

# Take control of your finances.

March 15, 2016

The Honorable Laura Cox, Chair  
House Appropriations: General Government Subcommittee  
Michigan House  
State Capitol  
Lansing, Michigan 48909

**Re: Testimony in Support of H.B. 5434: Governor's Proposed FY 2016-17 Budget, Article 17 - Talent & Economic Development Executive Recommendation Bill – Section 17-107 (One-Time Appropriations) – \$5,800,000 for Financial Literacy Pilot**

Dear Chairperson Cox:

The City of Lansing created an Office of Financial Empowerment (OFE) in January 2013. The OFE offers several programs intended to increase the financial stability of individuals and families, including a post-secondary education savings account called Lansing SAVE; the Bank On program which assists parolees and probationers in accessing safe, affordable bank accounts; and the Financial Empowerment Center (FEC), which offers free one-on-one financial counseling.

The City partners with Cristo Rey Community Center and Capital Area Community Services to deliver its financial counseling program. The program's funding for its first three years was provided by Cities for Financial Empowerment Fund (CFE Fund), through support from Bloomberg Philanthropies. The CFE Fund continues to take an active role in the success of Lansing's FEC, providing continuing technical assistance, as well negotiating contracts with Social Solutions, the creator of the Efforts to Outcomes software program used to measure the success of FECs, and with Experian, so that we might provide credit reports to clients up to four times per year at no charge to the clients.

The cornerstone of the FEC model is seamless integration with existing social services. We have experienced a great deal of success with clients as part of these integrations, including clients on parole or probation; homeless veterans; clients who access emergency rental and utility assistance; and clients who are in danger of property tax foreclosure. Integrating professional, personalized individual financial counseling with government programs results in greater efficiency and effectiveness of those services, resulting in cost savings. For example, when we integrated financial counseling with parolees in Ingham County who lived in state-funded housing, we found a significant decrease in length of stay in the housing program. Providing the clients with assistance in accessing safe, affordable bank accounts, helping them improve their credit score, identifying and removing identity theft issues, and helping them budget and save for housing impacted their ability to pay their own way, decreasing costs to the state.

The average annual income of a Lansing Financial Empowerment Center client at intake is just over \$17,000; 35% are unbanked at their first counseling session; 36% have over \$20,000 in non-mortgage debts; and the median baseline savings amount is \$0.

**LANSING  
CAN HELP**



**Financial  
Empowerment  
Center**

*Free One-on-One  
Financial Counseling*

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In the Lansing Financial Empowerment Center's first three years (2013 – 2015), the program served over 2,600 clients and delivered over 7,500 financial counseling sessions. Other highlights include:

- Cumulative non-mortgage debt reduction of clients: \$4,790,122
- Cumulative savings increase of clients: \$328,073
- Helped 95 clients "develop a savings habit", defined as depositing money into savings for 3 consecutive months
- Helped 558 clients decrease their total non-mortgage debt by 10% or more within 12 months
- Helped 205 clients (most of whom were completely unbanked) open or transition to a safe, affordable bank account
- Helped 144 clients increase their credit scores by 35 points or more within 12 months

Governor Snyder and his administration's call for \$5.8 million to fund a financial literacy pilot specific to financial counseling is the first state line-item of its kind. From our experience in the last three years, we are certain that this is a valuable investment that will not only increase the self-sufficiency of Michigan families, but will also create cost savings to the state in the long run.

Respectfully,

Amber Paxton  
Director, Office of Financial Empowerment  
City of Lansing



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Director, Office of Financial Empowerment  
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