



March 9, 2016

Re: Article 17 - Talent & Economic Development Executive Recommendation Bill – Section 17-107 (One-Time Appropriations) - \$5,800,000 for Financial Literacy Pilot

Dear Honorable Members of the Michigan Legislature:

The Cities for Financial Empowerment Fund (CFE Fund) submits this letter in regard to the State of Michigan's proposed Financial Literacy Pilot based upon its unique experience across the country seeding and supporting government-specific approaches to financial empowerment. Since 2012, the CFE Fund has worked with close to three dozen cities across the country to embrace, embed and deliver financial empowerment strategies that improve the financial stability of low and moderate income households through public programming and policy. The CFE Fund approach combines technical and adaptive work to enable local governments to embrace financial empowerment strategies, consider the most appropriate large-scale services within which to embed these strategies, and boost outcomes for individuals and families in the most cost-effective manner. The CFE Fund also oversees the Cities for Financial Empowerment Coalition, an invitation-only community which brings together 15 pioneering municipal governments from across the country using their power and positions to advance innovative financial empowerment initiatives. The City of Lansing, an early grantee of the CFE Fund, advanced quickly both to a Coalition invitation and, quite recently, was elected as the co-chair of the group.

A cornerstone of our work began with a \$16.2 million, three-year investment from Bloomberg Philanthropies for the Financial Empowerment Center (FEC) Replication Initiative. First created under the Bloomberg Administration in New York City, the Financial Empowerment Center model seamlessly integrates municipally-led free, one-on-one, professional financial counseling within public programs. Through embedding effective financial counseling in social services, publicly funded programs can address underlying financial instability and reduce resident need for services. Further, by improving outcomes and reducing residents' need for services, integrating financial counseling can lead to more effective use of government funds.

The Financial Empowerment Center Replication Initiative launched in five cities across the U.S. to replicate the Financial Empowerment Center model: Lansing, MI; Denver, CO; Nashville, TN; Philadelphia, PA; and San Antonio, TX. From 2013-15, these replication sites provided 23,758 clients 61,660 free financial counseling sessions. Across the sites, clients—with an average income of only \$18,000—decreased their debt by more than \$25 million and saved close to \$3 million. Notably, the replication initiative established the efficacy of the Financial Empowerment Center model as a strategy to improve household financial stability in diverse communities of varying size, geography and demographics. In addition to direct grants through this replication initiative, the investment has supported the



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CFE Fund's efforts to promote replication in additional cities and grow the field of municipal financial empowerment.

Governor Snyder's commitment to financial literacy through a one-time appropriation of \$5.8 million in TANF funds for a Financial Literacy Pilot has the potential to tangibly, measurably, and significantly impact thousands of Michigan households, helping them to effectively manage a household budget, reduce debt, establish and improve credit, access safe and affordable banking services and build savings, working towards a stronger financial future. The proposed Financial Literacy Pilot would be an important next step in this work and would set Michigan on the national stage, as the first state to publicly fund individualized financial counseling for families in financial distress through TANF dollars.

Respectfully,

Jonathan Mintz
Chief Executive Officer
Cities for Financial Empowerment Fund