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**Cities for Financial Empowerment Fund to Expand Free Financial Counseling Program for Low-Income Residents to 50 Cities as Part of Bloomberg Philanthropies American Cities Initiative**

*12 Local Governments Initially Selected to Develop Plans for One-on-One Financial Counseling to Help Residents Reduce Debt and Increase Savings*

November 14, 2017 – The [Cities for Financial Empowerment Fund](#) (CFE Fund) announced plans to replicate the proven Financial Empowerment Center (FEC) model under its new [FEC Public platform](#). Selected municipalities will work to launch free, high-quality one-on-one financial counseling for low-income residents, thanks to a \$7,750,000 investment from Bloomberg Philanthropies as part of its American Cities Initiative.

Twelve local governments (Akron, OH; Detroit, MI; Greenville County, SC; Houston, TX; Miami, FL; New Haven, CT; Pittsburgh, PA; Sacramento, CA; San Francisco, CA; Memphis, TN; Shreveport, LA; and Syracuse, NY) were selected as initial grantees of the expanded program.

“Financial Empowerment Centers are a great example of how public-private partnerships help successful ideas spread from city to city and take root,” said **Michael R. Bloomberg, founder of Bloomberg Philanthropies and three-term Mayor of New York City**. “A growing body of evidence shows what a big difference financial guidance can make for families struggling with poverty and debt. This expansion of the program, and the new city collaboration network being funded through it, will help thousands of families in dozens of cities build stronger futures.”

“Increasingly, mayors and other local leaders are deploying high-quality, one-on-one financial counseling as a critical tool to help residents move out of poverty,” said **Jonathan Mintz, President and CEO of the Cities for Financial Empowerment Fund**. “They know first-hand the connection between family financial stability and community financial stability. The CFE Fund is proud to partner with these twelve local leaders to bring this innovative and successful public service to their residents, and thanks Bloomberg Philanthropies for their continued commitment and investment in this work.”

Financial Empowerment Centers (FECs) offer professional, one-on-one financial counseling as a free public service; the national *FEC Public* platform looks to grow this movement across the country. Multiple avenues of grant support, intensive technical assistance, and a vibrant national learning community will help as many as 50 local government partners plan, launch, and sustain Financial Empowerment Centers for their residents. First piloted in New York City under Mayor Michael R. Bloomberg in 2008, the FECs have worked with almost 80,000 clients, helping them reduce individual debt by almost \$94 million, and increasing their families’ savings by close to \$9 million. A recent CFE



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**FEC Public**  
Scaling Financial  
Empowerment Centers  
as a Public Service

Fund evaluation showed that this program works even for residents with very low incomes and other complex financial challenges.

Earlier this year, the CFE Fund released [\*An Evaluation of Financial Empowerment Centers: Building People's Financial Stability As a Public Service\*](#), a three-year evaluation of the initiative's initial replication in 5 cities (Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA and San Antonio, TX). The evaluation shows that the model worked in a variety of city contexts, and that clients succeeded in reducing debt, increasing their savings, establishing and improving credit, and opening safe banking accounts, despite deep financial challenges. The CFE Fund also opened new funding opportunities for additional local governments looking to replicate local FEC programs.

At the Financial Empowerment Centers, professionally trained FEC counselors help consumers with low and moderate incomes manage their finances, pay down debt, increase savings, establish and build credit, and access safe and affordable mainstream banking products. At the core of the FEC model is the integration of counseling into other social services, including housing and foreclosure prevention, workforce development, prisoner reentry, benefits access, domestic violence services, and more.

#### ***FEC Public***

The CFE Fund is seeding additional FEC replication through providing funding and technical assistance to local leaders to develop, launch, and implement financial counseling as a free public service. In this initial grant phase, the CFE Fund selected twelve localities to receive up to \$20,000 and intensive technical assistance for 6-12 months to design and prepare for the launch of their local FEC program. Partners will then be eligible for additional funds to launch their free financial counseling program. The CFE Fund also will release subsequent planning grant and implementation grant opportunities, looking to engage and support waves of local government partners' FEC launches.

Additionally, the CFE Fund will launch and support an Affiliates Network, bringing together cities, counties, states, and nonprofit organizations who provide other government-connected models of free financial counseling and coaching, learning from these experiences to further the professionalizing field of financial counseling and coaching. A separate Affiliates Network application is currently open for interested programs. [Click here](#) for more information and links to the grant and Affiliate Network application. The CFE Fund's existing FEC city partners (Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA; and San Antonio, TX) and New York City will serve as expert cities in this learning community, and will continue to work with the CFE Fund on innovative approaches to expanding FEC effectiveness. Innovative pilot projects, affiliate partnerships, and the advancement of financial counselor professionalization further will support and augment those efforts

#### ***FEC Evaluation Findings***

The new evaluation draws on data from 22,000 clients who participated in 57,000 counseling sessions across the first 5 city replication partners. As further evidence of the program's success, evaluation findings include:

- **FEC clients succeeded.** Overall, FEC clients reduced their debt by \$22.5 million, increased their savings by \$2.7 million, and nearly a quarter of unscored clients working on credit issues succeeded in establishing a credit score.



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- **FEC clients succeeded despite deep financial challenges.** FEC clients averaged annual incomes of only about \$21,000; they were twice as likely as all U.S. consumers to have a subprime credit score and half as likely to even have a credit score; nearly 23% had no health insurance; and over 60% had no savings.
- **FEC clients meaningfully reduced debt.** While FEC clients began counseling with an average of nearly \$29,000 in debt —more than half with credit card accounts, 40% with utility debt, and 38% with student loans—over a third of clients who tried to reduce their debt succeeded, with total debt reduction at \$22.5 million.
- **FEC clients meaningfully built savings.** FEC clients were much more likely than average US residents to have no savings, yet overall, almost a third of clients working to increase their savings succeeded, averaging \$1,634 and totaling \$2.7 million.
- **Banking status matters.** Unbanked FEC clients had a notably more difficult time achieving financial outcomes, underscoring the importance of a bank account. Compared to clients with accounts, they were less than half as likely to increase their savings, and over a third less likely to establish a new credit score, even working directly and repeatedly with a counselor in efforts to do so.
- **The FEC model worked in a variety of city contexts.** The evaluation documents replication success across 5 different American cities. Critical, well-replicated features of the model included programmatic emphasis on public-private partnerships, building rapport and prioritizing the clients' goals, encouraging return sessions, and professionalism through data-driven management and professional training.

#### **About the Cities for Financial Empowerment Fund (CFE Fund)**

The CFE Fund supports municipal efforts to improve the financial stability of households by leveraging opportunities unique to local government. By translating cutting edge experience with large scale programs, research, and policy in cities of all sizes, the CFE Fund assists mayors and other local leaders to identify, develop, fund, implement, and research pilots and programs that help families build assets and make the most of their financial resources. The CFE Fund works in partnership with Bloomberg Philanthropies and other generous sponsors to support our work. For more information, please visit [www.cfefund.org](http://www.cfefund.org) or follow us on Twitter at @CFEFund.

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