



The Bell Policy Center

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Creation of Financial Empowerment Office (SB21-148)

Testimony to House Committee on State, Civic, Military, & Veterans Affairs

Takudzwa Nhira, Policy Fellow • May 20, 2021

Mister Chair and members of the committee, thank you for the opportunity to testify in support of SB21-148. My name is Takudzwa Nhira and I am a policy fellow with the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan. I ask the committee to vote in favor of the bill for a few important reasons.

An array of statewide data points to the financial precarity experienced by many Coloradans. For example, we know:

- Across the state, more than 1 in 5 households, and nearly half of households of color, are either un or underbanked
- Prior to COVID, approximately 26 percent of Coloradans had debt in collections – numbers which will likely grow, given our state has the second highest rate of residents in the country using debt to make basic ends meet
- Nearly 30 percent of Coloradans live between poverty and the middle class, an economically perilous position where one crisis can have long-lasting, intergenerational financial implications
- We know nationally, more than 60 percent of Americans report living paycheck to paycheck during the pandemic

These facts carry serious implications. Inadequate access to banking services is a noted barrier to saving, building credit, and accessing traditional, low-cost financial products. Similarly, payment history, or the ability to pay bills on time, accounts for over one-third of a person's credit score – which, of course, is connected to the availability of low-cost credit options and the creation of generational wealth.

We know that to support the financial health of Coloradans, we need mechanisms that not only protect, but also build, wealth. Proven financial empowerment tools – including one-on-one financial coaching, the expansion of safe and affordable banking and lending tools, and streamlined consumer protections – provide a means to do just this.

Importantly, we've already seen the benefits of this work in Colorado. Denver's Office of Financial Empowerment, in place since 2015 and widely seen as a national model, was responsible for reducing client debt by over \$1.4 million, raising client credit scores by an average of 43 points, and increasing savings by over \$200,000 in the year 2020 alone. The office has also partnered with local banks and credit unions in order to provide low-rate credit building consumer and small business loans.

Colorado's financial empowerment needs are statewide and in dire need of attention. A statewide office dedicated to uplifting this work and ensuring effective, efficient, and coordinated action across systems is essential to fostering economic resiliency and empowerment. Thank you to Representatives Esgar and Tipper for bringing this important bill forward, and thank you all again for the opportunity to testify this morning.