

City of Sacramento

Legislation Text

File #: 2019-00897, **Version:** 1

Title:

Financial Empowerment Center Funding

File ID: 2019-00897

Location: Citywide

Recommendation:

Adopt a Resolution authorizing the City Manager or City Manager's designee to; 1) establish revenue and expenditure budgets in the Financial Empowerment Center Multi-year Operating Project (MYOP) in the amount of \$150,000 (Operating Grant Fund, Fund 2702); and 2) resetting the City Manager's administrative authority for the City Manager's operating budget.

Contact: Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, Office of Innovation and Economic Development; Zachary Yeates, Staff Aide, (916) 808-7187, Office of Mayor Steinberg

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution

Description/Analysis

Issue Detail: In 2017 the City of Sacramento received a planning grant from the Cities for Financial Empowerment Fund, Inc. (CFE) through the Bloomberg Foundation to explore the establishment of a Financial Empowerment Center (FEC). The CFE'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 1-year process of the FEC planning process, it was discovered that this tool could be complimentary to the inclusive economic development efforts and can be key to supporting financially vulnerable residents and businesses. If the City of Sacramento FEC 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 released 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 five 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 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. The development of a FEC in Sacramento will complement the range of activities the City will undertake to build capacity within our neighborhoods as part of the inclusive economic development strategy. It will aid in increasing economic security for households in the City.

The City received a planning grant through the CFE and has prepared an implementation grant to initiate the program. CFE is currently reviewing the grant application. If received, the grant will provide \$150,000 in the first year of implementation and \$50,000 for the second year. An additional \$150,000 in funding for the first year has been provided by CITI Community Development.

Staff is working on the details of the implementation grant with the CFE and it is currently envisioned to return to Council with a grant agreement and the details of the implementation within 60 days. The launch of the FEC could occur by the end of 2019.

Policy Considerations: The Initiative is consistent with the 2013 Economic Development Strategy goal to invest in building Sacramento and the objective to "encourage strategic investments and initiatives that lead to the economic development, job growth and enhance the quality of life in

Sacramento.”

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 Section 15378(b)(5) of the CEQA Guidelines (Cal. Code Regs., tit. 14, §15000 et seq.), and is, therefore, not subject to CEQA pursuant to Section 15060(c)(3) of the CEQA Guidelines.

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: Staff recommends council approve the budgetary adjustment of \$150,000 for the Financial Empowerment Multi-Year Operating Project (I0218000). The \$150,000 of funding will be provided by Citi Community Development to Gifts to Share.

Local Business Enterprise (LBE): None.