



Consumer Financial Protection Initiative *Request for Letter of Interest*

The Opportunity

With the generous support of the W.K. Kellogg Foundation, the Cities for Financial Empowerment Fund (CFE Fund) seeks to identify mayoral or county administrations interested in partnering to build out a consumer financial protection division within their local government, working to create a fairer consumer financial marketplace. During this exploratory phase, the CFE Fund requests an initial *Letter of Interest* from interested mayoral or county administrations and will then identify 3-5 partners with whom to work to further develop this opportunity for a subsequent implementation phase.

Background

More than any individual institution, local governments have the mandate to provide services at scale that protect and enhance the lives of its residents directly—and, they have the power to do so meaningfully. Consumer financial protection is a critical need for mayoral or county administrations as their residents encounter a complex, and often predatory, array of financial services. It is also the flip side of the human service and financial empowerment service equation, helping to protect and safeguard hard-earned assets.

And while such vital consumer protection is often part of the work of attorneys general and district attorneys pursuing high-impact prosecutions, it is rarely found within local administrations who are capable of flexing significant regulatory powers including: licensing, complaint mediation, inspections and investigations, administrative and judicial prosecution, and adjudication.

The Cities for Financial Empowerment Fund is a national nonprofit organization whose mission is to improve consumer financial stability by helping to embed financial empowerment strategies, programs, and policies into local government infrastructure. The CFE Fund leads this work through the testing, evaluation, and replication of promising strategies; provision of grant funding and targeted technical assistance to local government administrations adding financial empowerment opportunities for their residents; and disseminating lessons learned and best practices broadly.

Households and communities with low incomes, and particularly communities of color, have long been targets of fraudulent and predatory financial products and services.

Largely unregulated products and services such as payday and auto title lending, debt collection and paid tax preparation are pervasive and regularly result in cycles of increasing debt and greater financial instability around the country. As an example, nearly a quarter of all U.S. households have used at least one high-cost alternative financial product such as a check cashing, payday loans, or title-pawn loans, and a third of households have dealt with debt collectors, many of whom operate without basic standards of practice regarding accuracy of information or collection behaviors.

Local governments have a unique policy and regulatory role to play in protecting consumers from these predatory practices. While rare, there are vibrant examples of effective local consumer financial protection agencies, including the nation's first: New York City's Department of Consumer Affairs (NYC DCA).

By leveraging its local power to regulate and enforce troublesome industries such as debt collection, used car sales, employment agencies, and pawn shops, NYC DCA was able to ensure that New York consumers and businesses were operating on a more transparent and fair playing field, and conducted over 600,000 business inspections resulting in 180,000 violations between 2003 - 2013. NYC DCA's strategic approach allowed the department to expand its capabilities, complement its consumer education and asset building efforts, *and at the same time have a positive revenue impact on the city's budget.*

Most existing consumer protection efforts at the local level are limited to basic consumer education and awareness-building efforts around financial products, services, and scams. Similar to financial education, these strategies have had limited success in achieving demonstrable outcomes and protecting consumers. The CFE Fund's consumer protection model seeks to take a more proactive and aggressive approach that builds upon the following capabilities common within municipal and county relationships and infrastructure:

- the awareness to identify local problem industries, businesses, and practices
- the power to regulate business activity
- the resources to promulgate legislation
- the authority to inspect, investigate, and enforce local regulations
- the ability to settle and adjudicate violations
- the capacity to assess, accept, and collect fees and fines
- the platforms for large-scale outreach and communication
- the data collection infrastructure for performance management and impact measurement

Solicitation Timetable

Phase One Open Solicitation Release Date: January 2, 2017

Phase One Open Proposal Submission Due Date: January 31, 2017

Phase Two Invitations: February 13, 2017

Phase Two Invited Proposal Submission Due Date: March 17, 2017
Final Selections: April 2017

Solicitation Process

Government partners will be selected in a two-phase process. During Phase One, the CFE Fund is soliciting Letters of Interest from mayors' offices or county chief executives interested in partnering on this initiative. Cities or Counties selected in Phase One will be invited to submit a Phase Two proposal. The CFE Fund will provide assistance in Phase Two proposal development, including:

- assessing existing resources and capabilities
- developing organizational strategy
- identifying critical local policy priorities
- assessing human capital needs
- conducting a legal assessment
- developing policy priorities
- identifying important partners and linkages
- engaging local funding support

Phase One Application Format and Content

All applications should be submitted through the CFE Fund's [online grant portal](#). The CFE Fund will accept applications from localities with populations of at least 100,000 residents.

Cover Letter

The Letter of Interest should be completed and submitted by the Mayor's Office or County Administration, with a cover letter signed by the Mayor or County Official, detailing his or her commitment to the goals of the partnership and designating specific staff members to manage the implementation.

Letter of Interest

The letter of interest should consist of a narrative summary that addresses the following:

- Governmental Powers. Please provide a summary of the local administrative landscape, executive or agency powers, and regulatory opportunities; describe the experience and qualifications of the mayoral or county administration team or individual who would be responsible for overseeing the initiative.
- Local Consumer Marketplace. Please provide a snapshot of local market conditions for consumers, including potential industries ripe for regulatory enforcement.

- Local Consumer Profiles. Please provide city or county demographic data, with a particular emphasis on those with low and moderate incomes, as well as other residents that may be disproportionately affected by predatory financial products and services.
- Local Partner Landscape. Please provide a summary of nonprofit stakeholders with experience in consumer advocacy and/or financial empowerment services that might serve as partners for this initiative.
- Potential Additional Support. Please provide a summary of potential sources of funding support, including from private philanthropic partners.

Please direct all questions to:

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