalie (2016). *City and Metropolitan Inequality on the Rise Driven by Declining Incomes*. The Brookings Institution
- ⁸ *Shape of the City, A Summary of the Boston Indicators Project 2015*. The Boston Foundation, 2015
- ⁹ Munoz, Ana Patricia et al. *The Color of Wealth in Boston*. Federal Reserve Bank of Boston, A Joint Publication with Duke University and The New School
- ¹⁰ *Family Assets Count: Financial Insecurity in Boston*. A project of Corporation for Enterprise Development (CFED) in partnership with Citi Community Development, September 2014.
- ¹¹ Less than \$23,856 for a family of four.
- ¹² *City Financial Inclusion Efforts: A National Overview*. National League of Cities. 2015
- ¹³ Center on Budget and Policy Priorities, EITC Research Findings, March 2015: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3793>
- ¹⁴ Population Reference Bureau analysis of U.S. Current Population Survey, 2011-2013. See <http://www.brookings.edu/~media/Research/Files/Blogs/2014/12/16-eitc/2013-SPM-State-EITC-and-CTCACTC.pdf?la=en>
- ¹⁵ The average refund size is almost \$1,800.
- ¹⁶ Black, Johanna. *Analysis and Findings on the Characteristics of Boston Residents Who Have Received a Financial Check-Up*. Mayor's Office of Financial Empowerment, Boston. November 2015

- 17 Individuals learn their FICO score or that they lack sufficient credit history to be scored.
- 18 The Financial Check-Up process is introduced to the taxpayer with the assumption that the taxpayer wants to participate fully; however, the taxpayer can opt out of the credit report review, if she chooses. The Financial Guide is trained to explain the benefits of understanding one's credit report and score, as the FCU can still be administered but is less effective if the taxpayer does not consent to have her credit report pulled and reviewed.
- 19 MyRA is a starter retirement savings account developed by the U.S. Department of the Treasury for people without access to a retirement savings plan at work. See www.myra.gov.
- 20 2016 Taxpayer Data Report, op. cit., p. 3; see also <https://ofe.boston.gov/update-on-the-2016-tax-season/>
- 21 (Phase I: 2013-2015; Phase II: 2014; Phase III: 2016)
- 22 Average was calculated from Evaluation Phase I and II; Evaluation Phase III did not indicate the age of the participants.
- 23 Average was calculated from Evaluation Phase I and III; Evaluation Phase II did not indicate the average tax refund of participants.
- 24 In Phase I of the FCU evaluation, FCU taxpayers answered the survey question "What did you learn about your credit score?" with the choices "very good," "good," "not good," "did not have credit score" and "not sure/don't remember."
- 25 In Phase I of the FCU evaluation, FCU taxpayers answered the survey question "Did you think your credit score was..." with the choices "better than expected," "as good as expected," "worse than expected," and "no opinion."
- 26 In Phase III of the FCU evaluation, the average FICO credit score was 666 for the 800 participants (approximately 400 received the FCU and approximately 400 who did not).
- 27 Throughout this report, the term "credit card debt" is used instead of "revolving debt," due to the fact that non-credit-card forms of revolving debt (primarily home equity lines of credit) are rare among the FCU taxpayers.
- 28 Installment debt is accumulated from a loan that is generally repaid by the borrower in equal monthly payments that include interest and a portion of the principal, often for big-ticket items such as cars, appliances, and student loans.
- 29 Substantial Credit Card Debt is defined as credit card utilization greater than 50% of the credit limit.
- 30 In Phase I, "Large" was defined as "more than monthly pay" (avg. = \$3,256) and "Small" as "less than weekly pay" (avg. = \$1,304). In Phases II and III, "Large" was defined as "more than \$1,000" and "Small" as "\$1,000 or less."
- 31 *Ibid.*
- 32 Even small FICO score increases can result in a better interest rate or make the difference between approval and denial of an application for credit.

To learn more about Boston's financial empowerment work and to follow updates on this research, please visit the Mayor's Office of Financial Empowerment website at ofe.boston.gov