

Financial Empowerment Centers

Helping Low Income Residents

Build Financial Stability and Changing
Anti-Poverty Services in Cities



35% of Americans have a debt in collections.¹

Rather than offering them financial literacy, what if they could receive free, high-quality, one-on-one financial counseling...as a free city service?

Financial Empowerment Centers provide professional, one-on-one financial counseling as a free city service available to all residents to improve their financial lives. First developed by Mayor Michael R. Bloomberg's administration in New York City, and now being replicated thanks to generous support from Bloomberg Philanthropies, the Cities for Financial Empowerment Fund is partnering with cities across the country and beyond to build sustainable, ultimately government-funded public programs. A recent evaluation of the FEC model, drawing on data from 22,000 clients who participated in 57,000 counseling sessions across the first 5 city replication partners, provides additional evidence of the program's success.

What are the core tenets of the Financial Empowerment Center Model?

- People in financial trouble need **individualized help**, not just education, to empower them to address complex financial challenges.
- Those helping people with their finances must be **professionally trained** and offer quality services
- Financial counseling **serves a critical public need**, and local government oversight provides for **accountability and success**.
- Because financial instability impacts the need for, and success of, other social services, **strategic counseling referrals** or **integration partnerships** are important.



One-on-One
Counseling



How do Financial Empowerment Center Counselors Work with Clients?


First session: conducting comprehensive assessment of client's finances, understanding client issues and mutually identifying financial goals and service plan, beginning to create a budget, setting client follow up steps, and scheduling the next appointment.

Subsequent sessions: Follow up based on service plan, revise budget, pull and review credit report, negotiate with creditors, develop payment plans, and explore bank account options.

Average number of sessions per client **2.5**

Returning for multiple sessions was critical for financial outcome achievement

¹<http://www.urban.org/research/publication/delinquent-debt-america>



What are Accountable Measures of Success for Financial Empowerment Centers?

Counselors work with clients to help them achieve meaningful, quantifiable outcomes:

- **Banking:** Open or transition to a safe and affordable bank account
- **Credit:** Establish a credit score
- **Credit:** Increase credit score by 35+ points
- **Debt:** Decrease non-mortgage debt by 10%+
- **Savings:** Increase savings by 2%+ of annual income

Over **70,000** FEC clients increased their savings by almost **\$9M**

and reduced their debt by more than **\$83M**



Safe Banking

Establish Credit



Asset Building

Reduce Debt



Anecdotally, clients also said that financial counseling helped them **discuss money more effectively** with partners and children, **reduced their stress** and **improved emotional health**, and enabled them to **develop decision-making and negotiating skills**.



Financial Empowerment Center



How Do Financial Empowerment Centers Impact City Services?

The experience of cities implementing the FEC initiative reflects meaningful change in the way cities and their nonprofit partners approached anti-poverty programs and policies. Organizations appreciated their new capacity to work with clients on critical financial issues that affected their long-term goals while addressing urgent needs.

FECs also expanded municipal governments' commitment to financial inclusion: **all five initial replication cities secured public dollars to sustain FEC counseling**, including federal funding, and **three of them also opened entire new Offices of Financial Empowerment**.



How are Financial Empowerment Centers Growing as a Public Service Movement?

The Financial Empowerment Center initiative already has **helped tens of thousands of clients** across the country demonstrably become more financially stable; has been **sustainably embedded** in the fabric of numerous cities' services; and has meaningfully **changed the way that partner cities deliver antipoverty services**. Beyond the first five replication city partners, the CFE Fund already is **providing technical assistance to nearly a dozen additional cities**, as well as two foreign countries.

Contact the CFE Fund

to learn how your city can join this critical movement, to receive our FEC evaluation report, or just to join our mailing list.

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