



# Municipal Strategies for Financial Empowerment

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[bostonfed.org](http://bostonfed.org)



## Why a Federal Reserve Moderator on a Financial Empowerment Panel?

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- ▶ Federal Reserve works to create a macroeconomic outcome that should foster financial empowerment
    - ▶ A return to full employment
    - ▶ A low inflation environment
  - ▶ Financial empowerment requires active engagement of all stakeholders
  - ▶ Non-partisan, independent, empirical analysis of Reserve Banks can provide important support
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## Cities as Centers of Opportunity

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- ▶ Industrial clusters
    - ▶ Innovation can be quickly transmitted across an industry or industries
    - ▶ Employees and employers can benefit from a robust pool of needed skilled labor
  - ▶ Critical inputs to success are widely available
    - ▶ Entrepreneurs, and an environment that fosters good ideas
    - ▶ Available financing for those good ideas
    - ▶ Managerial expertise to bring ideas to scale
  - ▶ The melting pot of ideas, cultures – cities' diversity is a very positive attribute
  - ▶ Anchor institutions – can provide institutional support
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## Focusing on Equality of Opportunity

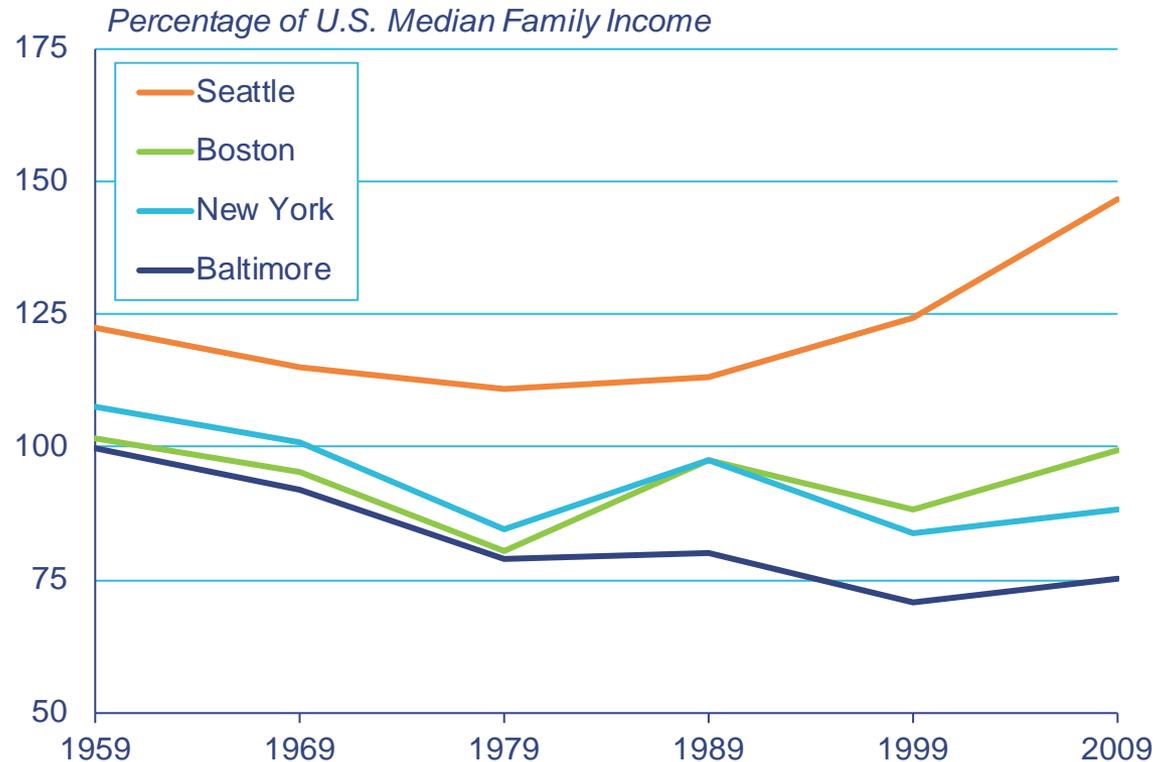
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- ▶ Cities are wealth creators
  - ▶ Dynamism is increasingly attracting young and old to city centers
  - ▶ But equality of opportunity is still only aspirational for many
  - ▶ To set the stage for today's discussion, I will provide a brief socioeconomic sketch of the cities on this panel
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# Figure 1: Median Family Income Relative to U.S. Median Family Income for Select Cities

1959 - 2009



Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2010, One-Year Estimates)



## Figure 2: Top and Bottom 20 Percent of Household Income for Select Cities and the U.S.

2013

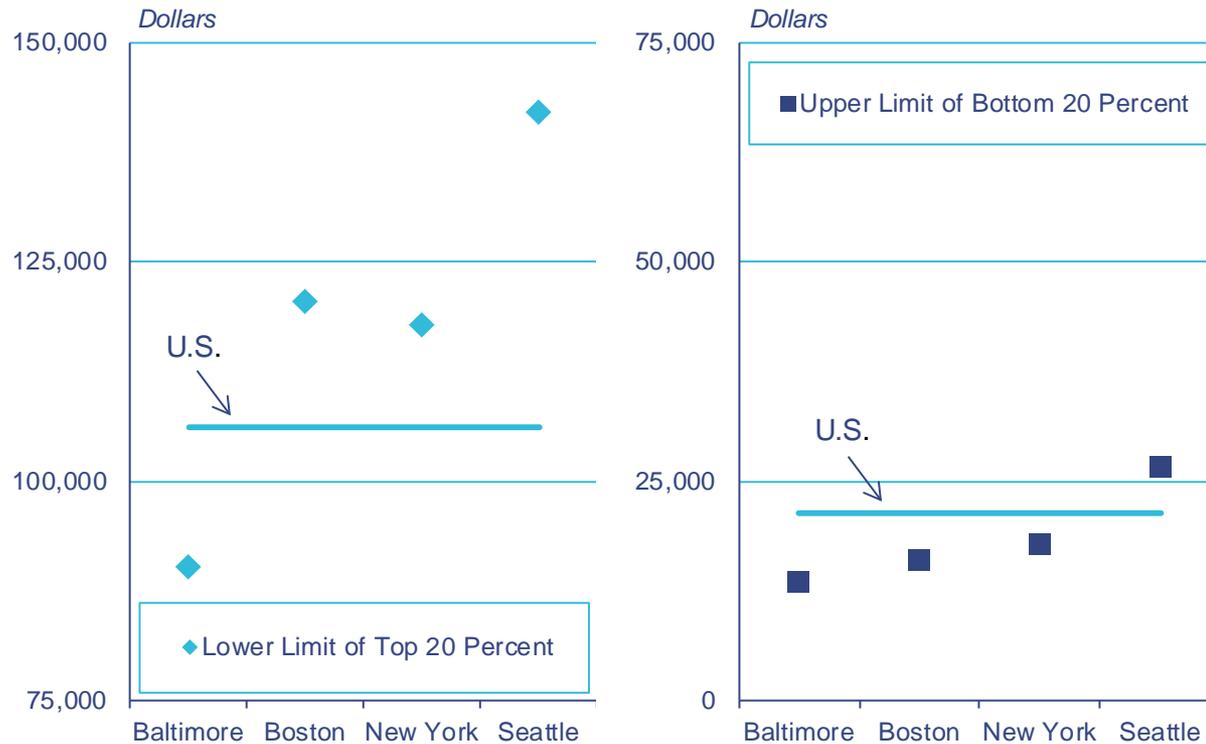
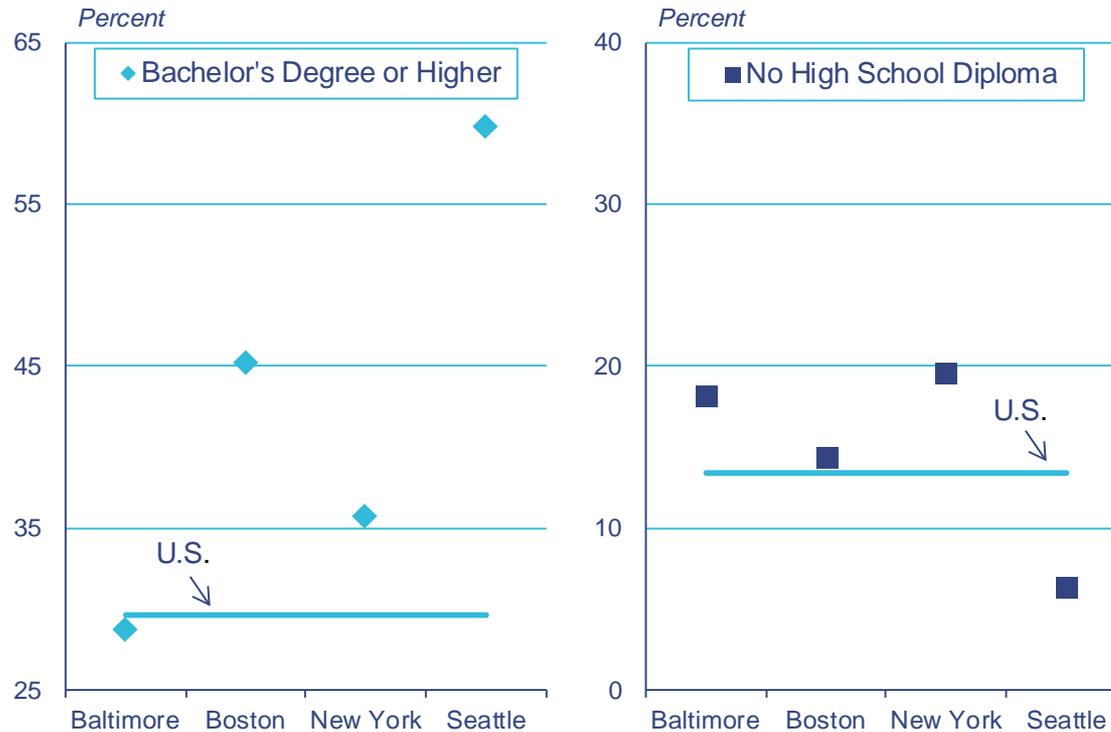


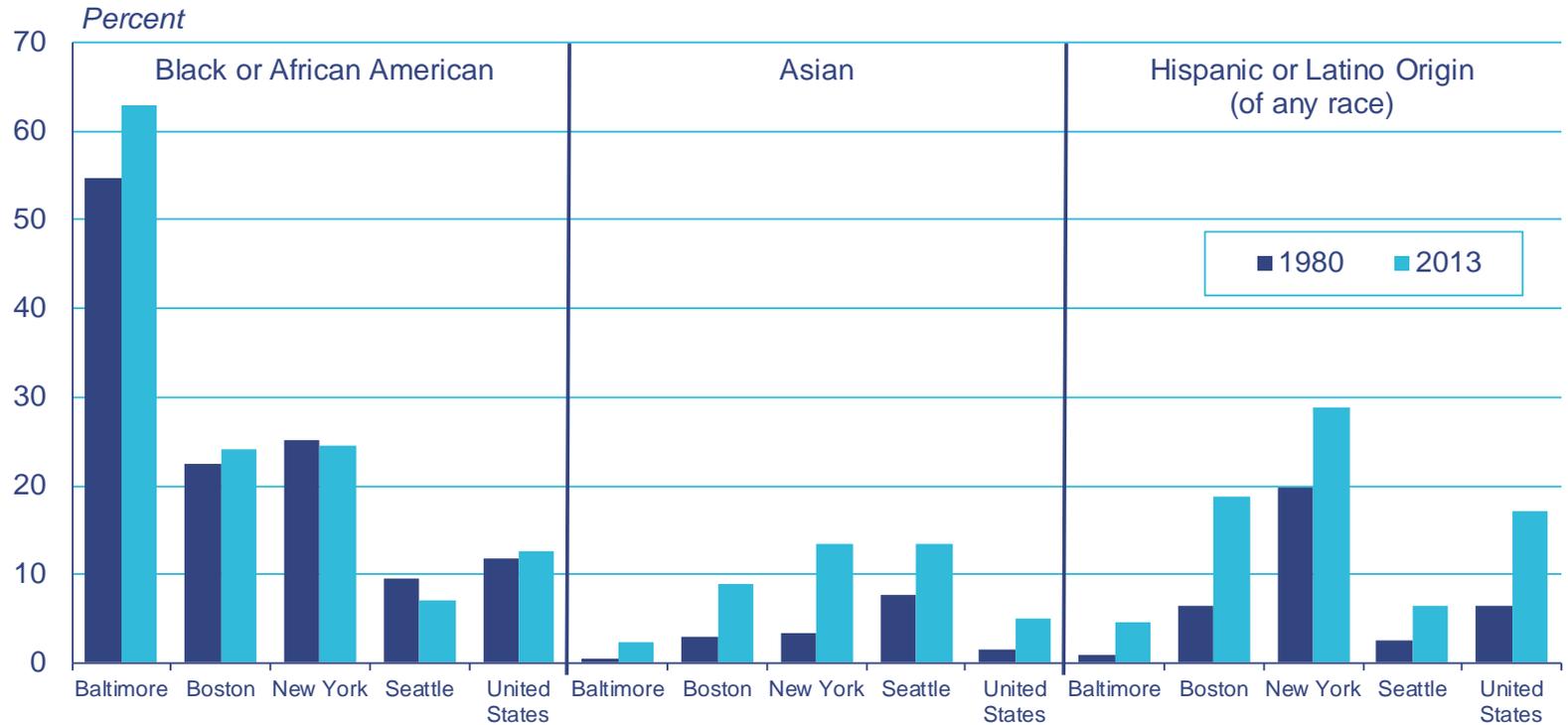


Figure 3: Educational Attainment of Population 25 Years and Older in Select Cities and the U.S.  
2013



# Figure 4: The Diversity Benefit: Population Shares by Race and Ethnicity for Select Cities and the U.S.

1980 and 2013

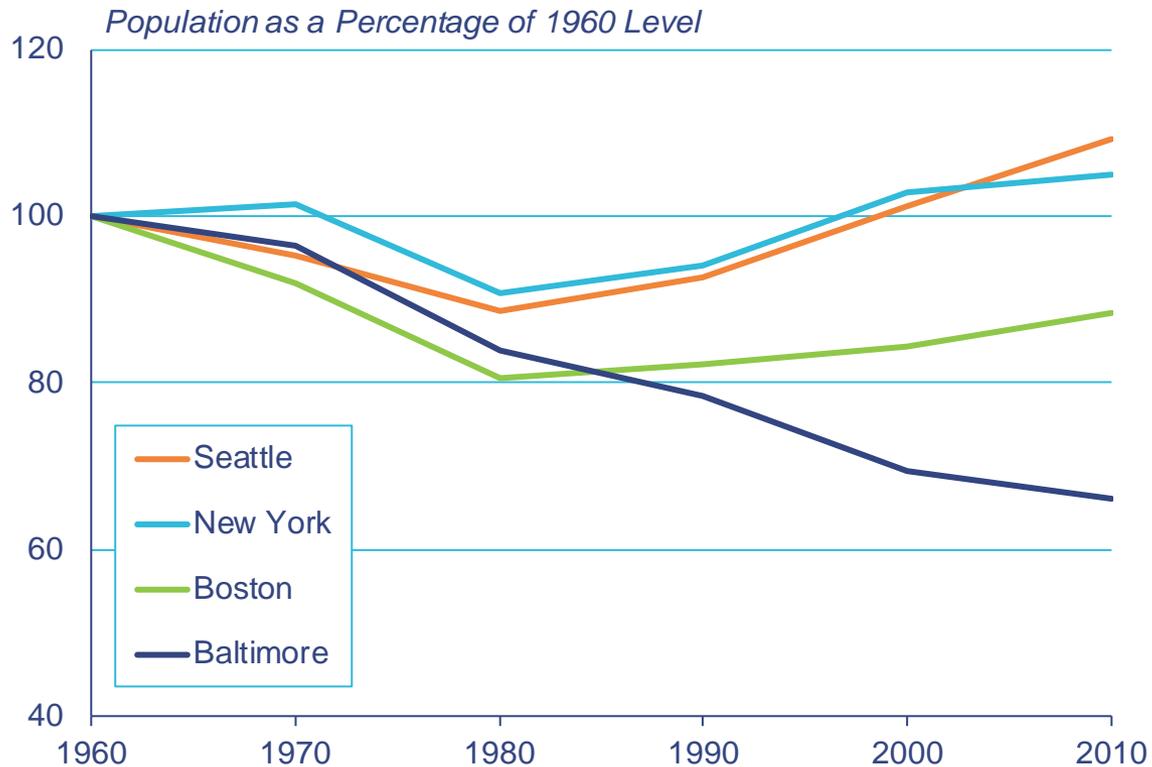


Note: The Black or African American and Asian categories include individuals reporting only one race. Hispanic or Latino individuals can be of any race and as a result may be counted in more than one category on this chart.

Source: U.S. Bureau of the Census, Decennial Census (1980), American Community Survey (2013, One-Year Estimates)



## Figure 5: Population Relative to 1960 in Select Cities 1960 - 2010



# Federal Reserve Efforts: The Working Cities Challenge

- ▶ Delivery of financial empowerment improved with fuller engagement of each city's stakeholders, in collaboration
- ▶ In order to apply, local leaders in the Working Cities had to put together teams of high level public, private and nonprofit leaders, which included community input
  - ▶ Only one team per city could participate
  - ▶ Lead chosen by team (can be any sector, agency)
- ▶ The teams selected their own vision. They could choose the topic as long as they focused on low income residents and fixing or improving systems, rather than creating individual programs





## Federal Reserve Efforts (Continued): Community College Initiative

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- ▶ Initial Goal: To increase the financial stability of community college students
  - ▶ Why?
    - ▶ Community colleges can play a key role in educating the workforce that a region needs to remain competitive
    - ▶ Students face multiple barriers to educational completion, many related to financial constraints
    - ▶ Consequences of poor financial decisions play out in students' future financial well-being
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## Community College Initiative (Continued)

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- ▶ Evaluating a two-year pilot at Bunker Hill, Northern Essex, and Springfield Tech
  - ▶ The pilot includes matched savings for educational expenses, college affordability supports and financial coaching
  - ▶ Conducting research on strengthening household financial stability and examining effectiveness of financial capability interventions
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## Federal Reserve Efforts (Continued):

### Focus on Children's Savings Accounts (CSAs)

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- ▶ Accounts are established for children, as early as birth, and allowed to grow over their lifetime
    - ▶ Families can receive a seed deposit (say \$50, \$100 or even \$500), future savings matches, and financial education
  - ▶ Research suggests positive academic and financial outcomes, possibly induced by a change in expectations of college
  - ▶ Maine is the first state to offer CSAs. Many states and cities are considering CSAs
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## Today's Panelists: Boston Mayor Martin J. Walsh

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- ▶ Sworn in as Mayor of Boston on January 6, 2014
- ▶ Launched the Office of Financial Empowerment in Boston on October 15, 2014, with several partners

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Source: <http://www.cityofboston.gov/mayor/bio.asp>

## Today's Panelists: New York City Mayor Bill de Blasio

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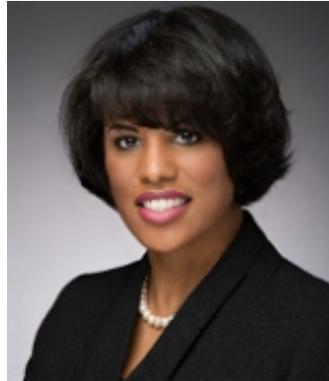
- ▶ Became Mayor of New York on January 1, 2014
- ▶ Announced New York City's largest Earned Income Tax Credit campaign ever on January 31, 2015

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Source: <http://www1.nyc.gov/office-of-the-mayor/bio.page>

## Today's Panelists: Baltimore Mayor Stephanie Rawlings-Blake

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- ▶ Became Mayor of Baltimore on February 4, 2010
- ▶ Baltimore City Community Action Partnership provides financial empowerment education at all of its centers through its program “Your Money, Your Goals”

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Source: <http://archive.baltimorecity.gov/OfficeoftheMayor/NewsMedia/Biography.aspx>

## Today's Panelists: Seattle Mayor Ed Murray

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- ▶ Became Mayor of Seattle on January 1, 2014
- ▶ On April 14, 2014 Seattle opened seven Financial Empowerment Centers (FECs), with a grant from the Paul G. Allen Family Foundation

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Source: <http://www.seattle.gov/mayor/newsroom/about-mayor-murray>