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Mayor Bloomberg and Consumer Affairs Commissioner Mintz Announce More Than 25,000 New Yorkers Have Visited the City's Financial Empowerment Center Network

November 17, 2013

Financial Counseling Has Helped Clients Reduce Debt by More than \$14.7 Million

Mayor Michael R. Bloomberg and Department of Consumer Affairs Commissioner (DCA) Jonathan Mintz today announced the City's Financial Empowerment Centers have provided free, one-on-one, professional financial counseling to more than 25,000 New Yorkers in the first five years of operations. The Centers' financial counselors help clients with low and moderate incomes reduce debt, understand their credit reports, create budgets, improve their credit scores, open bank accounts, and start saving for emergencies and for the future. Since the program began in 2008, counselors have helped New York City residents pay down more than \$14.7 million in debt and build more than \$2.4 million in savings.

"Innovative programs like the City's Financial Empowerment Centers are a part of why New York City is

the only large city in the nation to avoid an increase in poverty rates this century,” said Mayor Michael R. Bloomberg. “Our Centers are helping thousands of New Yorkers break the cycle of poverty and take control of their financial futures. The centers have been so successful that cities around the country are looking to them as a model.” “In only five years, the innovative Financial Empowerment Center model has proven, through data-driven results and everyday stories like that of our 25,000th client, Ms. Benita Pratt, that it is the gold standard for helping New Yorkers tackle their financial challenges in tangible and important ways,” said DCA Commissioner Jonathan Mintz. “Tens of thousands of New Yorkers have turned to us for help and taken the steps to improve their and their family’s financial well-being. I urge any New Yorker who is struggling with finances to call 311 to make an appointment with a free professional counselor at a nearby Financial Empowerment Center.”

In the past five years, DCA has learned the following about the Financial Empowerment Center clients, their needs and the impact that financial counseling has on their financial well-being:

- **Demographics.** More than half of the 25,000 Financial Empowerment Centers clients are single (57 percent), women (64 percent) and have at least one dependent (53 percent). One third of clients have a high school degree or GED and a fourth have a four year college or graduate degree.
- **Debt.** The average income of clients is \$16,800 and the most common reason they come to the Financial Empowerment Centers is debt. An OFE study in 2012 found that clients were able to, on average, reduce their credit card debt by more than \$13,000, mortgage debt by more than \$24,000 and student loan debt by more than \$9,000.
- **Credit Scores.** Counselors have also reviewed more than 19,300 credit reports as they worked with clients to improve their credit scores. There is a strong correlation between the number of counseling sessions attended and how much the client’s credit score increases—with those attending two sessions having a six percent increase, those attending three or four sessions having an eight percent increase and clients attending five or more sessions having a 10 percent increase. Clients who attended five or more sessions actually started with the lowest average credit score and, after counseling at the City’s Financial Empowerment Centers, they had the highest credit scores. Two-thirds of clients increased their credit scores in less than two years.
- **Banking.** In partnership with the Department of Homeless Services (DHS), OFE also found that more than half of DHS clients were unbanked but once those clients attended several counseling sessions, two out of three were banked.

The City’s Financial Empowerment Centers were created by DCA’s Office of Financial Empowerment (OFE), which was launched in 2006 as the first local government initiative in the country with the specific mission to educate, empower, and protect individuals and families with low incomes. The pilot Financial Empowerment Center, supported by private donations made to the Mayor’s Fund to Advance New York City, opened in the Bronx in June 2008. New York City won the National League of Cities’ Gold Award for Municipal Excellence in 2010 in recognition of the City’s Financial Empowerment Centers. In 2012, Mayor Bloomberg allocated \$2.4 million to support the Centers in the City’s budget, which enabled DCA to contract with five local non-profits and expand the program to almost 30 Centers. The Centers are administered by DCA OFE in partnership with Bedford-Stuyvesant Restoration Corporation, Urban Upbound, Phipps Opportunity Center, Neighborhood Trust Financial Partners and The Financial Clinic.

The Financial Empowerment Center initiative is also being replicated in five cities across the nation (Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA; and San Antonio, TX) through a \$16.2 million, three-year pilot funded by Bloomberg Philanthropies through the Cities for Financial Empowerment (CFE) Fund and in Miami, FL and Seattle, WA through privately raised money.

In an effort to ensure the quality and consistency of services at the City's Financial Empowerment Centers, DCA has also developed a three-credit course at the City University of New York (CUNY) and a master's level course in financial counseling and field placement opportunities at Columbia University School of Social Work. The undergraduate course is available through CUNY's School of Professional Studies for students, including nonprofit financial education providers and staff in social service organizations to gain an understanding of the fundamentals of managing personal finances and how to impart this financial education and practices to their clients. The graduate course and field work experience will equip social workers to integrate financial counseling and education into their practice in government and nonprofit social service agencies and organizations.

DCA's *You Can Tackle Your Debt* public awareness campaign highlighted how the Financial Empowerment Centers can help New Yorkers take control of their debt, deal with debt collectors, improve their credit and create budgets. A video on DCA's [YouTube](#) channel features the testimonials of eight New Yorkers who share how counseling at the Center helped them. For more information about the City's Financial Empowerment Centers, visit nyc.gov/ProtectYourMoney or call 311 to schedule an appointment.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Empowering consumers and businesses to ensure a fair and vibrant marketplace, DCA licenses about 79,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. The DCA Office of Financial Empowerment (OFE) was launched by Mayor Michael R. Bloomberg at the end of 2006 as the first local government initiative in the country with the specific mission to educate, empower, and protect individuals and families with low incomes. OFE creates innovative programs, products, and services for New Yorkers so they can build assets and make the most of their financial resources. Our goal is to increase access to high-quality, low-cost financial education and counseling; connect individuals to safe and affordable mainstream banking and products and services; improve access to income-boosting tax credits, savings, and other asset building opportunities; and enforce and improve consumer financial protections to safeguard financial stability.

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