

Income Volatility Toolkit: Resources for tackling a growing financial challenge

Government, employers, non-profit service providers, and financial service providers may use this as a guide for pursuing tailored solutions to help mitigate the effects of income volatility. While not exhaustive, this list is based on the results of Aspen EPIC's research, consumer focus groups, notes from public and private events, and the collection of commitments that emerged from the work with partner cities.

Elected Officials/Government

What you can do

As leaders...

Learn how income volatility impacts your community. Take ownership and action to mitigate its ill effects.

As policymakers...

Draft legislation with families in mind.

As a resource...

Compile and share data on the financial well-being of your community.

In practice

Create programs that help residents build up their short-term savings, access financial education, and/or improve credit scores.

Implement policies at the municipal level.

Dedicate website space to promoting and aggregating helpful, relevant resources.

Examples from the field

Boston's Mayor's Office of Financial Empowerment established *Boston Builds Credit*, which aims to assist a minimum of 25,000 citizens to improve their credit scores (established in 2017, over the course of 8 years).

Predictable scheduling: require employers to post schedules days or weeks in advance of shifts. 4 cities and 1 state have passed predictable scheduling legislation.

Fines and fees cause expense volatility and disproportionately impact LMI families.

St. Louis' OFE points website visitors to financial counseling, free tax prep, and an alternative lending guide. Check cashing and payday loan stores are required to present the alternative lending guide to consumers in the community.

Mayors and other elected officials in Oakland, CA, Lansing, MI, St. Louis, MO, and Columbia, SC have used convening power to engage their communities on the challenges of income volatility and have committed to developing solutions.

Expand paid leave: many states/cities have implemented policies to increase PTO, allowing workers to care for loved ones without job or income loss.

San Francisco's Financial Justice Project is working to better understand and ameliorate the city's fines and fees practices.

See employer section for additional solutions that elected officials/government can pursue.

 **Employers**

What you can do

As leaders...

Establish practices that make scheduling shifts easier and more predictable for your employees.

Start from the inside by setting an example for other institutions.

As benefit providers...

Help your employees navigate unexpected financial challenges by using innovative products.

In practice

Use applications and tools that make it easier to communicate shifts to your employees.

Set standards for how much advance notice employees receive about schedules.

Work to better the financial wellness of your employees.

Consider partnering with organizations to make earned pay more accessible.

Invest in employee financial health and well-being, such as savings options.

Examples from the field

Workjam is an add-on to firms' existing workforce management systems, Workjam's mobile app creates easy to access, optimized schedules weeks in advance and then allows workers to update their availability and swap shifts as necessary. The company claims that it can reduce understaffing and staff turnover.

Macy's now builds schedules about 2 weeks in advance and guarantees a minimum number of hours each week.

The City of Oakland committed to conducting a survey of city employees to determine what kinds of policies and programs should be developed in response to their financial needs.

Earnin enables those paid hourly (including "gig" workers) to draw earned funds based on digitally-submitted timesheets. Used by more than 7,500 workers, including at Starbucks, Target, and Whole Foods.

Starbucks provides their entire workforce with stock options. All employees get a Fidelity account.

Revolution Foods supports employee professional development and prioritizes celebrating career advancements.

Shyft has a mobile app that allows employees to seamlessly trade shifts with other workers nearby. It has signed up thousands of workers at stores like Starbucks, McDonald's, and Old Navy.

Walmart is currently experimenting with a new scheduling system in about 700 of its 4,600 stores. Workers get at least 3 weeks of advance notice, and some receive a fixed 6 month schedule.

The City of Columbia is designing and piloting a new small-dollar loan program for city employees.

PayActiv advances unpaid earnings based on employer-provided data. Its partnership with Walmart has helped workers there better meet their day-to-day financial challenges.

DoubleNet Pay enables workers to contribute directly to a goal-based savings account and pay bills automatically via payroll deduction.

 **Nonprofit Service Providers and Community Practitioners**

What you can do

As service providers...

Collaborate with local government, financial service providers, and technology companies.

In practice

Reach a wider net of consumers.

Introduce consumers to new products and services.

Examples from the field

EARN, a nationwide savings nonprofit, developed a consumer-friendly savings product that they are delivering through nonprofit, government, and private sector partners.

The Financial Clinic has interviewed their clients and adjusted their financial coaching model to address the income volatility in the lives of their clients.

💡 Nonprofit Service Providers and Community Practitioners (continued)

What you can do

As sources of data...

Being closest to the day-to-day lives of consumers, share findings and insights with other sectors.

In practice

The information you have on the realities of LMI families is powerful and should lead to the development of more effective policy and products.

Examples from the field

Partner with organizations and research teams dedicated to understanding economic opportunity and mobility in the US. **The Equality of Opportunity Project** is one of many research teams dedicated to mining data to better understand the economic outcomes of different demographic groups.

🏢 Financial Service Providers/Fintechs

What you can do

As financial institutions...

Expand your customer base by using more inclusive data and underwriting processes.

In practice

Consider using alternative and cash flow data in underwriting decisions.

Examples from the field

Pinch is an app that allows consumers to report their rent payment to the credit bureaus. Consumer credit histories benefit from this new source of on-time payment data.

Petal is a no fee credit card built for consumers without credit scores. Petal looks at each customer's billing and payment history then determines a fitting credit limit and interest rate combination based on that history.

As innovators...

Create products that target broader populations of consumers.

Help expand insurance protections for all types of income earners, such as landlords who are dependent on others for their income.

SafetyNet now offers "renter's insurance" to landlords. That means that if a tenant misses a rent payment, the landlord's rent income is protected through a cash payout that covers the cost of rent.

In lending, offer flexible repayment schedules, including low-cost or no-cost payment plans. Allow payment due dates to align with payday.

LendUp makes it easy for customers to align their due dates to paydays and offers customers the ability to change their due date without any additional fees.

Revamp the delivery of social benefits.

Propel's FreshEBT leverages technology to allow consumers who receive SNAP benefits (food stamps) to access their balance information through a mobile app.

Learn more

To learn more about policy and product solutions for solving for income volatility, explore Aspen EPIC's solution briefs:

Stable and Predictable Scheduling as Antidote to Income Volatility

www.aspenepic.org/wp-content/uploads/2017/04/Issue-Brief-3-Predictable-Scheduling.pdf

Shortfall Savings: The All-Important Financial Buffer Against Income Volatility

www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-shortfall-savings/

Payroll Innovation: How Smarter, Faster Paychecks Could Mitigate Volatility

www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-payroll-innovation/

Two Birds, One Stone: Using Hybrid Financial Products to Manage Income Volatility

www.aspenepic.org/wp-content/uploads/2017/04/Issue-Brief-4-EPIC_TWOBIRDS_APRIL2017.pdf

Reforming Unemployment Insurance to Support Income Stability and Financial Security

www.aspenepic.org/wp-content/uploads/2017/09/ASPEN_EPIC_UNEMPLOYMENT_INSURANCE_02.pdf

Bridging the Gap: How Wage Insurance Can Address Unemployment-Related Income Volatility

www.aspenepic.org/wp-content/uploads/2017/07/ASPEN_EPIC_WAGE-INSURANCE_WEB.pdf

Finance Forward

Finance Forward is a multi-city event series and research initiative that inspires local governments, businesses, community advocates, and nonprofit leaders to identify and advance innovative, actionable solutions to income volatility. To learn more about income volatility and Finance Forward, visit www.financeforward.org.

Aspen EPIC is an initiative of the Aspen Institute's Financial Security Program. EPIC is designed to harness the knowledge of a wide cross section of experts working in applied, practitioner, academic, government, and industry settings towards the goal of illuminating and solving critical drivers of financial inequity and insecurity. For more information on Aspen EPIC, please visit www.aspenepic.org.

LendUp is a socially responsible online lender on a mission to redefine financial services for the emerging middle class—the 56% of Americans shut out of mainstream banking due to poor credit or income volatility. It builds technology, credit products and educational experiences that haven't existed before for this consumer segment, which includes more than 131 million Americans. For more information, please visit www.lendup.com.

