



Fresh Tools for Fighting Poverty: Empowering Low-Income Americans to Build Assets

February 16, 2010

www.cfecoalition.org

Cities for Financial Empowerment (CFE)

- CFE provides a platform for municipal governments to advance innovative financial empowerment initiatives both locally and nationally, leveraging resources in the service of at-risk communities
- Coalition members work together to pursue promising strategies and programming in their own cities, and in collaboration with public, private, and non-profit sectors
- Member cities have made measurable commitments to increase public awareness of critical issues, create pathways for financial stability, and advocate for policy changes at the federal level

Key Municipal Financial Empowerment Strategies

1. Improving Access to Financial Services
2. Advancing Financial Education and Counseling
3. Encouraging Asset Building and Protection
4. Promoting Tax Time Services and Benefits

1. Advancing Access to Financial Services

- Finding creative ways to connect residents to safe and affordable mainstream financial services
- Programs and strategies include:
 - Promoting mainstream banking relationships through Bank On campaigns and similar programs
 - Targeted product development with individual financial institutions
 - Advocating for federal banking reform

2. Improving Financial Education and Counseling

- Enhancing the delivery of high-quality financial education to residents
- Programs and strategies include:
 - Creating financial education networks
 - Integrating financial education into the workplace
 - Leveraging city communications infrastructure
 - Developing standards for financial education programs
 - Exploring certified training programs and capacity-building strategies

3. Asset Building and Protection

- ◆ Identify and leverage municipal programs, laws, and regulations to assist families in building and maintaining assets
- ◆ Programs and strategies include:
 - ◆ Targeted savings initiatives
 - ◆ Entrepreneurial and homeownership supports
 - ◆ Licensing
 - ◆ Enforcement of municipal laws
 - ◆ Litigation against unscrupulous practices
 - ◆ Advocacy for fairness and consumer protection

4. Promoting Tax Time Services and Benefits

- Provide access to tax time services, benefits and asset building opportunities
- Programs and strategies include:
 - Free and low-cost tax preparation services
 - Large scale EITC public awareness campaigns
 - Bank accounts and alternative loan products
 - Matched savings and investment products for tax time

CFE Coalition Member City Initiatives

- ◆ New York
(Co-Chair)
- ◆ Chicago
- ◆ Los Angeles
- ◆ Miami
- ◆ Newark
- ◆ San Francisco
(Co-Chair)
- ◆ Providence
- ◆ San Antonio
- ◆ Savannah
- ◆ Seattle

New York

Background

- Asset poverty rate of 42.6% (vs. national average 25.9%), including 54.4% under age 35 (vs. national 45.5%)

Select Programs

- Free financial education classes, workshops and one-on-one counseling offered through the **Financial Empowerment Centers (FECs)** and the **Financial Education Network (FEN)**
- Certified program to train financial counselors with City University
- The **NYC Safe Start Account** provides a safe account that cannot be overdrawn
- **\$aveNYC** accounts help New Yorkers build assets through their tax refunds
- Debt consolidation loan program

San Francisco

Background

- Asset poverty rate of 40.7% (vs. national 25.9%), including 43.7% under age 35 (vs. national 45.5%)

Select Programs

- **Bank On San Francisco**, the first program of its kind, brings together 14 banks and credit unions to offer low- or no-cost accounts and financial training to unbanked residents
- The **Working Families Credit** increases access to benefits and encourages savings at tax time
- **Wealthcare San Francisco** provides one-on-one financial coaching at 10 community based organizations
- **Payday Plus SF**, an alternative payday loan with an 18% interest rate

Chicago

Background

- Asset poverty rate of 38.4% (vs. national 25.9%), including 52% under 35 (vs. national 45.5%)

Select Programs

- **\$ave, chicago!** is a citywide challenge to encourage budgeting and savings
- **Financial education** workshops targeting small business owners
- The **Chicago Public Schools Initiative** provides over 350,000 students K – 12 with financial education as part of Money Smart Week

Los Angeles

Background

- Asset poverty rate of 40% (vs. national 25.9%), including 56.2% under age 35 (vs. national 45.5%)

Select Programs

- **The L.A. Strategy**, grounded in L.A.-specific research on the unbanked, focuses on financial stability and building wealth for low and moderate income families—the four-neighborhood pilot is now going city-wide through the City's Community Development Department
- **Bank On LA** aims to expose residents to mainstream financial relationships
- The L.A. Strategy's newest component is individual financial counseling for 7,000 low- and middle-income residents

Miami

Background

- Asset poverty rate of 42% (vs. national 25.9%) including 56% under age 35 (vs. national 45.5%)

Select Programs

- **Benefit Bank** is an innovative online assessment tool that assists residents enroll in state and federal benefits, ranging from Food Stamps and Medicaid to federal student aid
- **Matched Savings Fund** accounts help households save and accumulate assets from earned income by matching their funds 2:1 to purchase a home or capitalize a business
- **Micro lending** provides affordable loans from \$500 to \$50,000 to capitalize the city's small businesses

Newark

Background

- Asset poverty rate of 58.4% (vs. national 25.9%), including 71% under age 35 (vs. national 45.5%)

Select Programs

- **Bank On Newark** aims to expose residents to mainstream financial relationships
- The **Financial Helpline** brings volunteers with finance backgrounds into the City's 311 call center to answer residents' personal finance questions for free
- **VITA** helped over 2,100 low-income families obtain more than \$3 million in tax refunds last year, at locations that include a site in the City Hall building
- **Refund Now** is New Jersey's only free rapid anticipation loan program, providing tax filers interest-free loans in 1-2 business days

Providence

Background

- Asset poverty rate of 44.8% (vs. national 25.9%), including 58.8% under age 35 (vs. national 45.5%)

Select Programs

- **Bank On Providence** (winter 2010) will work with banks and credit unions to provide residents with safe and appropriate financial products
- **Providence Financial Stability Partnership** (January 2010) will work to increase access to high quality financial literacy and counseling services across the city
- The **Earned Income Tax Credit Campaign** work with the IRS and VITA to increase receipt of the EITC and other credits, and provides alternative RALs at tax time; last year, the campaign served over 1800 filers and returned over \$2.8 million in refunds and \$1.5 million in tax credits to low-income working residents

San Antonio

Background

- Asset poverty rate: 33.6% (vs. national 25.9%), including 53.7% under age 35 (vs. national 45.5%); 27.5% high school graduates. 62% Hispanic/Latino

Select Programs

- **VITA** does free tax preparation, links clients to benefits, savings and banking services, financial education, and IDA programs
- The **Office of Financial Empowerment** provides opportunities to increase and protect assets by accessing tax credits, savings programs, & financial education
- The **Centers for Working Families** provides emergency assistance, wrap-around services and case management to transition clients out of poverty

Savannah

Background

- Asset poverty rate of 40.7% (vs. national 25.9%), including 60% under age 35 (vs. national 45.5%)

Select Programs

- The **Step Up Savannah Initiative** encourages economic independence through financial education and workforce development
- **Bank On Savannah** aims to expose residents to mainstream financial relationships
- **Savannah** partners with Consumer Credit Counseling services to provide financial and credit counseling to residents in need.

Seattle

Background

- Asset poverty rate of 28% (vs. national 25.9%), including 45.1% under age 35 (vs. national 45.5%); cost-burdened homeowners compared to national (44.1% vs. 36.3%)

Select Programs

- **Bank On Seattle-King County** connects people to affordable mainstream financial services (checking, savings, credit) and financial education opportunities
- The **Seattle/King County Asset Building Collaborative** projects provide access to benefits and EITC/free tax prep, financial services/education, asset building embedded in workforce development, employer/union strategy, foreclosure prevention
- The **Financial Education Providers Network** is a collection of grassroots-level programs throughout the city that offer financial education or support

Joint Initiatives and Programs

Financial Education Initiative

- Expand and improve citywide delivery systems and marketing
- Encourage asset building and responsible financial practices within communities and places of employment
- Standardize quality of financial education programs
- Coordinate financial education programs city- and country-wide

Research Initiative

- Partnership with CFED to track municipal-level data and document CFE city initiatives
- Use data to inform and guide innovative work in service of asset-poor communities

Consumer Protection Advocacy

- Advocate at the federal level to protect consumers from unfair banking regulations

Why a Coalition of Cities for Financial Empowerment?

- Leverages and connects resources throughout city agencies to promote financial education, asset building, and asset protection
- Provides opportunities to learn from and collaborate with other Coalition cities
- CFE membership allows mayors and municipal leaders to demonstrate a commitment to financial empowerment
- Provides a platform from which to launch local and national initiatives