FEC Public: Scaling Financial Empowerment Centers as a Public Service

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Scaling Financial Empowerment Centers as a Public Service

Cities for FINANCIAL EMPOWERMENT Fund

Financial Empowerment Centers (FECs) offer professional, one-on-one financial counseling/coaching as a free public service. With proven results from the first such citywide approach in New York City, and successful replication and public investment from the first cohort of our five local government replication partners, this movement has now advanced to nationwide replication in dozens of cities and counties through *FEC Public* .

The national *FEC Public* platform promotes scale and sustainability for the growing movement of one-on-one financial counseling as a free public service. Multiple avenues of grant support, intensive technical assistance, and a vibrant national learning community supports dozens of local government partners plan, launch, and sustain Financial Empowerment Centers for their residents; innovative pilot projects, affiliate partnerships, and the advancement of financial counselor professionalization further will support and augment those efforts.

The FEC Model

Financial Empowerment Centers (FECs) offer professional, one-on-one financial counseling as a free public service. The model, first piloted in New York City under Mayor Michael R. Bloomberg, has operated for 11 years in more than a dozen cities, working with more than 98,000 clients and more than 224,000 client sessions, helping them reduce debt by more than $137 million, and increasing savings by $19 million. In partnership with seed funder Bloomberg Philanthropies, and partner funders including Capital One, JPMorgan Chase Foundation, The JPB Foundation, and Wells Fargo, the CFE Fund's *FEC Public* promotes widespread FEC replication, supporting local government partners to provide this critical and impactful anti-poverty tool as a standard public service. 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, and more.

Counselors work with clients to achieve meaningful, quantifiable outcomes, including:

- **Credit:** Establish a credit score, increase credit score by 35+ points
- **Debt:** Reduce the number of delinquent accounts, decrease non-mortgage debt by at least 10%
- **Banking:** Open a safe and affordable banking account, use bank account actively
- **Savings:** Set aside at least one week's worth of income, adopt new savings behaviors

Research Findings on FEC Impact

A recent CFE Fund evaluation found that, despite significant financial obstacles, people who accessed FEC counseling services succeeded in reducing debt, improving credit, opening bank accounts, and even saving for emergencies and for their futures. A total of 5,305 FEC clients reduced more than $22.5 million in debt and increased their family savings by more than $2.7 million. FEC clients' success occurred in the context of very low incomes: over 70% had incomes below 50% of their area's median income adjusted for household size, and average annual income was only $21,048.

Other evaluation findings highlighted the importance of a bank account in achieving counseling success: even adjusting for employment and income, unbanked clients were only half as likely to be able to increase their savings and over a third less likely to establish a credit score as clients with bank accounts. In addition to in these successes, localities reported that the FEC initiative changed the way they approached anti-poverty programs. Each identified and committed public dollars to sustain FEC services beyond the three-year grant, and three of five locality administrations expanded their commitments by opening Offices of Financial Empowerment or similar municipal entities.

Scaling FEC Efforts through FEC Public

The CFE Fund's comprehensive *FEC Public* replication strategy, informed by lessons from the original FEC replication cities, provides rolling cohorts of local leaders with a range of entry points to develop, launch, and implement financial counseling as a free public service. This cohort model, detailed below, seeds local FEC efforts, ensuring model quality control while working towards self-sustainability.

As part of this replication strategy, the CFE Fund is providing funding and technical assistance to partners to guide them toward successful and sustainable implementation; the CFE Fund is also interested in exploring multi-city, regional replication and funding approaches, as well as funding cohorts based on social service integrations.
In addition, the CFE Fund leads a vibrant learning community of localities who share results, lessons learned, and best practices.

FEC Public is comprised of three distinct phases for FEC partners: (1) Planning; (2) Implementation; and (3) Expert. In addition, *FEC Public* includes an Affiliates Network of other partners who provide non-FEC financial counseling/ coaching services.

FEC Public Replication Strategy

1. **Planning Partners:** Localities working toward launching a public financial counseling program using the FEC model.
2. **Implementation Partners:** Planning partners that have secured match funding and have met key requirements will receive a two-year implementation matching grant from the CFE Fund to launch their FEC Initiative.
3. **Expert Partners:** After two years, Implementation partners that are self-sustaining will receive the Expert partner designation and will play a role in providing technical assistance to other FEC Public partners, as well as be eligible for innovative pilot efforts designed to enhance the FEC model.
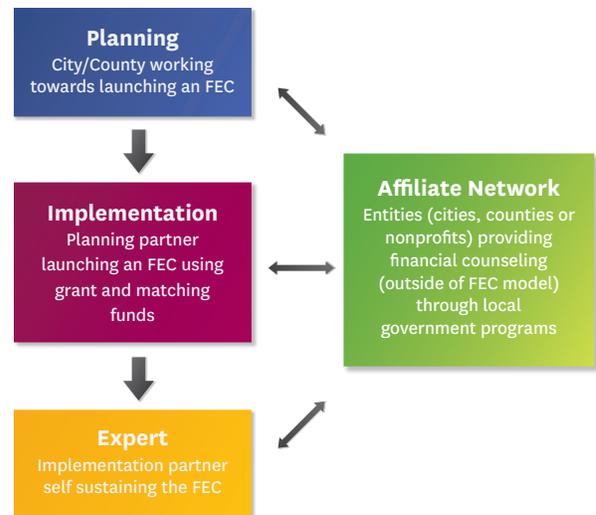
The FEC Public database, Financial Empowerment Center Boost Outcome Tool (FECBOT), serves as the central data system for FECs across the country. Built and maintained by the CFE Fund, FECBOT was designed based on insights from counselors, program managers, and the FEC evaluation to serve as a streamlined, professional tool for managing client cases and tracking outcomes. FECBOT collects more than 200 data points to help counselors fully understand the client's financial situation, and supports managers in monitoring client and counselor progress and reporting to program stakeholders. All FEC partners receive robust training on the database, and are now required to use the system during their two-year Implementation phase.

Scaling the FEC movement through *FEC Public* requires dedicated partners.

Want to join us? Get in touch at info@cfefund.org, or visit us at www.cfefund.org and www.fecpublic.org to learn more.

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