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Financial Empowerment Center Initiative

Introduction

- The City of Aurora is developing a Financial Empowerment Center (FEC), which will provide free, high-quality, one-on-one financial counseling for low-income residents as a public service.
- We were recently selected by the Cities for Financial Empowerment Fund (CFE Fund) to join a cohort of local governments that will work to launch this important public service in 2019.

The Financial Empowerment Center Model

- Financial Empowerment Centers offer professional, one-on-one financial counseling as a free public service to enable residents to address their financial challenges and needs and plan for their futures.

Core elements of the model:

- **Professionally trained 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.
- Counseling is **integrated into other social services**, including housing and foreclosure prevention, workforce development, prisoner reentry, benefits access, domestic violence services, and more.
- **Financial counseling works well as a public service.** Local government is a trusted voice for residents amidst a sea of scams and complicated financial choices. It also is a natural convener of partners to enhance program sustainability and offer and market services at scale.
- **Data is systematically tracked across a set of defined and quantifiable outcomes** to understand the impact on clients' financial lives, bolster program credibility, and justify public funding.
- **Partnership and collaboration between local government, community based organizations, and philanthropy is foundational** for counseling delivery, resident engagement and outcome achievement, and program sustainability.

History and Impact to Date

- The FEC model has operated for ten years in seven cities, working with more than 82,000 clients, helping them reduce debt by more than \$100 million, and increasing savings by \$10 million.
- It was first piloted in New York City under Mayor Michael R. Bloomberg in 2008. The model was later replicated in 2013 in Lansing, MI; Nashville, TN; Philadelphia, PA; San Antonio, TX; and Denver, CO. In 2017, Akron, OH joined the movement.
- A recent [CFE Fund evaluation](#) found that, despite significant financial obstacles and low incomes, people who accessed FEC counseling services succeeded in reducing debt, improving credit, opening bank accounts, and even saving for emergencies and for their futures.

FEC Public

- The national FEC Public platform promotes scale and sustainability for the growing movement of professional, one-on-one financial counseling as a free public service.
- In partnership with **Bloomberg Philanthropies** and others, the CFE Fund is seeding additional FEC replication to help as many as 50 local government partners plan, launch, and sustain free financial counseling for their residents.
- More information on FEC Public and the FEC evaluation can be found at www.fecpublic.org

Additional Information on the FEC Planning Grant

- FEC Public is comprised of three distinct phases: (1) Planning; (2) Implementation; and (3) Expert.
- We were selected to join a cohort of nine local governments for the planning phase.
- The nine local governments are: Washington, D.C.; Polk County, IA; Aurora, IL; Baltimore, MD; Atlanta, GA; Erie, PA; Roanoke, VA; Rochester, NY and Hawaii, HI.
- As part of the planning phase, we are receiving a \$20,000 grant and intensive technical assistance from CFE Fund for 6-12 months to design and prepare to launch a public financial counseling program using the FEC model.
- Later this year, once we have secured match funding and met key requirements, we will be eligible to receive a two-year implementation matching grant from the CFE Fund to launch our FEC.

Role of Local Governments

- Local governments play an important role in resident financial empowerment because they have a diverse range of programmatic and policy opportunities to build lasting infrastructure.
- Local governments must address financial instability of residents, and they must do so at scale.
- Local governments have a mandate to provide basic services to everyone in need, and local leaders are acutely aware of the preeminence of that core responsibility.
- Local governments can access policy levers, such as regulatory and enforcement authority, for longer-term impact; they are the trusted voice among scams and costly fringe financial services.

About the City of Aurora

- Located 35 miles west of Chicago, Aurora is the second largest city in Illinois with a population of 201,000. It covers 46 square miles, stretching into Kane, DuPage, Kendall and Will counties.
- Aurora is an extremely diverse community -- 43% Hispanic, 39% White, 10% Black and 7% Asian. However, 22.8% have incomes below the federal poverty level and many have lower-paying jobs. Further, 24.5% of the city's population is considered asset poor and 35.3% are liquid asset poor, 19.5% are underbanked while 8.8% is unbanked.

About Cities for Financial Empowerment Fund (CFE Fund)

- The **Cities for Financial Empowerment Fund** is a national nonprofit organization that supports municipal efforts to help low-income families and individuals achieve long-term financial stability, by embedding financial empowerment strategies into local government infrastructure.
- More on the CFE Fund can be found at www.cfund.org.