

## **EXECUTIVE SUMMARY**

### **City of New Haven: FY 24-25 Community Service Administration Financial Empowerment Center**

New Haven Financial Empowerment Center

May 28, 2024

Funding request: \$225,000.00 for one year

The City of New Haven seeks funding from ARPA for the New Haven Financial Empowerment Center to enhance financial stability through professional financial counseling services and financial literacy/ education initiatives.

Funds will be used to:

- Support the New Haven Financial Empowerment Centers (FECs) as they offer no-cost, one-on-one, professional financial counseling as a public service to all residents. Financial counseling is typically offered through a public-nonprofit partnership in which a local government partners with a local non-profit to deliver counseling services. Financial counseling is integrated into existing social services, with each locality determining which areas and residents to prioritize.
- Support the comprehensive expansion of the evidence-based CFE model, including efforts to address bankruptcy education, preparation for purchasing a home, financial goals during a foreclosure process, awareness of public benefits, introduce general knowledge of retirement planning/ investing, assessment of insurance needs, etc.
- Further integrate community partnerships by engaging community organizations, stakeholders and multidisciplinary partners from the public, private, and community sectors to establish and increase financial stability, decrease debt reduction and delinquent accounts, establish and increase savings for the future, and track spending through budgeting to determine one's relationship with money and spending habits.
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Financial Empowerment Center (FEC) is an approach that uses the CFE model to reduce debt and address other financial questions and issues the residents face. FEC financial counselors help clients determine and prioritize financial goals, give them individualized guidance and manageable next steps, and follow up with clients to hold them accountable and track progress toward achievements. The FEC counseling model centers on building rapport, prioritizing clients' own goals while being respectful of individual situations, and encouraging clients to return for follow-up sessions to continue working toward their goals. Clients must attend multiple sessions to see results. To this end, counselors aim to establish an ongoing relationship with clients, emphasizing client retention and employing coaching skills to keep clients motivated and accountable. Report on client progress in the FEC database. FECs collect a significant amount of data to measure changes in financial status and behavior to demonstrate program impact. Financial counseling has been demonstrated to produce tangible differences in clients' financial profiles and give clients a practicable toolkit of financial behaviors and skills.