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National Three-Year Evaluation of Municipal Financial Counseling Model Shows Financial Counseling Works as Public Program

*New **Cities for Financial Empowerment Fund** evaluation of 22,000 clients across 5 cities highlights public model success, impact*

New funding opportunities available for Financial Empowerment Center program replication

August 7, 2017 – The [Cities for Financial Empowerment Fund](#) (CFE Fund) released today [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). Financial Empowerment Centers (FECs) offer professional, one-on-one financial counseling as a free public service. First piloted in New York City under Mayor Michael R. Bloomberg in 2008, the Centers have worked with almost 34,000 clients, helping them reduce individual debt by almost \$40 million, and increasing their families’ savings by close to \$5 million. 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 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.

“Mayors and other local leaders know well that individual and family financial stability is key to neighborhood and citywide stability. And like any other serious and complex need, when people are in financial trouble, they don’t just need education, they need individual, professional help that delivers measurable outcomes,” said **Jonathan Mintz, President and CEO of the Cities for Financial Empowerment Fund**. “This new evaluation of the FEC model demonstrates the impact and successes of this critical public service, detailing how it changed the social service landscape in our five partner cities. We thank these five city partners for being on the forefront of this innovative movement, as well as Bloomberg Philanthropies for their investment in this work and look forward to partnering with more local governments to continue replicating this important and successful public program.”



The 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.
- **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.

The CFE Fund is holding a series of webinars on the new evaluation; [click here](#) to sign up.

New Funding Opportunity

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.

Local government leaders can [apply now](#) to bring the FEC model to their city or county. In this initial grant phase, as many as twelve selected localities will receive up to \$20,000 and significant technical assistance for 6-12 months to design and prepare for the launch of their local FEC program. After that, these selected planning partners will be eligible for significant implementation grant funds for their program launch. 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.



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 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.

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 or follow us on Twitter at @CFEFund.

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