



Legislation Text

File #: 22-0172, Version: 1

TO: Mayor Richard C. Irvin

FROM: Ruth Ramos, Innovation Program Manager, Customer Service Department

DATE: March 2, 2022

SUBJECT:

The Innovation and Strategy Division is requesting City Council approval to apply for a Kane County Grand Victoria Riverboat Grant in the amount of \$100,000 to support the implementation of a Child Savings Account and Family Financial Literacy Initiative.

PURPOSE:

The City of Aurora is seeking to create a Child Savings Account and Family Financial Literacy Initiative through the Financial Empowerment Center. A Child Savings Account program provides a savings or investment account and financial incentives to children for the purpose of post-secondary education or other asset building. Research shows that creating college savings accounts dramatically increases the change that children not only enroll in college, but also graduate. Through improved financial literacy and support, we look to provide racial equity and accessibility to greater financial mobility for families in low-income areas.

In 2010, the Illinois Children's Savings Account Task Force recommended the Illinois 529 College Savings Program as a vehicle for a statewide program. In 2019, the ILGS passed legislation that Illinois would provide a \$50 seed deposit in a 529 Child Savings Account for every child born or adopted in Illinois. Seed money is available through Illinois for every newborn in Aurora. The Aurora Child Savings Account Program will make it easy for all families to claim the state's seed deposit, while setting up goals and metrics to ensure the program is equitable.

BACKGROUND:

In April 2020 the City of Aurora partnered with the Cities for Financial Empowerment and The Neighbor Project to open Aurora Financial Empowerment Center (FEC) under Innovation and Core Services. The department has successfully implemented and located funding for the program over the last 2 years with the assistance of government grants, local agencies, and several area financial institutions. The Aurora FEC provides free one-on-one financial counseling to low- and moderate-income residents. To date, the FEC has had over 1000 outcomes, helping residents increase savings by over \$500,000 and reduce debt by over \$1,200,000.

Aurora is the second largest city in the state of Illinois, with a population between 180,000 to 200,000. The racial/ethnic breakdown of the population is 43% Hispanic, 37% White, 10% Black, 8% Asian, 2% Other. Although the poverty level of Aurora residents at 10.9% is slightly lower than the state of Illinois of 11.5%, the Hispanic poverty level is significantly higher, at 16.3%, and Black poverty level, slightly higher at 11.9%. One way that cities and organizations are addressing

preparedness for a financially secure future is through financial literacy and college/post-secondary education financial planning.

In 2010, the Illinois Children's Savings Account Task Force recommended the Illinois 529 College Savings Program as a vehicle for a statewide program. In 2019, the ILGS passed legislation that Illinois would provide a \$50 seed deposit in a 529 Child Savings Account for every child born or adopted in Illinois.

DISCUSSION:

We are requesting \$100,000 in assistance from the Grand Victoria Riverboat Fund to implement a Child Savings Account Initiative, in connection with financial literacy and counseling.

Many cities have expanded their Financial Empowerment Centers to provide more supportive services to advance the financial mobility of Black, Indigenous and People of Color (BIPOC) families and communities. The Midwest CSA Consortium and Heartland Alliance are providing in-kind consulting to successfully launch the program and pursue financial self-sufficiency.

The Aurora Financial Empowerment Center will continue with our fundraising efforts by building relationships with local banks, foundations, and organizations that are aligned with our mission to help guide the financial futures of our neediest residents. Initial seed funds will be deposited by the Illinois State Treasurer according to The State Treasurer Act, 15ILCS 505/16.6, with opportunities for match funds by other organizations.

(The Expense Account number is 101-1304-419 and the Revenue Account is 101-1301-337-30-04)

IMPACT STATEMENT:

Child Savings Account programs provide long-term savings accounts that help children, especially low-income children, build savings for their future. The City of Aurora seeks to provide a long-term program that invests funding for kids' academic success as well as financial literacy and support to families and youth.

The impact of the Aurora FEC to-date has been tremendous for low-to-mid income families, providing greater financial mobility and wellness. Many clients have been able to achieve long-term goals, affording rent, purchasing homes, eliminating debt and becoming financially free. Combining financial literacy with a Child Savings Account Program will create more opportunities for families to get equitable access to financial counseling, youth financial programming, and savings opportunities. Children from all demographics will be more prepared to attend and graduate from higher education programs, setting them up for a successful transition to a financially stable future.

The Kane County Riverboat Grant will pay for counselor salaries, program management, and costs associated with implementing the Child Savings Account Program in Aurora.

RECOMMENDATIONS:

We recommend the City Council give approval for the Financial Empowerment Center to apply for a Kane County Riverboat Grant of \$100,000 to fund the operations needed to run the Aurora Child

Savings Account Program.

cc: Public Health, Safety and Transportation Committee



CITY OF AURORA, ILLINOIS

RESOLUTION NO. _____
DATE OF PASSAGE _____

A Resolution to allow the Aurora Financial Empowerment Center to apply for a Kane County Grand Victoria Riverboat Grant, to help with staffing and implementation costs to support a Child Savings Account and Family Financial Literacy Initiative.

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, Kane County is offering Grand Victoria Riverboat Grants to local communities and non-profits for projects focusing on Education, Environment and Economic Development:

WHEREAS, the Financial Empowerment Center began serving local low- to moderate-income families in April 2020, offering free, one-on-one financial counseling. Since its opening, the Financial Empowerment Center has served over 900 clients, helping them increase their savings by more than \$600,000 and reduce their debt by more than \$1,200,000. Approximately 70% of the FEC clients are residents of Kane County.

WHEREAS, the Financial Empowerment Center intends to keep providing these services, while implementing support for the Child Savings Account Program, through funding from the City of Aurora, grants and local partnering agencies. (The Expense Account number is 101-1304-419 and the Revenue Account is 101-1301-337-30-04)

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois, as follows: That the Aurora Financial Empowerment Center may pursue a grant of \$100,000 from the Kane County Grand Victoria Riverboat Grant Program to assist in funding the salaries and indirect costs to implement Aurora's Child Savings Account and Family Financial Literacy Initiative.