

City of Sacramento

Legislation Details (With Text)

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Title: City of Sacramento Financial Empowerment Center Pilot
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Title:
City of Sacramento Financial Empowerment Center Pilot

File ID: 2019-00273

Location: Citywide

Recommendation:
Adopt a Resolution approving the pilot Financial Empowerment Center Framework.

Contact: Veronica Smith, Economic Development Senior Project Manager, (916) 808-1046, Office of Innovation and Economic Development

Presenter: None

Attachments:
1-Description/Analysis
2-Resolution
3-Exhibit A (City of Sacramento Financial Empowerment Center Framework)

Description/Analysis

Issue Detail: In 2017 the City of Sacramento received a planning grant from the Cities for Financial

Empowerment (CFE) Fund through the Bloomberg Foundation to explore the establishment of a Financial Empowerment Center (FEC). The Cities for Financial Empowerment Fund's mission is to leverage municipal engagement to improve the financial stability of low- and moderate-income households by embedding financial empowerment strategies into local government infrastructure. Through the one-year process of the FEC planning process, it was discovered that this tool could be complimentary to the City's inclusive economic development efforts and can be key to supporting financially vulnerable residents and businesses. If the City of Sacramento FEC framework is approved, Sacramento will join 16 local governments that have been selected to work on replicating the FEC model.

Background

The FEC model has operated for nine years in six cities, working with more than 80,000 clients, helping them reduce debt by more than \$94 million, and increasing savings by \$12 million. 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, homeless services, workforce development, prisoner reentry, benefits access, domestic violence services, and more.

In 2016, the CFE Fund released *An Evaluation of Financial Empowerment Centers: Building People's Financial Stability as a Public Service*, a three-year evaluation of the initiative's initial replication in 5 cities (Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA and San Antonio, TX). The evaluation demonstrated that the model was successfully replicated and works in a variety of city contexts, and that clients succeeded in reducing debt, increasing their savings, establishing and improving credit, and opening safe banking accounts, despite deep financial challenges.

The Model

The FEC model is a partnership between local government and community-based organizations, with critical and distinct roles for each partner. The Financial Empowerment Center model provides free, professional, one-on-one financial counseling and coaching to residents. As part of the FEC model, the City of Sacramento will partner with qualified community organization(s) to develop and manage the FEC, including the responsibilities related to the delivery of financial counseling, supervising financial counselors, database operations, community partnerships and program deliverables.

After approval of the FEC framework by Council, staff will consider proposals from organizations with proven experience in the delivery of social services in the community and ability to implement high-volume, quality, one-on-one financial counseling services to residents. The nonprofit provider(s) will be expected to develop referral systems with a range of other programs and organizations to drive traffic to the FEC, as well as be responsive to potential strategic partnerships initiated by the City Manager's Office and Office of Innovation and Economic Development to ensure that goals are being

met.

The FEC will launch as a three-year pilot. If the pilot yields the results as anticipated based on the success that the program has had nationwide, staff will report back and recommend that the pilot become an ongoing City of Sacramento municipal service supported by full-time City staff.

Policy Considerations: The Initiative is consistent with the 2013 Economic Development Strategy and the 2019 Inclusive Economic Development Framework goal of prioritizing investments that strengthen, business, people and place capacity in order to stimulate economic growth and quality of life for all residents.

Economic Impacts: Ensuring economic opportunities exist for all can result in greater economic growth for the residents and businesses of Sacramento.

Environmental Considerations: The recommendation in this report is not a project under the California Environmental Quality Act (CEQA), because it involves organization or administrative activities that will not result in direct or indirect physical changes in the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(5) and is, therefore, not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Sustainability: None

Commission/Committee Action: Not Applicable.

Rationale for Recommendation: The City Council has made it clear, through multiple actions, its commitment to prioritize and implement strategies, programs and projects that increase inclusive community and economic growth capacities throughout our City. To achieve this, the City must focus more resources on improving the financial stability of its residents. Sacramento's future prosperity depends on the City making intentional investments to increase and diversify its current economic growth in an inclusive and equitable manner.

Financial Considerations: There are no financial considerations for the launch of the FEC framework.

Local Business Enterprise (LBE): None.