



FISCL

Financial Inclusion Systems and City Leadership

**CASE STATEMENT
CITY OF PITTSBURGH:**

**SAVE PGH:
A VIRTUAL COMMUNITY WEALTH BUILDING APPROACH**

**MAYORS' INSTITUTE ON FINANCIAL INCLUSION
APRIL 19 – 20, 2016**

PROBLEM STATEMENT

Families in Pittsburgh lack access to basic services due to a lack of awareness of the resources that are available. Over 40% of households in Pittsburgh lack sufficient liquid assets to subsist at the poverty level for three months in the absence of income, and the combined underbanked and unbanked rate is nearly 30% (Corporation for Enterprise Development, 2015). There are large disparities across racial lines in Pittsburgh related to income and assets. Only 3.5% of the loans disbursed in Allegheny County in 2015 went to black families. Twice as many blacks as whites in the region are unemployed and their homeownership rate lags by 39%. We must create opportunities for financial inclusion and asset building with those families that are constantly in survival mode. If financial inclusion is a combination of knowledge to manage finances effectively, skills to exercise behaviors that lead to financial health, and access to resources of high quality financial products and services, then all families in the region need to access each of these to get ahead and thrive.

Locally, we have not translated financial capability for families in a way that is most relevant to them. Communicating the value of financial empowerment entails building and imparting an understanding of both the long-term and short-term effects of financial mismanagement, including its inter-generational impacts in health-related outcomes and educational achievement, as well as financial and housing stability. We must create opportunities for those in need to appreciate financial capability as not simply a consideration of present situation but of future well-being.

Many of the necessary resources already exist for residents to become financially stable, but we lack a centralized focus and coordination amongst our providers. With solid Financial Opportunity Centers, strong social service agencies, a rich philanthropic landscape, and internal and external partners committed to the cause, Pittsburgh lacks a comprehensive system strategy to connect the dots in a way that benefits city residents meaningfully and effectively.

How can we develop common goals between our diverse partners in Pittsburgh that will lead to coordinated programming and tracking of shared results that will make the delivery of financial capability services more efficient and effective?

THE CHALLENGE

The City of Pittsburgh seeks to develop a single point of access, in a community wealth-building virtual platform, "Save PGH" to address the lack of awareness of available financial capability services among our residents and the lack of coordination among providers. This portal would collect resources into one place, organizing existing services in a way that is easy for consumers to understand and navigate. It would also allow social service providers to easily access information from their peers to share with and better serve their constituencies through referrals.

The hope is that through one single point of access, residents can go to one place, a virtual marketplace, to receive information about available services and determine which services meet their needs. In addition to residents utilizing this portal, we hope that this single point of entry becomes a clearinghouse for social service providers as well and allows them greater access to financial empowerment information and resources to improve communication and coordination of services taking part in the city.

The City of Pittsburgh hopes to implement a financial inclusion plan that uses grassroots techniques to build long-term, sustainable partnerships that will empower our residents by giving them the appropriate tools and resources they need to reach financial stability. Our approach will help residents better navigate financial opportunities through a singular access point, Save PGH.

In 2011, the City of Pittsburgh implemented the Sustainable Home Improvement Partnership (SHIP), an initiative that brought together some of the region's strongest home repair agencies under one collaborative umbrella that improved the number of residents served by these agencies and made navigating home repair options more accessible for low-income residents. Moreover, SHIP increased collaboration between the agencies and helped each organization leverage additional funds and in-kind resources, making them more effective overall. Given SHIP's success, the City would like to replicate this home repair model in the financial realm using a similar strategy for Save PGH.

Incorporating social service agencies as financial capability providers

There are a myriad of social service providers in the region that help with food access, housing assistance, and other social safety net options for families. Social service providers are experts in the service they provide their clients, but aren't always versed in the best financial inclusion practices. According to CFPB (*Your Money, Your Goals* toolkit, 2015), integrating financial empowerment services into case management improves both program and client outcomes by helping clients develop a new understanding of financial concepts and tools they can apply to reach their own goals.

If these agencies were more aware of the financial inclusion resources currently available, they could provide appropriate referrals to better assist their clients to go beyond safety net services and address long-term goals. Further, if there was greater understanding of financial capability, they could integrate successful strategies into current practices and more holistically and sustainably help families financially. Creating a single point of access platform allows social service providers to more readily connect their clients to the existing financial capability resources currently available.

Streamlining access

There are various points of entry for our residents to receive financial capability services. For instance, Action Housing administers a matched savings account program that helps families save for homes, education or businesses. The Housing Authority runs a voluntary Self Sufficiency Program for their residents to promote financial security. Allegheny County Dept. of Human Services provides funding to

several social service agencies to build assets and economic security. Currently, each provider operates separately and their services are not as connected as they could be. By creating a single portal and streamlining access to financial capability services, we hope to better coordinate and support our multiple partners' goals and programming, enabling them to better serve their constituents.

Raising Awareness

Additionally, there is some subset of Pittsburgh residents who do not currently have a relationship with a social service provider, yet they would benefit from gaining information, tools, or other supports to become more financially secure. These may be the “working poor” who do not receive public benefits or housing subsidies, yet are struggling to make ends meet. Their greatest need may be to create an emergency savings account or to build credit, and they may not be aware of free tax prep sites where they can access the EITC, or Financial Opportunity Centers, where they can get a credit-building loan that matches each monthly payment of \$25.

The single portal would not only be a place where information is collected and shared, but also a place where messages about all available information and tools from partners will go out to the community. We envision a broad marketing effort, an ongoing campaign that incorporates the benefits of financial capability services with information about tools and resources to enable easy access.

Currently, both organizations and individuals may access needed services through the United Way's 2-1-1 help line. We'd like to explore how broadly the 2-1-1 service is currently being utilized by low-income families and whether a collective effort to support, market, and potentially expand the existing system would meet our goals for both providers and residents. If not, we may decide to create a new system.

LOCAL AND HISTORICAL CONTEXT

Mayoral leadership

The City of Pittsburgh has a population size of about 305,000 people. There is a strong- mayoral form of government. 66% of the population is White, 26% of the population is Black, and 8% is other. The median household income was \$40,000 in 2014.

Financial literacy and inclusion was a large part of Mayor Peduto's 2013 campaign. During that time then-Councilman Peduto issued 100 policy papers that were meant as recommendations for the City of Pittsburgh, amongst them were nearly a dozen addressing personal finance. In fact, one such paper specifically identified the Bank On initiative as an important step for Pittsburgh to begin addressing unbanked and underbanked residents in Pittsburgh. Since that time, the Mayor has worked to support Bank On of Greater Pittsburgh along with the great work of the United Way of Allegheny County and the Urban League of Greater Pittsburgh in addressing financial inclusion.

While Pittsburgh's economy has moved in the right direction over the last few years, Mayor Peduto realizes that we must do more to ensure that ALL of our residents share in that prosperity. To this end, the Mayor has created the Bureau of Neighborhood Empowerment (BNE) specifically to address the needs of low-income communities across a broad spectrum including small business development and educational achievement.

By establishing an office in city government to act as a facilitator rather than a barrier, BNE's overall objectives are to effectively address key issues surrounding education, economic opportunity, and infrastructure/built environment in the City of Pittsburgh. The Bureau is designed to address these issues by supporting and catalyzing on work already being done in the aforementioned communities, as well as addressing some of our city's most vulnerable populations through a comprehensive strategy.

BNE has led a number of related initiatives, all of which include some level of financial empowerment education, including the following:

- My Brother's Keeper, a White House-convened initiative aimed at addressing opportunity gaps for boys and young men of color,
- Welcoming Pittsburgh, aimed at improving the lives of all immigrants and creating more informed, diverse, and welcoming experiences throughout our City of Pittsburgh.
- Learn and Earn Summer Youth Employment Program, aimed at connecting economically disadvantaged youths in Pittsburgh to a job-training pipeline of 21st century employers.

In addition, the Mayor has been a convener and supporter of efforts led by local non-profit organizations around the issue of financial inclusion. This has included collaboration with Neighborhood Allies on their three Financial Opportunity Centers throughout the region, the United Way's Money In Your Pocket tax preparation program, and, as previously mentioned, the establishment of Bank On Greater Pittsburgh, amongst many other efforts.

Financial insecurity, lack of financial mobility, and racial wealth gap for African Americans

According to the University of Pittsburgh's Center on Race & Social Problems, twice as many blacks as whites live in poverty and just over half as many blacks as whites own homes (34% vs. 59%). Unemployment between 2007-2011 averaged 7% for whites and 17% for blacks in the city. There is lack of mobility for many under-resourced populations in Pittsburgh. The percentage of Black workers in Management and Professional Occupations was the lowest in the city, and the county and the second lowest in the nation. The percentage of Black workers in Service Occupations was the highest in the city, county, and Pittsburgh MSA and second highest in the nation (University of Pittsburgh, 2015).

Difficulty in accessing homeownership and business ownership opportunities

Due to lack of savings, credit, and disconnection from mainstream financial system and structural barriers, those already behind in wealth are falling further behind. In addition, this problem has an

unfair racial dynamic as well: credit history was much more frequently cited as a reason for blacks and Hispanics than for whites and Asians in the local Pittsburgh Community Reinvestment Group's recent study on mortgage lending in our region. In addition, the study points out: "African Americans own their own homes at a rate roughly half of the overall rate for the County—which means that the percentage of African Americans who are able to use home-ownership as a way to build wealth is only half that of the County population as a whole. When we look at mortgage loans for single family, owner occupied housing, African Americans apply at an even lower rate than their rate of home-ownership, and are actually approved and receive loans at a lower rate yet. The 1,080 loans that went to African Americans for purchase, improvement, or refinancing of their own homes were only 3.5% of all loans in Allegheny County for single-family, owner-occupied homes. The reduced access to capital to buy homes and to take advantage of lower interest rates to refinance under better terms means that African Americans are less able to build wealth by building equity in their homes."

Streamlining the existing financial empowerment services currently available in the City of Pittsburgh will help to address these longstanding needs and racial disparities.

STAKEHOLDERS

NeighborWorks Western Pennsylvania is a nonprofit organization with the mission of financial empowerment that promotes homeownership and stable communities in Western Pennsylvania. NeighborWorks offers free counseling, homebuyer education, and financial literacy courses designed to help individuals and families achieve their dreams. For over 40 years, NeighborWorks has created opportunities by collaborating with residents, businesses, and nonprofit and government partners in the development and revitalization of neighborhoods. Their resources are needed in the Save PGH Initiative to continue to help us understand the trends in home buying and what can be altered to change those trends.

The current networks that have been built by both Bank On of Greater Pittsburgh and the Money in Your Pocket Coalition can be great stakeholders to this work. The organizations in the coalitions can serve as thought partners, and key providers of financial inclusion education. They could also further the connection with local financial institutions as well.

Neighborhood Allies, in addition to being a key partner in the Save PGH initiative, supports financial capability by building the economic opportunity of residents of Pittsburgh's distressed and transitional communities. With technical support from Local Initiatives Support Corporation (LISC) and financial support from local partners, Neighborhood Allies launched three Financial Opportunity Centers (FOC) in January 2015 in/around Pittsburgh to help low and moderate income families build assets and attain financial stability and upward mobility. FOCs provide an integrated or "bundled" set of three core services: 1) employment services, 2) financial education and coaching, and 3) access to income supports. The Mayor has collaborated with Neighborhood Allies on the relocation of families in one of Pittsburgh's affordable housing communities, Penn Plaza. Through a joint submission, the Mayor's office and

Neighborhood Allies received a \$600,000 grant to help families that were to be evicted from the housing community in East Liberty.

Banking institutions are necessary stakeholders as we create *Save PGH*. “Access to bank accounts, home mortgages, business loans, and retirement accounts...is critical to establishing long-term financial security” (PolicyLink, 2015). Not only, can these financial institutions help Save PGH market the virtual portal that we are seeking to create, but they can also be the key to countering particularly predatory lending practices that exist in communities, through specific changes in their policy. As new innovations and ideas spark from the banking community, those ideas can also be shared on the Save PGH platform.

Housing Communities can be a great asset for focused and measurable work for financial inclusion practices. Currently, the City has 18 Housing Authority Sites. There is a ton of potential to improve the lives of the residents that live there. Through a targeted marketing strategy of Save PGH to residents in Housing Authority Communities, the city could more easily track and keep up with the progress of each individual resident as they advance their financial inclusion goals.

KEY ASSETS

Neighborhood Allies supports the people, organizations and partnerships committed to creating and maintaining thriving neighborhoods through the creation of community partnerships, the connection of distressed and transitioning communities with valued resources and the communication and celebration of success and progress. Neighborhood Allies is using its role as a local lead for CFED’s national Assets & Opportunity Network to launch a local Asset Building Network made up of approximately 40 funders, service providers and financial institutions to create and advance shared strategies for building the financial security of Pittsburgh families. This network will be an ideal platform to garner support for Save PGH from its members, both to share resources on the portal and to create campaigns with broad participation. The network, which meets quarterly, can become a forum for Save PGH stakeholders to discuss, test, and prove Save PGH initiatives.

Bank On of Greater Pittsburgh, a program of the Urban League, seeks to help unbanked and underbanked individuals gain access to free, low-cost starter or “second chance” financial deposit accounts, as well as access other financial services and financial education. There is a mayoral presence during the Bank On meetings and we anticipate the Bank On initiative and Save PGH to be mutually supportive. Bank On’s members (both financial institutions and community partners such as Community College of Allegheny County, NeighborWorks Western Pennsylvania) can provide Save PGH with resources, events, and products to be shared with the public through the portal. Through their participation in Save PGH, Bank On members can become better connected with the customers they want to reach and understand those customers’ needs and issues in a greater way.

The United Way of Allegheny County manages the local 2-1-1 network. Similar to 9-1-1, 2-1-1 is a nationally recognized, easy-to-remember phone number that quickly and effectively connects people in

need with resources. Every hour of every day, someone in Southwestern Pennsylvania searches for services, from substance abuse treatment to care for a child or an aging parent. By simply dialing 2-1-1, trained Resource Navigators can assess needs and then match residents or providers to the best and closest resources in your community. The 2-1-1 database contains information on over 6,000 health and human service agencies. This service could assist financial capability providers and other social service agencies expand their reach to various populations. The 2-1-1 network already allows for residents and organizations to access available resources for a variety of services. This network could become the platform for building Save PGH, if it can be expanded upon to allow for additional information and resources from additional partners, and if marketing and communications goals can be aligned with Save PGH.

The United Way also leads a partnership of nonprofit and governmental organizations called the Money in Your Pocket Coalition. Each tax season, they recruit and train hundreds of community volunteers to help low-income, working families complete and file their tax returns to ensure that families are taking advantage of the resources and tax refunds available to them, including the Earned Income Tax Credit. They also have a savings incentive program called MIYPSaves, which matches a portion of the tax credit that is put aside into an account. The median income for all households served was less than \$12,000. The United Way has shown an interest in expanding the reach of this program through additional marketing campaigns focused on the benefits of savings, which could easily be incorporated into the outreach function of Save PGH. The members of the MIYP Coalition could also be coordinated within the Save PGH portal.

Regional Data Center can be an asset for tracking information and gathering additional data. Over the last year, Mayor Peduto and the City of Pittsburgh Department of Innovation & Performance have worked tirelessly to create the Western Pennsylvania Regional Data Center, in conjunction with Allegheny County and the University of Pittsburgh's Center for Social and Urban Research, which will bring local government into the 21st century and help the City and County better utilize data to make informed management decisions. While the data center now hosts 125 datasets and continues to grow rapidly, they have not yet identified and hosted data sets that clearly shed light on the issue of financial inclusion locally. However, there is hope that in the coming year work with the Federal Reserve and local banking partners may yield very informative results.

Additionally, social service providers such as housing authorities and community centers have direct service contact with financially insecure families. Some of these stakeholders include the Department of Human Services' Case Worker Staff, and Housing Authority Case Managers, These caseworkers have between 40 and 50 families on their caseload. Getting information to them about referrals and training case managers in how to integrate services would lead to more sustainable change in the lives of the families they support. They are key partners because they are regularly interacting with vulnerable populations that would be in need of financial inclusion resources.

KEY BARRIERS

The key barriers to this work include keeping all stakeholders involved in the effort. As we have seen with many initiatives, organizations may not see the value in working with our office to get their work done. Because certain nonprofits have particular initiatives and direction, coming together for one vision with multiple organizations, may not be of interest to them.

Another barrier would be marketing to the population that really needs the services of an initiative such as Save PGH. Because of the abundance of organizations that are constantly recruiting and marketing services with the goal of “helping” residents, another effort added to the others may be daunting to residents who already live with their own barriers and complex lives.

Additionally, Save PGH will take time, and financial capacity will be needed to ensure that the platform that we are hoping for can be built effectively. Currently, the City of Pittsburgh is paying careful attention to where our resources are going due to the fact that we are in Act 47, oversight by the state for our finances.

Another barrier is the lack of a single needs assessment in Pittsburgh for comprehensive financial inclusion. There are piecemeal efforts to focus on ways in which certain interventions can affect outcomes, but there is no one assessment of what resources work best where and do the locations of these resources promote or inhibit access to financial inclusion. In the short-term, the City of Pittsburgh and partner organizations like Neighborhood Allies have primarily relied upon one-time regional “snapshot”-type reports and research from local non-profits and research agencies, such as PCRG’s Mortgage Lending Study. Additionally, other independent studies have been conducted through local philanthropy and the Urban Institute to assess some facets of financial inclusion. For instance, a report came out in October 2015, “Barriers and Bridges: an Action Plan for Overcoming Obstacles and Unlocking Opportunities for African American Men in Pittsburgh,” which outlines some critical financial inclusion needs like homeownership statistics, income and wealth disparities, and employment rates. The City of Pittsburgh recognizes a need to establish stronger baseline measurements and forge a path to better track and measure financial inclusion. Are there national examples of local benchmarking studies that cities have done?

PROPOSED NEXT STEPS

- Convening the Asset Building Network to create a cohesive vision for financial inclusion in Pittsburgh with a larger coalition of non-profit, academic, and banking institution partners.
- Mapping our existing services and identifying gaps.
- Performing a needs assessment to understand which current interventions work best and in which scenario do they work best in.
- Implementing a SHIP-style “one stop” in-take procedure that will simplify the process of receiving financial services for Pittsburgh residents.

- Developing of a virtual marketplace for the aforementioned mapped services

DISCUSSION QUESTIONS

1. Should we target a specific demographic population within the city to focus and measure our efforts?
2. Should we establish a separate platform/portal for Save PGH, or should we incorporate it into an existing one like 211?
3. How do we develop common goals between our diverse partners that will lead to coordinated programming?
4. What does a baseline data set for this work look like that will lead to a successful and comprehensive wealth-building plan for residents? How do we track our results to determine effectiveness?