



Financial Security & Cities

By Aspen Institute Financial Security Program

and

United States Conference of Mayors

Council on Metro Economies and the New American City



WHY FINANCIAL SECURITY IS A PRIORITY

Families across the country are struggling to achieve and maintain financial security. Faced with low and volatile incomes, an estimated two out of ten people have little to no savings or access to credit.¹ At the same time, many experience rising costs of living and large debt burdens. It's even worse for people of color; Black and Latinx households in particular have a fraction of the wealth of White households² and face increased financial challenges due to a legacy of racial discrimination and segregation at the national, state, and local levels.

Addressing these household-level financial challenges is key to helping all families succeed, and the benefits of financial security “ripple out” to improve entire communities and cities. Stabilizing families’ finances allows them to buy homes, support city businesses, and contribute to the local economy, thereby generating resources for cities to more optimally serve their residents. Such efforts also have lasting effects on the culture of financial health in a community, as establishing the behavior of savings among parents can model the habit for their children to follow and pass to future generations.³

Financial insecurity creates huge costs for cities in the form of lost revenues – such as when people can’t afford to pay property taxes or utility bills – and more. For example, unpaid property taxes create the secondary impact of tax foreclosures, which lead to neighborhood disinvestment, lower property values, and vacant property demolition costs. In addition, unpaid utility bills generate costs from shutting off services. Evictions lead to homelessness, which increases local housing expenditures. To prevent these vicious cascades of harm, mayors can take proactive steps to boost their residents’ financial security.⁴

As both public servants and economic leaders, mayors have a clear stake in solving financial security challenges that are central to family well-being and, ultimately, city prosperity. This collection of examples illustrates various projects that cities can do and have done, from which mayors may draw inspiration in getting started or in taking next steps in implementation.

¹ Survey of Household Economics and Decisionmaking (SHED), Federal Reserve Board.

² Rakesh Kochhar and Anthony Cilluffo, “How Wealth Inequality Has Changed in the U.S. since the Great Recession, by Race, Ethnicity and Income.”

³ McKernan et al., “Thriving Residents, Thriving Cities.”

⁴ McKernan et al.

MAYORS' POWER AND OPPORTUNITIES TO IMPROVE FINANCIAL SECURITY

FINANCIAL CHALLENGE	SOLUTIONS
<p>Asset Building and Savings</p> <p>Cities can help families build wealth through asset-building and savings programs, including: child savings accounts (CSAs); homeownership; retirement savings accounts (especially ones that facilitate automatic enrollment in privately administered retirement accounts⁵); and small business development, including investments into existing businesses.</p>	<p>Mayor Tom Barrett, City of Milwaukee, launched a child savings account program starting in 2019 that automatically enrolls children in kindergarten through fifth grade.⁶</p> <p>Seattle, Washington established the first city-facilitated retirement savings plan administered by an outside private party in the country,⁷ which automatically enrolls workers (allowing them to opt out) and will allow gig workers to opt in.⁸</p> <p>In 2015, Mayor Bill de Blasio of New York City established the Small Business First initiative to support small business development in the city, which includes overseeing and supporting a network of 76 community nonprofit partners called Business Improvement Districts (BIDs). BIDs in 2018 helped small businesses put on events as well as taught digital skills and provided marketing materials to small businesses.⁹</p>
<p>Financial Capability</p> <p>Cities can integrate financial capability services into social services they offer to families in need.</p>	<p>Mayor Ras Baraka of Newark, New Jersey directs the city's financial empowerment office and, as a Local Interventions for Financial Empowerment Through Utility Payments (LIFT-UP) Champion, piloted a program in which financial coaches held "office hours" onsite at the utility department to conduct mandatory counseling sessions and collaborated with the water department to offer generous repayment plan lengths, varying from 12 to 24 months. The program persisted despite a change in administration.¹⁰</p> <p>In Fremont, California, the city's Human Services Department operates the lending circle as well as financial coaching and counseling.¹¹</p>
<p>Quality Jobs/Income Support</p> <p>Cities can demonstrate the effectiveness of workforce-related policies by enacting them first among their own city employees. They can also enact citywide policies such as minimum wage increases, scheduling policies, and leave policies.</p>	<p>In 2019, Mayor Carmen Yulín Cruz Soto of San Juan, Puerto Rico did the following for city government employees: extended maternity leave from 3 to 6 months, increased paternity leave from 5 to 15 days, and created parental leave that grants a 6-month benefit to de facto or married couples.¹²</p> <p>In 2018, Mayor Kenney of Philadelphia signed into law Fair Workweek and 21st Century Minimum Wage legislation.¹³ Similarly in the same year, Mayor Muriel Bowser of Washington, DC introduced #FightFor15 legislation to raise the minimum wage to \$15 an hour.¹⁴</p> <p>San Francisco established a Retail Workers' Bill of Rights, which included requirements that employers give advance notice and compensation for last-minute scheduling changes.¹⁵</p> <p>With support from philanthropy, Mayor Michael Tubbs of Stockton, California piloted a basic income experiment beginning in 2019 to test the impact a monthly cash infusion of \$500 has on households' financial security and health.¹⁶</p>

⁵"Portable Non-Employer Retirement Benefits: An Approach to Expanding Coverage for a 21st Century Workforce."

⁶Martinez-Ortiz, "City Launches Children's Savings Accounts"; Sharon Robinson, "The Milwaukee Children's Savings Account (CSA) Initiative."

⁷Dan Nolte, "Mayor Burgess Signs Seattle Retirement Savings Plan into Law."

⁸Hazel Bradford, "Efforts to Help Gig Economy Workers Save for Retirement Gaining Ground - Pensions & Investments."

⁹Park, "FY '18 NYC Business Improvement District Trends Report."

¹⁰"Local Interventions for Financial Empowerment through Utility Payments (LIFT-UP): Newark, New Jersey."

¹¹"Want to Improve Your Credit Score? FRC Peer Lending Program."

¹²"Summary of Events and Works, from 9 to 15 March 2019."

¹³Mike Dunn, "Mayor Kenney Signs Fair Workweek and 21st Century Minimum Wage Bills."

¹⁴"Mayor Bowser Marks the Next Step Toward a \$15 Minimum Wage."

¹⁵Kiese Hansen, "How Mayors and Cities Are Solving Household Financial Insecurity."

¹⁶"Our Vision for SEED: A Discussion Paper."

Reducing Debt

Cities may help their residents reduce debt from student loans, including through repayment programs for municipal employees.

Reducing Government Fines and Fees

Cities may reduce the harms of government fines and fees, which disproportionately impact low-income people and people of color

Protection from Predatory Financial Institutions

Cities may set restrictions on predatory financial institutions such as payday lenders.

Memphis, Tennessee became the first city to offer a student loan repayment benefit. These benefits do not currently have the tax-exempt status of other employee benefits, but an alternative approach of providing the match as an employer contribution to the worker's retirement account could receive favorable tax treatment.¹⁷

San Francisco launched the country's first Office of Financial Justice, aimed specifically at evaluating and changing the negative impacts of government fines and fees.¹⁸

St. Louis, Missouri City Treasurer Tishaura Jones is developing a program of low-cost payment plans that help those with unpaid parking tickets and traffic citations avoid both collections and license suspension.¹⁹ This program will also provide financial education, which if completed, could even lower the amount individuals owe back to the city.²⁰

San Jose, California restricted the total number of payday lenders in the city and used its zoning authority to explicitly bar them in census tracts defined as "very low income" by the U.S. Department of Housing and Urban Development.²¹

ABOUT THIS PUBLICATION

Thank you to all the partners whose work we referenced in this brief. To contact Aspen FSP, please email Dyvonne Body at dyvonne.body@aspeninstitute.org. To contact USCM, please email James Kirby at jkirby@usmayors.org or Dave Gatton at dgatton@usmayors.org.

About the Aspen Institute Financial Security Program

The Aspen Institute Financial Security Program works to illuminate and address households' most critical financial challenges, reduce wealth inequality, and make financial security for all a top national priority.

Through Finance Forward and other collaborative projects with cities, Aspen FSP amplifies the leadership cities are taking around financial security and hopes to increase the number of cities working on these critical issues by providing synthesized research, consumer insights, solution ideas, and convening support to build momentum.

About the US Conference of Mayors

The United States Conference of Mayors (USCM) is the official non-partisan organization of cities with populations of 30,000 or more. There are 1,408 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor. The Conference's Council on Metro Economies and the New American City performs economic and issue analysis to support the Mayors policy goals.

¹⁷"Solving the Consumer Debt Crisis: An Action Guide for Local Government."

¹⁸Kiese Hansen, "How Mayors and Cities Are Solving Household Financial Insecurity."

¹⁹EPIC Events - Consumer Debt and Financial Insecurity: Trends, Risks, and Emerging Solutions.

²⁰Kiese Hansen, "Looking Back at Finance Forward."

²¹Hawkins, Ordinance No. 29089; Holden Weisman, "A Municipal Policy Blueprint for a More Inclusive Path to Prosperity."

RESOURCES

Aspen Institute Financial Security Program

[How Mayors and Cities are Solving Household Financial Insecurity](#) (blog) highlights actions being taken at the local level to advance financial security.

[Finance Forward, Columbia, South Carolina, on the toll of income volatility and financial insecurity on households and communities with Mayor Steve Benjamin](#) (event) featured Mayor Benjamin discussing his strategies to alleviate income volatility.

[Solving the Consumer Debt Crisis: An Action Guide for Local Government](#) (briefing) gives an overview of strategies to address consumer debt at the municipal level and provides specific examples.

Cities for Financial Empowerment Fund

[Cities for Financial Empowerment Fund](#) (website) showcases CFE's projects across the U.S. with local organizations to increase financial capability in the community.

U.S. Conference of Mayors

[Usmayors.org/dollarwise](#) (website) provides best practices in financial education and economic mobility.

Prosperity Now

[A Municipal Policy Blueprint for a More Inclusive Path to Prosperity](#) (report) describes various roles city governments can play in advancing inclusive economic growth.

[Overdue: Addressing Debt in Black Communities](#) (report) details the specific ways Black communities are burdened by debt and recommendations for alleviating these impacts.

Urban Institute

[Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities](#) (report) makes the economic and budgetary case for why city governments should prioritize their residents' household financial security.