



Office of the City Manager

ACTION CALENDAR  
September 18, 2012

To: Honorable Mayor and Members of the City Council  
From:  Christine Daniel, City Manager  
Submitted by: Jane Micallef, Director, Health, Housing & Community Services  
Subject: Financial Literacy for Youth and Seniors in Community Agency Requests For Proposals

RECOMMENDATION

Defer action on the Human Welfare and Community Action Commission's (HWCAC) request to make a financial literacy component in all youth-serving and senior-serving programs funded through the Community Agency Request for Proposals (RFP) process a funding priority. Staff will encourage applicants to include financial literacy in their program design, but not require it.

FISCAL IMPACTS OF RECOMMENDATION

None.

CURRENT SITUATION AND ITS EFFECTS

The HWCAC has recommended creating a funding prioritization in the Community Agency RFP process for community agencies serving youth or seniors that have a financial literacy and education component included in their program design.

The City is headed toward a challenging two-year budget cycle in which there will be less funding to support community agency delivered services and City staff to support those contracts. The RFP process is being revitalized to streamline and strategically realign the application and review process to focus on performance, type of service, and cost, which have historically been the most important factors used to formulate funding recommendations. There are several organizations already funded in the Bay Area to respond to the financial literacy and education needs of area residents.

BACKGROUND

The City of Berkeley still has many people living at the lowest income levels. Those individuals are likely to be without adequate banking relationships. In Berkeley, it is estimated that approximately 5.1% of households are unbanked and 12.8% are under banked. While lower than both the state and national levels, these levels are still significant and higher than for the Bay Area as a region.

The City will release an RFP in the coming months for community agency funding proposals to serve low-income members of the community. In previous funding cycles the process has led to contracts with more than 50 community agencies delivering more than 100 programs serving members of our community. In recent years due to reductions in federal funds and locally generated general funds, the amount available for services provided through these contracts has declined and City Council and the community have wrestled with difficult decisions about where to reduce effort. City staff have worked to support the community agency portfolio while experiencing decreases in staff available.

#### RATIONALE FOR RECOMMENDATION

In keeping with the information presented at the City Council Workshop prior to this meeting, the City Manager recommends that no new recurring programs be funded in FY 2014, unless new resources are identified to fund them. For this reason, the City Manager does not support requiring community agencies to create financial literacy programs in the FY 2014 Community Agency Request for Proposals process. It is expected that difficult decisions will need to be made to reduce funding for currently funded agencies. The City Manager recommends that these decisions be based on prior performance, duplication of service, cost, and maintaining funding for agencies performing well.

Many of the community agencies currently funded provide some type of budgeting assistance or other financial literacy training as part of case management. The City Manager will continue to encourage agencies to include this in the program design. The public comment period at the special community meeting that the HWCAC held in February included many provider organizations seeking clients for their programs. City staff regularly shares a variety of resource information with City funded community agencies and will continue to inform agencies of available resources and leveraging opportunities. Agencies should be encouraged to link to financial literacy and education providing organizations in the area. The HWCAC may want to consider developing additional referral resources or trainings/training materials that could supplement resources already used.

#### ALTERNATIVE ACTIONS CONSIDERED

Staff considered creating a component of the RFP process that would add point values and/or specific funding for programs with an integrated financial literacy or education, but this additional layer of requirements and review is not consistent with staff recommendations for changes to the RFP process.

#### CONTACT PERSON

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