

# FE

FINANCIAL  
EMPOWERMENT

# BRIEF

JUNE 2010



## 825,000

NYC adults with no  
bank account

## \$4,000

or more in **credit  
card debt** held by  
59% of households  
in low-income NYC  
communities

## 48%

of NYC households  
have **\$0**  
in discretionary  
income

Source: 2010 Citywide  
Financial Services Study

“As important as education is, when things get really complicated, that’s not enough. You need to be able to sit down with a professional who is going to look at your financial problems, at your documents, and help you through the crisis, like folks in higher-income tax brackets do.”

- DCA Commissioner  
Jonathan Mintz  
*The New York Times*  
March 28, 2010

### Introduction

Countless families are struggling to manage their finances, often lacking good information and advice to help them make sound financial decisions. In New York City, the typical working poor family has an income of \$15,000, relies on check cashers for basic financial transactions, holds multiple credit cards with outstanding balances, and has less than \$500 in savings—if they have savings at all. More than half of these households have never received any formal financial education, and nearly 40% of these families will be unable to pay their rent or other basic bills at least once in the next year. Further, nearly half of all New York City residents live in asset poverty, meaning they do not have enough in savings to live for three months at the poverty level if their income were to stop unexpectedly.

The Office of Financial Empowerment (OFE) takes a multi-pronged approach to helping New Yorkers gain control of their finances that includes tax benefits, financial products, a savings program, a robust policy and advocacy agenda, and investment in financial education and counseling. This brief highlights OFE’s efforts to expand access to high-quality free financial education and counseling. OFE achieves this goal by investing in financial counseling services, providing support for and referrals to financial education providers in every community, and directly educating consumers about critical financial matters.

### Financial Empowerment Centers

New York is the first city in the country to open free one-on-one financial counseling centers, staffed by trained and experienced professionals. These financial experts help clients on a range of financial needs, such as money management, budgeting, credit and debt assistance, and selecting safe and affordable financial products. Financial Empowerment Centers serve anyone who lives or works in New York City, including people of all ages, immigration status, and income level. Empowerment Centers are embedded into existing human services agencies, such as homelessness prevention programs, workforce development centers, and court-related services. Counselors are given rigorous training, outreach and marketing support, and on-site technical assistance, and are held accountable for achieving measurable outcomes in line with their clients’ financial goals.

### Financial Counseling Demand

Almost two-thirds of clients need help addressing credit or debt issues. Counselors provide a range of assistance, such as reviewing credit reports and addressing errors, dealing with harassing debt collectors, negotiating with creditors, and developing budgets to help families stabilize their finances and plan for the future. Counselors also provide strategic referrals to other public and private resources.

Demand for services has been strong, with most Centers booked at least two weeks out and an increasing share of referrals coming from friends and family. Mayor Bloomberg’s strong public endorsement of these services, along with OFE’s mass media and grassroots outreach campaigns, have driven more than 5,000 New Yorkers to Empowerment Centers in less than a year.

# NYC

Department of Consumer Affairs  
Office of Financial Empowerment

In less  
than 1  
year...

**5,040**

Clients  
Served

**8,344**

Counseling  
Sessions

**3,215**

Credit Reports  
Reviewed

**2,281**

Budgets  
Created

**\$1,041,916**

Debt Reduced

**\$112,969**

Saved

Source: New York City  
Financial Empowerment Centers  
May 2009 - April 2010

### Empowerment Center Client Profile

- 61% are **female**
- 46% are African-American/Black; 38% are Latino/a; 17% are **foreign-born**
- More than 70% **make less than \$20,000** a year; median income is \$12,636
- 57% have some amount of **outstanding debt** (average debt: \$37,076; median debt: \$10,000)
- 28% are **unbanked**, meaning they do not have a checking or a savings account

### Empowerment Center Impact

Financial counselors work one-on-one with every client to identify financial needs and develop a customized service plan to address those needs. Centers use specific milestones and outcomes to measure success helping clients take control of their finances and achieve their financial goals. Milestones are meaningful steps toward economic security, such as checking a credit report, creating a budget, or researching the right banking options.

In less than one year of Citywide operation, Financial Empowerment Centers have helped more than 5,000 clients, 93% of whom have achieved at least one milestone in their overall service plan. Thirty-three percent of clients have returned for additional counseling sessions, and of these, 26% have achieved at least one outcome, such as reducing their debt, increasing their savings, living by a budget, or opening a bank account.

More than 3,200 clients have reviewed their credit report, and one in five has identified errors that could potentially damage their credit score. Counselors have helped almost 1,000 clients develop and implement a debt reduction plan, and reduced overall debt by almost \$1.5 million.

### Success Story

Lonía met with a financial counselor three times beginning in October 2009. Her counselor helped her to identify errors and debts owed on her credit report, and they worked together to write letters to the credit bureaus disputing the inaccuracies on her report. Subsequently, four errors were removed from Lonía's report, and she was able to pay off \$3,000 in outstanding debt. Her

credit score improved by more than 140 points from an initial score of 538 at intake. At her last visit in January, she worked with her counselor to budget the amount needed for a car loan. At her next visit, she and her counselor plan to write a letter correcting information about a debt that has been paid but still shows as delinquent on her credit report.



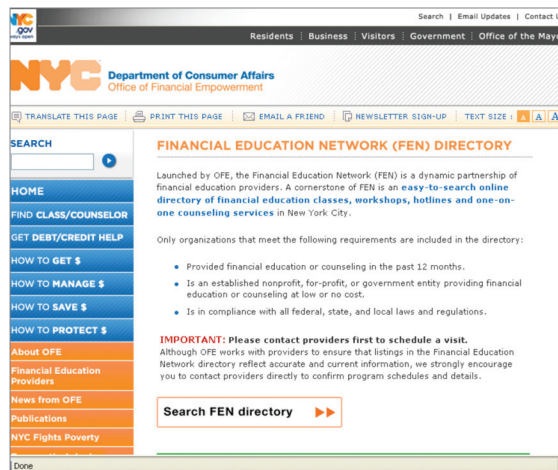
©Kirsten Luce for The New York Times

### Building Financial Education Capacity

The Citywide **Financial Education Network** improves the accessibility of high-quality, community-based financial education services throughout New York City. More than 160 organizations are part of the Network, ranging from direct service providers to financial institutions and foundations. Financial education forums and institutes are offered to Network members to support networking and knowledge sharing. To date, OFE has held 10 Financial Education Forums on various topics, such as immigrant services, legal referrals, medical debt, and credit card policy reform. More than 400 people have attended these forums and given positive feedback about the capacity-building and networking impact of these events. Network members also have opportunities for professional development and training offered by OFE. Since May 2008, OFE has held three intensive financial

counseling trainings that cover a range of topics from basic budgeting and banking products to homeownership and investments, as well as counseling techniques and strategies.

The **Financial Education Network Directory**, which includes a subset of Network members who can assist consumers directly, enables all City residents to locate free and low-cost financial education classes and counseling services by calling 311 or searching online at [nyc.gov/ofe](http://nyc.gov/ofe). City residents can locate services in the directory in 15 languages by borough and topics, including debt and credit concerns, money management and budgeting, housing assistance, and banking services. Since the launch of the directory in 2008, OFE's Web site has received more than 345,000 Visits, and more than 40,000 people have used the online directory or called 311 to find financial education resources in their communities.



In August 2009, OFE launched the **Evaluation Improvement Initiative** to better understand the impact of financial education providers and to improve evaluation of programs. The program awarded \$180,000 to 16 nonprofit financial education providers to increase their ability to collect client data and track programmatic activities, including upgrading technology systems, improving reporting procedures, or hiring additional staff to support evaluation efforts. These organizations collectively served 22,000 people in 2009 through classes, workshops, or phone hotlines and more than a quarter of those served achieved at least one financial milestone, such as creating a budget or developing a plan to reduce debt.

### Community-Based Financial Education Outreach

OFE links New York City consumers to financial education services through community-based presentations and by hosting Citywide Financial Empowerment Fairs. OFE also conducts workshops in English and Spanish to share trustworthy information with consumers on topics such as debt and credit management, budgeting, taxes, and other financial issues. To date, OFE has conducted 130 community-based presentations and workshops with more than 5,300 attendees.

In December 2008, the City launched the "Pass It On" campaign in partnership with the faith-based community. The initiative informed faith leaders about the many free and low-cost financial education resources available and encouraged them to pass the information on to their congregants. Since the campaign began, OFE has partnered with several professional financial educators to conduct 17 educational workshops for more than 565 attendees and distribute over 1,200 Financial Empowerment Toolkits for Faith Leaders.

OFE launched a multifaceted public education campaign in November 2008 to spread awareness about available financial education services and encourage New Yorkers to "take control of their finances." Marketing included more than 4,000 ads in subways, buses, and other public spaces. In addition, the campaign included informational workshops and the strategic distribution of more than 362,400 educational materials to consumers through community partners. As part of the public education effort, OFE also partnered with the *Daily News* and City University of New York to host a weeklong financial hotline—"Your Money Helpline"—staffed by more than 400 trained volunteers who fielded nearly 9,000 calls from New Yorkers in need of financial advice and help.

72

Financial Education Network direct service providers

27,273

Online searches for financial education providers

13,510

311 callers referred to financial education providers

10

Forums and institutes on financial education topics

386,954

Financial education materials shared (tip sheets, brochures, flyers)

5,337

New Yorkers informed of financial education topics at community presentations

Source: Office of Financial Empowerment; WebTrends Analytics 8; SQL Server Report Service; Siebel Analytics December 2006 - April 2010

“ We learned about current issues affecting underserved communities and found out about resources to help them. ”

- FEN Forum Participant

## Financial Empowerment Fairs

In addition to smaller community-based events, OFE has also held three large-scale Financial Empowerment Fairs in partnership with the Brooklyn and Queens Public Libraries and the Department of Cultural Affairs. These events bring together resources from City and state government, community organizations, and non-profits as well as workshops and one-on-one counseling to provide a one-stop shop for financial empowerment. One recent fair, "The Art of Money: Personal Financial Resources for Artists," was the first-ever financial empowerment event hosted by the City to assist artists and independent workers. Workshops were offered throughout the day and tailored to this population, covering topics such as managing credit and debt, filing taxes for the self-employed, and planning for the highs and lows of irregular income. More than 200 people attended the fair, and financial counselors conducted 40 individual financial fitness check-ups.



**500**  
Financial  
Empowerment  
Fair Participants

Source: Office of Financial  
Empowerment

“ Thank you for facilitating consumer education and empowerment through a one-stop shop fair. This greatly reduces the hurdles of a consumer navigating the process on his own, especially taking the first step!”

- Financial Empowerment  
Fair Participant

The Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households with low incomes to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability.

**NYC** Department of Consumer Affairs  
Office of Financial Empowerment

42 Broadway, 8th Floor  
New York, NY 10004  
[www.nyc.gov/ofe](http://www.nyc.gov/ofe)



Printed on 30%  
post consumer  
recycled paper