

Financial empowerment services integration briefing sheet

Financial insecurity and cities

Low income residents' basic needs for housing, heat, and food are intrinsically linked to income instability, lack of savings, and overwhelming debt. Residents' financial insecurity is often a barrier when they try to exit poverty, and poses a cost burden to cities, in lost tax revenue, unpaid bills, and public benefit use.

"...residents' financial insecurity costs cities between 0.3% (San Francisco) and 4.6% (Seattle) of their total annual budgets."

- Urban Institute, January 2017

But, studies show that interventions such as financial coaching, free tax clinics and benefit screening tools can boost the financial security of low-income households.

What is financial empowerment?

Financial empowerment is a set of interventions proven to measurably improve the financial well-being of people living in poverty. It does this by helping them to improve their incomes, credit scores, savings and debt levels, increasing their confidence on money matters and reducing their stress levels.

FINANCIAL EMPOWERMENT FRAMEWORK

Financial
information
education and
coaching

Help accessing
income boosting
benefits and tax
credits

Safe and
affordable
financial products
and services

Access to saving
and asset
building
opportunities

Consumer
awareness
and
protection

Unlike many poverty reduction approaches, financial empowerment focuses specifically on improving the financial knowledge, skills, attitudes and behaviours of people living on low incomes, recognizing that these are critical to their economic security and capacity to invest in their future.

Integrating financial empowerment:

The "Supervitamin" Effect

Cities can lead the way by embedding financial empowerment interventions into existing service delivery. The benefits include:

- **Scale.** Reaches significantly more people already engaged in a service system intended to help.
- **Impact.** Boosts the effect of social services, tangibly improving outcomes for clients.
- **Sustainability.** Pilot projects showing measurable results against government poverty reduction goals can make the case for public funding and private sector partnerships.

"... Financial empowerment has already produced compelling evidence that the innovative strategies being used nationwide to improve residents' financial stability have this 'super vitamin' effect when inserted into traditional social services.

- New York City Office of Financial Empowerment, 2015

How cities can get started

Services and info channels

Embed financial empowerment interventions in existing **municipal services and related information channels** (shelter services, community housing, youth programs) where there is evidence it can improve outcomes.

Grant programs

Make financial empowerment activities eligible or mandatory activities within **grant programs** where evidence shows it can help to achieve target outcomes (Community Service Partnerships program.)

Strategies and policy frameworks

Build financial empowerment approaches into relevant **policy frameworks and strategies** (workforce development, affordable housing, neighbourhood action, youth employment, and housing stability.)

Strategic investments

Invest strategically to build financial empowerment capacity in neighbourhoods (Financial Empowerment and Problem Solving program)

Integration in action: Cities for Financial Empowerment Project

City of Toronto

Prosper Canada is currently supporting the City of Toronto to **explore, assess and select opportunities to integrate financial empowerment services within existing municipal program delivery.**

Through this collaboration, Prosper Canada will work with City staff to **develop a tailored financial empowerment integration strategy and implementation plan** with the goal of supporting people in Toronto to achieve greater financial stability.

How Prosper Canada can help

- **Research.** Identify financial needs of target audience(s) and promising approaches to meeting those needs.
- **Solution design.** Work with you to co-develop financial empowerment solutions that can be built in to existing programs, policies and funding frameworks
- **Program development.** Provide subject matter expertise; develop, test and embed financial empowerment solutions into existing programs; and help develop evaluation frameworks.
- **Capacity building.** Build capacity of frontline staff to provide effective financial empowerment services through online and/or in-person training, resources and online tools.

The **Cities for Financial Empowerment (CFE) Fund** in NYC is one of the leaders in this space. In 2013, the CFE Fund invested \$16.2M in five U.S. cities to embed financial empowerment into services. Client outcomes included:

- \$23M drop in debt
- \$2.7M increase in savings

Recently they reported: “all five cities secured public dollars to sustain financial counselling and three opened new Office of Financial Empowerment offices.”

[Learn more at cfefund.org](http://cfefund.org)

Learn how your city can do more

- Contact Marlene Chiarotto, Program Manager, or Helen Payne Watt, Program Officer or visit our website using the information below.
- Seek out and partner with financial empowerment champions in your local area, typically community organizations known for their work in the areas in the financial empowerment framework.

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