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MAYOR BLOOMBERG ANNOUNCES \$150 MILLION ANNUAL INVESTMENT FOR SOLUTIONS TO CHALLENGES RAISED BY THE COMMISSION FOR ECONOMIC OPPORTUNITY

\$100 Million Innovation Fund Will Invest in Promising Programs

New Fund's First Program To Be Nationally Unique Office of Financial Empowerment

Mayor Michael R. Bloomberg today announced a \$150 million annual commitment to implement the recommendations of the Commission for Economic Opportunity, which the Mayor appointed to develop new strategies to tackle poverty. The Mayor also announced that \$100 million of these investments will be held in an Innovation Fund, overseen by the Office of the Deputy Mayor for Health and Human Services, which will invest in promising programs, assist in their implementation, evaluate their results, and continue support only for those that produce results. The first program that will be created through this novel funding strategy is a new Office of Financial Empowerment, which will be run by the Department of Consumer Affairs ([DCA](#)). The Office of Financial Empowerment will educate, empower, and protect workers with low incomes so they can make the best use of their financial resources. The announcement was made at the Lower East Side People's Federal Credit Union, which for over 20 years has offered affordable financial services to anyone who works or lives in the Lower East Side or lives in a Housing Development Fund Corporation building.

"The Commission gave us thoughtful, practical, and evidence-based strategies," said Mayor Bloomberg. "Our Administration is determined to put them to work. The new Innovation Fund will encourage and invest in success so that more New Yorkers will be better positioned to move out of poverty. At the same time, we will carefully monitor these new programs and hold them accountable for producing results - just as a business would. And if we find that a certain program isn't making the grade, we will terminate its funding. Tackling poverty is a big challenge, but by taking a results-based approach, our investments can make a big difference."

"The Mayor has delivered a unique opportunity to test new ideas," said Deputy Mayor for Health and Human Services Linda I. Gibbs. "There are no easy answers but there are many exciting strategies in the Mayor's plan that offer promise for poor New Yorkers. We will test ideas, then nurture and expand those that produce results."

The \$150 million annual budget includes \$25 million in privately-raised money for the Innovation Fund that will be spent on the Conditional Cash Transfer program. The Innovation Fund will also receive \$68 million in tax-levy dollars and state and federal funds totaling \$7.7 million. Remaining funds consist of the Childcare tax credit budget of \$42 million that the Mayor highlighted in September when he received the Commission on Economic Opportunity's report, and additions to baseline funding of \$11.4 million.

Center for Economic Opportunity To Implement Plans of Poverty Commission

The \$150 million commitment announced today includes a \$100 million Innovation Fund that will operate on a private sector model; program funds will be allocated to the fund instead of specific budget lines within city agencies. Each year programs will be measured and evaluated. Those programs the evaluation mechanism proves successful will receive funding, while those that do not show results will be terminated.

Veronica M. White was hired as Executive Director of the Center for Economic Opportunity (CEO) to coordinate and oversee solutions on behalf of the Mayor and Deputy Mayor Gibbs. Executive Director White most recently worked as a consultant specializing in strategic business planning and management and has held executive positions that include President and Chief Executive Officer of the New York City Housing Partnership and Chief Operating Officer of the New York City Partnership. She has also practiced law and worked for the City Department of Housing Preservation and Development.

"The Commission created the blueprint, now Mayor Bloomberg and Deputy Mayor Gibbs have asked me to pick up where the Commission left off," said CEO Executive Director White. "I am lucky to be part of this innovative and important effort to reduce poverty in our city."

The \$150 million budget consists of public and private money that will be spent on carefully crafted programs that span the breadth of city government. All of the programs in the budget serve one of five strategic areas that are based on the distinct populations with high degrees of poverty that the recommendations of the Commission targeted:

- Early childhood start (ages 0-5.) Investments in improving the life chances of children are the most effective at the youngest ages and critical to breaking the cycle of poverty. The funding for this area, which includes CEO investment fund dollars as well as the Childcare Tax Credit reflected in the City's adjusted revenue estimates, totals over \$42 million.
- The education of at-risk young adults (ages 16-24). Every effort to graduate a child to the next level is an investment in moving them out of poverty. The CEO Innovation Fund budget for this strategic area is \$32 million.
- Employment for disengaged young adults (ages 16-24). Creative innovations need to build upon mainstream systems to connect disengaged youth to opportunity. The CEO Innovation Fund budget for this strategic area is \$20 million.
- Working poor adults that lack benefits, assets, and savings. Asset building and savings strategies that promote self-sufficiency are needed to increase the chances of long-term economic success. The CEO Innovation Fund budget for this strategic area, which includes the budget of The Office of Financial Empowerment, is \$11 million.
- Working poor adults that lack job skills. A widening skills gap for low-wage workers coupled with wage stagnation require strategic approaches to raise living standards. The CEO Innovation Fund budget for this strategic area is \$19 million.

In addition to the five strategic areas, efforts to reduce poverty will include a measurement and evaluation mechanism and the Conditional Cash Transfer (CCT) program:

- The evaluation and measurement mechanism of the CEO is vital for the Innovation Fund. New measurements will be collected to develop a more nuanced picture of poverty and well-being to better inform policy makers. In addition, the CEO will improve coordination of existing data collection and work with the Office of Management and Budget ([OMB](#)) and the relevant agencies to create the meaningful metrics that will evaluate the programs tied to the Innovation Fund. The annual budget for evaluation and measurement is \$5 million.
- The CEO will take the lead in developing the privately funded Conditional Cash Transfer program. Private funds will comprise this program's budget of \$25 million.

Financial Empowerment Office Will Level Playing Field for Low Income New Yorkers

The Office of Financial Empowerment is the first office of its kind to be created by any city in the country. The office will institutionalize key recommendations of the Commission that called on the City to combat exploitive business practices that can have a disproportionate impact on the poor and empower lower income communities with the tools and education they need to make more informed financial decisions. The Office of Financial Empowerment's work will focus on five interconnected priorities: financial capacity, financial education, watchdog protection, strategic partnerships and best practices.

"We are excited to be a part of the Mayor's efforts to reduce poverty," said Consumer Affairs Commissioner Mintz. "By empowering New Yorkers with low incomes to move up the economic ladder - whether through financial education, asset building, or targeted protections - this new citywide office is poised to make a real difference and help make every dollar count."

The Office of Financial Empowerment will focus on increasing individuals' financial capacity by identifying and launching coordinated campaigns to help New Yorkers get and save financial resources, such as the

Earned Income Tax Credit, New York's "Basic Bank Account" products, and Individual Development Accounts. To improve financial education, the Office of Financial Empowerment will centralize connections between those who seek to learn and those who seek to teach through public outreach and the creation of a citywide clearinghouse. To enhance watchdog protection, The Office of Financial Empowerment will deter deceptive practices aimed at New Yorkers with low incomes such as tax fraud and predatory lending. The office will also broker strategic partnerships with private industry, non-profit, and government players to maximize capacity-building, education and protection. Finally, the office will identify and nurture the best practices, locally and beyond, that most benefit workers with low incomes, such as program evaluation models, credit-building methods, and faith-based approaches.