TENNESSEE LISTENING TOURS

A report of the key findings describing the financial challenges facing Tennesseans

HOSTED BY
Federal Reserve Bank of Atlanta (Nashville Branch)
Tennessee Alliance for Financial Independence

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Special thanks to our hosts to whom these listening tours would not be possible: Corky Neale, RISE:, Kathy Cowan, Federal Reserve Bank of St. Louis (Memphis); James McKissic, Urban League of Greater Chattanooga; Tammara Kington and Amie Whitworth, Douglas Cherokee Economic Authority; Jackie Hamlin, South Central Human Resource Agency and Patricia Smith, Tennessee Housing Development Agency.

We also thank our wonderful participants whose insight and dedication allowed us the opportunity to listen, learn and continue addressing and providing financial stability products and services that empower Tennesseans.

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INTRODUCTION

The Tennessee Alliance for Financial Independence (TAFI) and the Federal Reserve Bank of Atlanta co-hosted a Listening Tour across Tennessee to develop a better understanding of the financial challenges affecting Tennesseans. The objective of the Listening Tour was to gather information that would provide direction and data for state-wide financial initiatives and strategies that encourages financial stability efforts, particularly among low wage earners.

There were five stops on the Listening Tour, including three urban areas (Memphis, Chattanooga and Nashville) and two rural communities (Morristown and Fayetteville). TAFI and the Atlanta Fed partnered with the following host organizations: RISE, Federal Reserve of St. Louis – Memphis, Urban League of Chattanooga, Douglas Cherokee Economic Authority, South Central Human Resource Agency and the Tennessee Housing Development Agency. The meetings brought together various local leaders from both the public and non profit sectors, United Way, Community Action Agencies, financial institutions, faith based organizations, government and civic leaders. The same set of questions was used to facilitate the meeting at each location. The following is a summary of the key findings from the Listening Tour and ideas for addressing the identified needs.

METHODOLGY

The information provided is intended to provide a snapshot of financial stability concerns currently impacting Tennesseans. Some issues were discussed in much greater detail due to the meeting participants or meeting hosts. Overall, the answers provided were similar across the state and representative of the financial challenges facing Tennesseans, especially among the low-wage earning population.

Responses in several of the questions, (#1, 7, and 9) were sorted into the categories described below, which allowed for easier analysis and tracking of the top concerns. The remaining questions were not categorized due to either the limited number or type of responses.

BA = Behaviors/Attitudes of population;
COM = Communication systems
CR = Crisis Assistance issues
ED = Education in general, not related to financial literacy
EMP = Employment issues
FIN = Financial institution related
FL =Financial literacy of population
HO = Housing related
HC = Health Care related
O = Other – too limited to categorize
PL = Predatory Lending related
POL = Policy issues
T = Transportation related

KEY FINDINGS

This Listening Tour was hosted just as Tennessee was beginning to recover from the worst recession since the Great Depression. In September 2010, the unemployment rate in Tennessee was 9.4%[1]. While this represents a significant improvement over the last quarter of 2009, when the unemployment rate was almost 11%, we know that the consequences of the loss of jobs, the housing market collapse and consumer behavior will continue to impact the economy, communities and families for the foreseeable future.

QUESTION 1: WHAT ARE THE LARGEST CHALLENGES FOR FAMILIES TO SECURE FINANCIAL STABILITY IN YOUR COMMUNITIES? *(138 responses)*

The top concerns voiced dealt with: 1) behavior/attitudes of the general population (17%); 2) housing (13%); 3) employment (11%); and 4) financial literacy (11%). Public policy, financial institutions and communications each received 8% of the responses. The interrelatedness of the financial challenges facing Tennesseans was evident. High unemployment has contributed an increasing rate of foreclosures, which has negatively impacted housing values in many markets, and has also hurt household net worth. The general populations' lack of emergency funds and liquid assets has made it very difficult for at risk families to avoid foreclosure. There has also been an increase in demand for social services, but service providers reported that they lacked sufficient resources to meet this demand. Overall, meeting participants reported a general sense of hopelessness and despair among the clients they serve, which makes it particularly challenging to address their financial needs.

[1] Unemployment figures available at: www.tennessee.gov/labor-wfd/

Many of the meeting participants indicated that they have seen increased demand for help from the former middle class. These households had enjoyed the benefits of higher incomes and homeownership in recent years, but due to layoffs, the tight job market and the decline in housing values, they have exhausted all their resources. In the worst cases, some individuals are now facing foreclosure. Meeting participants noted that the rent at many rental properties is comparable to a mortgage payment, and the former middle class households, whose credit is now impaired, is struggling to find adequate, affordable housing. As a result, some of these households are now forced to compete for the first time for subsidized housing and other social service assistance.

<u>BEHAVIORS/ATTITUDES:</u> *(17%)* Creating a behavior change and overcoming the intergenerational poverty culture was stated as a high concern/challenge throughout all the listening tour stops. Many of the attendees vented frustration over the inability to overcome “entitlement” mentalities and to encourage education. They struggle to motivate participants to develop new skills and pursue work opportunities. They also reported how difficult it is to overcome the lack of trust associated with banks and financial institutions. Urban and rural meeting participants also noted a permeating sense of hopelessness and despair, especially among the low-wage earners. Reasons cited for this despair included fear of failure, discouragement from having tried and failed, lack of faith in the system, and lack of incentive and/or reward for trying to improve situation.

<u>HOUSING:</u> *(13%)*

The focus on the housing-related issues was skewed to some degree due to hosting a Listening Tour meeting in partnership with the Tennessee Housing Development Agency (THDA) after the Governor's Housing Summit in Nashville.

The housing situation has largely affected the “middle class” and the recent wave of foreclosures is primarily due to lack of employment or underemployment instead of loan types. Increased foreclosure rates and the subsequent inability to obtain adequate affordable housing once displaced, was a frequently noted housing concern. All areas reported a lack of affordable rental housing, and available public housing.

EMPLOYMENT: *(11%)* All the areas reported high unemployment (ranging from 9.1% in Chattanooga to 14% in Fayetteville area)[2], loss of some major industries, and lack of job training services. In rural areas, poor access to job training services was also noted. All of the areas indicated that there was a large unskilled workforce in their communities, and the challenges of providing job training services in a poor job market and/or with a limited number of job training providers. In the urban areas, concern was expressed regarding the temporary service providers that connect workers to employers to fill short term needs. This temporary nature often creates a negative financial impact on a worker.

FINANCIAL LITERACY: *(11%)* The general population's lack of financial capability and basic understanding of the banking system was frequently cited by all reporting areas. Respondents reported that operating on a cash-only basis discouraged saving for emergencies, limited access to other banking products, lowered credit scores and allowed greater vulnerability to predatory lenders. While all reported that the basic lack of financial literacy/capability was evident, they also noted that recruiting for financial education classes was extremely difficult due to the behaviors and attitudes exhibited by the economic cultures. The financial education providers also recognized that overcoming learned behaviors required a more personal and long term approach which took more time, energy and resources than are typically available.

COMMUNICATIONS: *(8%)* The area of communications dealt with how to message financial information, knowing where to access information and creating networking databases. The most voiced challenge was the inability to inform the community about available services, financial products and other services in an economical and engaging manner that "spoke" to the target audience. Overcoming mindset and identifying the incentives that will lead to greater engagement with the individuals needing assistance remains a challenge.

FINANCIAL INSTITUTIONS: *(8%)* The topics related to financial institutions encompassed points related to the lack of banking products/services, inherent financial realities (i.e. low interest in savings accounts and lending restrictions) and limited access to credit.

[2] Unemployment figures available at: www.Tennessee.gov (figures reported for August 2010)

POLICY: *(8%)* These responses related to both the governments' current policies (i.e. asset limits for benefit eligibility and the welfare system) and organizational policies (silo mentalities and more stringent funding requirements). The challenge mentioned most frequently was the difficulty of overcoming the inherent restrictions and consequences of the "welfare system." For example, the inability to accumulate sufficient assets without affecting benefit eligibility and overcoming restrictive funding requirements that too narrowly limits participation in a specific program and thus eliminates a large portion of the service target population. Policy concerns also included the lack of a cohesive financial education system. Many partners are addressing financial education but no one partner is taking the lead role in efforts to share resources and referrals.

PREDATORY LENDING, CRISIS ASSISTANCE AND TRANSPORTATION: Each of these issues received approximately 5 percent of the responses. Points related to predatory lending practices largely focused on the proliferation of the pay day lenders in both the urban and rural areas and how these lending practices perpetuate a cycle of debt for the borrowers.

Lack of transportation was mentioned by all of the Listening Tour respondents, but this issue had different meaning in urban versus rural areas. For example, in the urban areas, transportation concerns centered on the public transportation system and the lack of service routes for the various shifts, and/or between work centers and the residence of the workers. In the rural areas, public transportation is non-existent, and only a handful of organizations provide transportation to employment centers. Additionally, due to the large geographical coverage area, owning a car is essential for employment and access to basic services such as grocery stores or medical care.

OTHER: Other financial challenges mentioned included lack of quality and affordable child care options –especially for 2^{nd} and 3^{rd} shift workers; the lack of transitional programs and housing options for those with criminal histories; and a communication/cultural gap in serving the Latino population.

QUESTION 2: WHAT ARE THE MOST EFFECTIVE PROGRAMS FOR HELPING FAMILIES ACHIEVE FINANCIAL STABILITY THAT IS CURRENTLY OPERATING IN YOUR COMMUNITY?

Each area listed effective programs in their communities, including United Way, Habitat for Humanity, UT Extension, career services, neighborhood programs and other various community partnerships/programs. *See appendix for a listing of all referenced programs*. In some tour stops, this question revealed ideas for services rather than a listing of organization. For example, many mentioned Individual Development Accounts (IDAs) as an effective service. In addition, participants noted that mentoring proved more effective than short-term assistance and they noted how important it is to create a network of resources and referrals in order to provide a more holistic approach to stabilizing a client.

QUESTION 3: WHAT ARE THE OBJECTIVES OF THE PROGRAMS? IS THE BEST FOCUS ON BEHAVIOR OR LEARNING?

This question was only asked at two locations (Memphis and Chattanooga), but the general consensus was that a combination approach that integrates information with personal engagement is far more likely to change behavior and thus be more effective than just the sharing of information alone.

QUESTION 4: WHAT STRATEGIES ARE YOU USING TO ACHIEVE PROGRAM GOALS?

Client needs are typically complex and require more than a financial donation to achieve positive results. Collaboration efforts that provide a more holistic and often long-term approach to addressing the client's total needs are cited as being more effective. One specific strategy mentioned was the use of "shock therapy" messaging. For example, in discussions with clients, the provider would focus on specific losses and/or gains i.e. "did you know this $200 payday loan actually costs you $2,000!" Workplace financial education, the use of incentives/ enticements and promoting success stories were also mentioned as effective strategies.

QUESTION 5: WHO ELSE IS INVOLVED IN FINANCIAL STABILITY EFFORTS IN YOUR COMMUNITY? WHAT TYPE OF NETWORK IS OPERATING?

Many respondents listed names of organizations such as the VITA coalitions/partners, 2-1-1, UT Extension services and other community partners as part of their financial stability networks. Respondents also focused on what organizations needed to be in the network. Both the rural and urban areas reported operating networks. However, it appeared that the urban areas networks were more diverse and ongoing, while the two rural areas networks were more limited and/or non-functioning.

QUESTION 6: WHAT EFFORTS ARE UNDERWAY TO IMPROVE EITC/VITA?

VITA had a good reputation with participants at all of the Listening Tour meetings and diverse partnerships to support VITA were mentioned. There are, however, always opportunities to enhance EITC outreach and VITA programs. For instance, there is a need for more partners, increased marketing and promotion, and greater access to volunteers, clients, and banking services. VITA continues to expand its service area and to integrate financial stability products with the tax process.

QUESTION 7: WHAT ISSUES SURROUNDING ASSET DEVELOPENT AND FAMILY FINANCIAL SECURITY DO YOU THINK ARE NOT ADDRESSED IN YOUR COMMUNITY? WHERE ARE THE GAPS? *(26 responses)*

The top three issues were: 1) creating more employment opportunities; 2) access to specific asset building products; and 3) expanding financial literacy. Employment issues centered on the need for more stable employment options instead of temporary services and cited the need for more workforce training services. Specific financial stability products mentioned included developing Bank On initiatives, small dollar loan programs, Individual Development Account programs and other alternatives to predatory lenders. Addressing the financial literacy gaps centered on financial education through the workplace, offering utility cost budgeting, and addressing the general lack of financial education opportunities, especially in the rural areas.

Communication and housing challenges also received considerable attention. In the rural areas there is a lack of networks and awareness of the available services. Across the state there is the need for a one-stop shop web portal that promotes the available resources and then connects the clients to those resources.

Housing concerns included addressing the problems of living in substandard and often high-rent homes and finding alternative affordable housing following a foreclosure.

QUESTION 8: WHAT ARE THE BARRIERS TO ADDRESSING THE ISSUES?

Many of the responses in this question referred back to the financial challenges expressed in Question 1 and once again reflected the interrelatedness of the challenges. Barriers to asset development and financial security included the lack of affordable quality child care to permit employment, and a lack of public transportation to get to the work centers. When jobs are available, there is a perceived lack of skilled laborers to fill the positions. Also, due to the lack of education, "soft skills" and experience, the competition for the unskilled (low wage) positions is fierce. Other barriers included the lack of financial capability of the general population, the presence of the predatory lenders creating debt traps and the challenges of the generational poverty culture. All of these factors are combined, makes it very difficult to address asset development and financial stability issues.

From an organizational perspective, respondents referenced several barriers to addressing asset development and financial stability issues. First, meeting participants mentioned their inability to compete with the proliferation of predatory lenders moving into their communities. They also noted how difficult it was to overcome the general sense of hopelessness and lack of trust often exhibited by the population they serve. Other barriers included long waiting lists of those needing services and competitiveness for these services. Decreasing funding sources and a silo mentality also hampered the ability of providers to share information and provide a holistic approach to serving their clients.

QUESTION 9: ARE THERE CERTAIN ISSUES YOU FEEL WOULD BE BETTER ADDRESS AT THE STATE LEVEL? *31 responses*

Addressing predatory lending practices was the policy issue noted most frequently. Suggestions included the elimination or capping of interest rates and increased regulation. Other policy suggestions included: protecting children's accounts from fraudulent activities; overhauling the current public assistance program to encourage asset building; continuing the Earned Income Tax Credit outreach; and subsidizing a First Wheels program and Smoking cessation program.

Thirty nine percent of the responses were related to communication, focusing largely on education/publicity related ideas. One suggestion was to create "fact sheets" on various asset building programs and tools that could target different audiences and be used for funding purposes, building a persuasive case, and/or engaging legislators. Additional publicity and educational pieces on the pitfalls of predatory lending would also be useful. Other suggestions focused on increasing networking opportunities, such as re-establishing the Federal Reserve community roundtables and encouraging the establishment of local community networks focused on financial stability issues.

There were also suggestion for addressing specific financial products at the state level, including Bank On initiatives, IDA programs, children's savings accounts and small dollar loans. Securing additional funding for financial education outreach and to provide incentives for financial education participation was also suggested.

SUMMARY:

Lessons learned from the Listening Tour remind us that the financial challenges facing our state are interrelated, complex and influenced by many factors. Housing, unemployment, financial literacy and behaviors impact and influence one another and attempts to improve one area require consideration of the other areas. This suggests that service providers need to be more holistic in their approaches and communicate more effectively with other service providers. It is also important that these service providers recognize that long term mentoring and empowerment opportunities are more effective than short term quick fixes and that more training in behavioral economics and poverty reduction strategies is needed.

On a statewide level, more advocacy and education is needed on the topic of predatory lending and in providing safe, affordable alternatives, such as small dollar loans and IDAs. Communication collaterals are needed that can be shared and utilized by a wide variety of partners and the development of a one-stop shop for research and resources would be useful. Sharing the Listening Tour findings should also benefit those advocates who can influence public policy in other key areas impacting financial stability, including health care, housing and transportation.

The Tennessee Alliance for Financial Independence is grateful for the opportunity to learn from committed partners across the state. TAFI is dedicated to using the lessons learned to research and develop products that compliment and encourage financial stability strategies that address the financial challenges identified through this Listening Tour.

IDENTIFIED SUGGESTIONS

1. Expand VITA outreach throughout the state.
2. Work with local partners for securing matching funds for Individual Development Accounts.
3. Partner with TAFI on establishing small dollar loan programs throughout the state.
4. Partner with TAFI on developing a statewide Individual Develop Account program.
5. Consider Bank On Initiatives.
6. Work with local banks to recruit bank professionals to open 2nd chance banking products at VITA sites.
7. Work with local banks and/or non profits to establish a financial coaching program like My Money Plan, a free one-hour financial counseling service that provides basic insight and guidance for those individuals interested in managing their money. Follow-up is preferred.
8. Provide financial literacy classes through local employers.
9. Utilize 2-1-1 – if deficient in your area – work with the state representative to revamp.

10. Establish and/or reestablish alliances with community leaders and the target population focused on defining and implementing strategies to address financial stability issues, barriers, service gaps etc.
11. Work with TAFI in identifying and creating presentation materials appropriate for financial education classes and fact sheets on various topics for other audiences.
12. Encourage service providers to consider additional training in cultural behaviors and poverty reduction strategies. (Resources include: "Bridges Out of Poverty: Strategies for Professionals and Communities" by Ruby Payne, PhD, Philip DeVol and Terie Dreussi Smith and "Getting Ahead in a Just Gettin' by World" by Philip DeVol available through www.ahaprocess.com)

LISTENING TOUR – APPENDIX

Detailed Responses

SPONSORED BY:
Federal Reserve of Atlanta (Nashville) and the Tennessee Alliance for Financial Independence

HOSTED BY:
RISE – Memphis (Corky Neale)
Federal Reserve of St. Louis –Memphis (Kathy Cowan)
Urban League of Chattanooga (James McKissic)
Douglas Cherokee Economic Authority –Morristown (Amie Whitworth)
South Central Human Resource Agency (Jackie Hamlin)
Tennessee Housing Development Agency (Patricia Smith)

PARTCIPATING ORGANIZATIONS:

Community Foundation
Habitat for Humanity
Partnership for FCA
TN Department of Children's Services
SunTrust Bank
Chattanooga Neighborhood Enterprises
RISE Foundation
Shelby County Crime Victims Center
SMA, Inc
CBANA University of Memphis
HCD
2nd Chance Budget
SunTrust
LOC CDC
Mustard Seed
Seedco
United Way of the Mid South
Money Repair Clinic
Link 2-1-1
UT Extension
Habitat for Humanity
UT Extension
Clovernook Center
Hope Credit Union
City of Memphis
Southeast Memphis CDC
St. Andrew AME Church
First TN Bank
Binghampton CDC
Arnoult & Associates
NAREB
Shelby County Housing
United Way- Chattanooga
Wal-Mart
28th CDC
Urban League of Chattanooga
Metropolitan Ministries
Native American Services
Case Management, Inc.
Raleigh CDC
Douglas Cherokee Economic Authority
Hamblen County Board of Education
Jefferson County Board of Education
Christian Women's Job Corps
Stepping Out
Legal Aid of East Tennessee
Hamblen County Schools
City of Morristown
Jefferson County Schools – Family Resource Centers
Cocke County Neighborhood Service Centers
Hamblen County Government
South Central Human Resource Agency
First Bank
Amana Head Start
PSI
US Bank
FHA
VITA -SCHRA
First Commerce Bank
Family Partners
Families First
First National Bank

Nashville Alliance for Financial
SunTrust Bank
Conexion Americas
CASH Alliance, Williamson County
Tenant's Choice of Knoxville
State of TN Board of Probation and Parole
Crossville Housing Authority
Tenant's Choice PMS
THDA
Independence
New Level Community Development Corporation
TDMHDD
Tennessee Disability Coalition
Pinnacle Financial Partners
GAP Community Development
Waddell and Reed
Consumer Credit Counseling

DISCUSSION QUESTIONS:

1. **What are the largest challenges for families to secure financial stability in your communities?**

(BA) Creating a behavior change

(BA) Difficulty in breaking the generation poverty culture. I.e. overcoming mindset to teaching children to navigate the public assistance system instead of teaching children how to prepare for the workforce.

(BA) Fear - afraid to take a chance and lack of faith in system

(BA) Feelings of discouragement when try to get real help but cannot due to overwhelming need or organizations inability to address/finance need.

(BA) Frozen in fear, don't know what resources are available and how to take that first step

(BA) General defiant attitude against rules and authority. "Entitlement mentality"

(BA) High "entitlement" mentality

(BA) Inability to overcome hand-out mentality –becoming empowered

(BA) Lack of knowledge on how to teach motivation

(BA) Lack of mindset to save

(BA) Lack of or limited incentives to entice population into financial education classes and healthier stability behavior. Families First used to have more but are now very limited.

(BA) Lack of personal drive to be employed-Lack of motivation

(BA) Lack of self esteem and motivation to pursue new skills, education, etc. Overcoming the defeated attitude

(BA) Lack of trust in the financial system – had problem in past, reluctant to try again

(BA) Mindset of many employees that have payroll deduction that will withdraw entire paycheck each payday instead of leaving some in the bank and/or putting some into savings account. Many project an attitude of mistrust of the bank.

(BA) Overcoming generational poverty attitude that will encourage parents to teach children to want to work instead of learning how to work the system.

(BA) Overcoming Learned survival behaviors

(BA)	Overcoming the culture of Generational poverty
(BA)	Overcoming the generational poverty mindset and financial myths.
(BA)	Overcoming the upside down problem of more going out than coming in.
(BA)	Overcoming traditions and cultural norms to change behavior.
(BA)	Society perception of instant gratification
(BA)	The “temporary” mentality typical of poverty culture.
(COM)	Difficulty in communicating the need with the message on importance of budgeting and obtaining financial education.
(COM)	Lack of ability to reach all the people with the message
(COM)	Lack of information/knowledge about available services in community.
(COM)	Lack of knowledge/resources on how to get the kids involved and excited. In savings and obtaining the support from school administration and parents.
(COM)	Lack of materials available in different languages – especially Spanish
(COM)	Lack of networking database for referrals and reducing abuse
(COM)	Limited awareness of the ability to open low/no fee bank accounts.
(COM)	Misconception of mission/role of many services-Many families reluctant to use a service if they think it is linked to DHS/Children’s Services where their public assistance benefits could be threatened or children removed.
(COM)	Overcoming mindset and providing incentives to engage and improve.
(COM)	Translating language of savings into small real steps
(CR)	Increased competition for nonprofit services. Metropolitan Ministries reports that approximately 40% of their clients have never asked for assistance before. The new poor are now competing with the traditional poor for available funding.
(CR)	Lack of available resources for everyone who needs them.
(CR)	Lack of knowledge on where to go for help
(CR)	Obtaining emergency assistance. 2-1-1 reports increase in calls for assistance from the newly un/underemployed.
(CR)	The consequences that result due to the difficult choices people are making to keep a roof over their heads – i.e. giving up needed medicines, going without auto insurance, etc.
(CR)	The reduction of the middle class –those who were on the fringe of this economic level have become the “new poor” and don’t know how to navigate and/or have a hard time asking for help.
(ED)	High drop out rate
(ED)	Lack of computer access and knowledge
(ED)	Lack of cooperation between schools and banks to allow for opening children’s savings accounts

(ED) Lack of education – both financial and secondary -Many do not even have a GED. Was not needed for former large manufacturing plant, now difficult for older workers to obtain.
(ED) Lack of education and motivation,
(ED) Lack of educational facilities for obtaining free GED services (only 5% can get into the services)
(ED) Lack of resources to do long term education and mentoring
(ED) Limited GED opportunities
(ED) Obtaining "buy-in" from high school teachers on understanding the importance of banking and financial management and how those lessons can be integrated into daily lesson plans. .
(EM) Closure of the Furniture manufacturing plant which displaced a largely single skilled uneducated workforce with limited employment options.
(EM) Finding stable employment.
(EM) High unskilled work force. There are many who want to work but lack the skills and/or experience to find employment.
(EM) Lack of employment opportunities but slowly getting back jobs to offer
(EM) Lack of industry and low skilled jobs
(EM) Lack of job security – also impacting middle income.
(EM) Lack of job training services
(EM) Large number of workforce with "temporary" status thus limiting access to benefits, limited advancement and frequent disruption in employment.
(EM) Limited Career Center services. Local Career Centers only offer access to job books and computers. Must travel long distances to get to a full service Career Center that offers training opportunities.
(EM) Long term unemployment
(EM) Marshall County has lost some industries and thus many jobs.
(EM) Unemployment
(EM) Unemployment,
(EM) Unemployment.
(FIN) Access to banking services and products such as second chance products
(FIN) Difficulty in starting and/or expanding/operating a small business due to banks reduced lending practices for small businesses.
(FIN) Early cash out of 401K plans because need/want money but don't understand implications/importance of the 401Ks
(FIN) High sales tax
(FIN) Inability to access credit once displaced by foreclosure
(FIN) Inability to translate reality with savings messages. (i.e. with interest rates on savings accounts so low hard to motivate others to save when earning so little interest).
(FIN) Lack of access to banking products due to prior history, knowledge of options and trust in system.

(FIN)	Lack of access to banking services
(FIN)	Lack of access to mainstream banking – especially when have bad credit due to past mistakes
(FIN)	Lack of bank access in immediate area
(FIN)	Lack of credit access
(FL)	Educating low income on how to budget and turn long term goals into reality. Difficulty overcoming mistrust, lack of motivation, lack of understanding how a budget can work even on fixed income.
(FL)	Finding teachable moments before the crisis and using the crisis situation to provide a teachable moment in a helpful manner.
(FL)	General lack of Financial education –i.e how to use debit cards
(FL)	General public's lack of knowledge on financial management principles and lack of knowledge on how to find help.
(FL)	Inability of individuals to prioritize debt for responsible repayments. (i.e. do I pay the past due electric bill or past due mortgage).
(FL)	Lack of assets
(FL)	Lack of emergency savings
(FL)	Lack of financial capability (moving from knowledge to behavior action)
(FL)	Lack of knowledge of financial literacy
(FL)	Lack of savings
(FL)	Lack of understanding how to save on a fixed income.
(FL)	Lack of understanding the banking system basics including basic financial skills: budgeting, savings, interest etc.
(FL)	Operating on a cash-only basis with no accounting of where money is going but needing every penny for basic survival.
(FL)	Poor credit history and lack of knowledge on how to resolving credit issues that prevent access to banking products/mortgage
(FL)	Use of cash only system and using payday lenders.
(HC)	High rate of disability use – Large number of potential workforce receiving disability benefits in order to stay home.
(HC)	High rate of drug use – prescription overuse and can't pass drug tests. HUGE problem and its trickle effect on motivation, personal economy and inability to obtain employment
(HC)	Lack of access to affordable healthcare
(HC)	Proliferation of pain clinics with propensity of dispensing pain pills instead of addressing underlying problem-often contributing to prescription drug addiction.
(HO)	Cost of land is prohibitive for where the work centers are located.
(HO)	Ease of getting a mortgage and becoming instantly "house poor" and unable to financially handle unexpected crisis and/or repairs
(HO)	Getting qualified for the first Mortgage which can be so restrictive
(HO)	High foreclosure rate

(HO)	High Foreclosure rates – people just walking away because can't get any resolution or help from the mortgage counselors
(HO)	High housing costs
(HO)	High rate of foreclosures destroying credit histories especially in the former "middle class".
(HO)	Inability of home owners to make needed repairs, this can lead to foreclosure
(HO)	Inability to stabilize housing with current policies?
(HO)	Increase in foreclosure rates. Foreclosures rates are on pace to increase over last year. Interesting note is that the newest foreclosures are tied to unemployment instead of the type of loans.
(HO)	Lack of affordable housing
(HO)	Lack of affordable housing – just now getting money to remodel and apply but must travel long distances to get assistance.
(HO)	Lack of affordable housing in non lower rent districts
(HO)	Lack of affordable rental housing. New redevelopments will decrease the number of available housings units.
(HO)	Maintaining housing costs during crises,
(HO)	New increase in home foreclosures due to unemployment benefits terminating.
(HO)	Securing affordable housing once displaced by foreclosure. (i.e. often rental property can be as much or more than previous mortgage).
(HO)	Teaching financial skills before obtaining a home mortgage. (i.e. a post bankruptcy class had over 100 participants –most had gotten into trouble via the payday lenders
(O)	Finding funding sources to do the financial education classes
(O)	Lack of parental involvement
(O)	Lack of transitional services for ex cons
(O)	Lack of child care available during second and third shifts and child care is expensive especially for lower wage earners.
(O)	Lack of quality daycare services and lack of daycare services that cater to the non-traditional workforce hours (2nd and 3rd shift).
(O)	Latino population –The Latino population does not integrate well and the continual clash between American and immigrant cultures. There is an increase in number of single Latino mothers who cannot speak English and/or read/write in own language.
(PL)	Lack of ability to avoid predatory lenders.
(PL)	Pervasiveness of check cashers – how to compete with them
(PL)	Predatory lending cycle of debt
(PL)	Prevalent use of predatory lending services. Many see parents financing trips to the county fair via payday and title loans.
(PL)	Proliferation of check cashing stores and mindset of cash and carry and that cycle of debt.
(PL)	Proliferation of Predatory lending institutions in the neighborhoods and their advertisements in all major marketing channels.

(POL) Criminal record history that prevents access to affordable housing/employment etc.
(POL) Current welfare system that makes it more profitable to stay on public assistance especially for those who can only obtain a low wage position.
(POL) Difficulty in overcoming the "Welfare System" mentality and trap.
(POL) Funding strings attached which limits enticements.
(POL) Inability to obtain the enticements needed to encourage people to attend financial education classes and services
(POL) Lack of a cohesive financial education system. Many of the partners incorporate financial stability issues within their services, but no one organization taking the lead.
(POL) Organizations that have a Silo mentality and are territorial instead of being willing to collaborate to address larger need
(POL) Overly stringent criteria for many funding sources that make it difficult to find and serve the acceptable client.
(POL) Policy asset limits preventing accumulation of assets
(POL) Too low of Asset limits for public benefits. Current policy does not allow recipient to build asset/savings. We need a transition policy to assist between public assistance and self sufficiency.
(T) High transportation costs
(T) Inadequate transportation –inadequate for the various shifts, service to the suburbs
(T) Lack of transportation from where the jobs are to where the people live.
(T) Lack of transportation to the new plants or inflexible hours for 2nd and 3rd shifts.
(T) No public transportation – No public transportation, limited and expensive taxi service, and cost of car ownership is expensive (repairs, insurance, etc). There is a workforce transportation service but it has its own challenges
(T) No public transportation and limited agency sponsored transportation services.

(LEGEND: L=Literacy; BA=(Behavior/Attitudes); T=Transportation; HO=Housing; POL = Policy; HC=Healthcare; EM=Employment; CR (Crisis Assistance); FIN =Financial/Banking; COM = Communications; ED=Education; O=Other; PL=Predatory Lenders)

2. **What are the most effective programs for helping families achieve financial stability that are currently operating in your community?**
    a. <u>Building Stable Lives program</u> (United Way). Impact on community is that is helps families in crisis to stabilize through assistance in education, housing, jobs etc. Uses Life Coaches –partnerships with organizations. Very effective, but intensive and difficult to scale due to time and lack of resources.
    b. <u>Habitat for Humanity</u> – Incorporates education and coaching for those qualifying for home ownership.
    c. <u>SunTrust</u> – Sponsors Youth banks in schools and works with parents on the banking perspective.
    d. <u>Homeless Prevention and Restoration</u> – For those who qualify this is a great resource. Challenge is that it is a very select clientele. (Those who had been stable but due to unemployment are now homeless).
    e. <u>Neighborhood Enterprise</u> has home improvement programs that are designed to help people improve and stay in homes.
    f. <u>Weatherization programs</u> have impact on home owners and renter's energy costs.
    g. <u>Mortgage foreclosures</u> programs that utilizes experienced mortgage professionals to work with people to avoid foreclosure.
    h. <u>RISE</u> – classes promoting emergency savings
    i. <u>Pay Yourself First –</u> SAVERS Program – IDA program match participant savings 2-1. Income goes to vehicle etc. (Every dollar participant puts in, is matched with $2).
    j. <u>Memphis Housing Council Network</u> – works with HUD counselors-to provide a triage approach to assistance
    k. <u>Community Development Corporations/Systems</u> – has good networking and communication between the organizations.
    l. <u>STRESS PAY LOAN</u> – This is an alternative to payday lending. $250 loan in 30 days with $3 interest. Become member of credit union, go through credit counseling. 18% interest rate.
    m. <u>Foster children are receiving financial education</u> and opening a checking account with First TN bank.
    n. <u>Earned Benefits</u> (Seedco) – This pairs client with counselor to determine benefit eligibility – food stamps, Medicaid etc.
    o. <u>Habitat Humanity</u> – Teach clients financial literacy using products such as Financial Peace and Money Smart for Young People good.
    p. <u>EITC alliances</u> across the state.
    q. <u>CDC</u> – connecting people to other resources
    r. <u>Home ownership programs</u> – ie. United Housing, Habitat because of the in depth financial counseling.
    s. <u>UT extension</u> – NIFE Training – teaching high school teachers to teach financial education.
    t. <u>Career Centers and City of Memphis</u> – Teaching soft skills classes for all ages. Providing stipends to learn a trade.
    u. <u>Central Services</u> in Hamblen County does well.

v. Douglas Cherokee is in six counties.
w. Neighborhood Services Center provides a one stop shop environment.
x. Morristown has a good philosophy on not duplicating services and works well with other local agencies.
y. Mentoring philosophy through CWJC –helps guide/encourage a person.
z. DCEA – does provide FAFSA assistance and small scholarships
aa. VITA has good partners and is well known in area
bb. Sliding fee scale for health services.
cc. Habitat for Humanity is active and helps transition new owners to homeowner mindset
dd. Banks have some financial education presence in the schools
ee. Families First can offer a gas card for those working
ff. UT Extension office has certified leaders to teach budgeting/finances etc.
gg. Head Start works with low income population and offers some financial education mentoring and has ability to promote/encourage VITA services
hh. .Long term housing programs –i.e. Habitat for Humanity – the longer term programs are more effective – need to hear the message more than once.
ii. The mentoring programs that allow personal involvement and hands on practice. Challenge is the lack of resources and major time investment required.
jj. Individual Development Accounts Programs – city wide availability research suggests effectiveness in obtaining housing. Challenge to obtain those matching funds.
kk. Networks that allow linkage to other resources to help address the clients total stability needs
ll. Financial education in the school requirements should be helpful in assisting the next generation.
mm. Financial Fitness 9-1-1- is a long term financial education primarily for housing counseling. Challenge is marketing/promotion/awareness.
nn. Housing subsidies are useful, but funding is drying up.
oo. Telling the stories of how financial education classes really help people.
The stories help overcome the myths.
pp. Diverse partners to address the issues to strategize solutions for affordable housing/stability
qq. Mayors poverty council in Nashville
rr. Nashville –Project Return is good for helping recovering addicts obtain housing

3. **What are the objectives of the programs? Is the best strategy focus on behavior or learning?**
   a. Combination –Integrate information with engagement efforts to change behavior on how families use their financial resources.
   b. Habitat helps changes behavior – i.e. changing from a renter's mentality to home owner mentality.
   c. Helping people to see bigger picture and the benefits of delayed gratification.
   d. The objectives are to provide immediate and long-term financial stability and facilitate a change in behavior to move toward financial capability that impacts the entire family and future generations.
   e.

4. **What strategies are you using to achieve program goals?**
   a. <u>One on one coaching</u> – but challenge is that it is time consuming and labor intensive.
   b. Capitalizing on <u>statewide PR and Marketing strategies</u>
   c. <u>Collaboration efforts</u> especially when making referrals and working toward common goal instead of employing a silo mentality has potential for more impact.
   d. <u>Shock therapy</u> messages tend to be effective in gaining attention and stimulating change
   e. Changing <u>Public policy</u>
   a. Faith institutions are being vocal through their memberships
   b. <u>Common Sense</u> is going into workplaces to provide financial education
   c. <u>Incentives</u> –i.e. IDA's add to success
   d. Employers are recognizing benefits of <u>financial education in the workplace</u>
   e. Financial education and financial stability services in general are reaching out and making a difference
   f. <u>Partnering with other organizations</u> to share marketing budgets and outreach is usually successful.
   g. <u>Community Investments Platform</u> in Memphis –This web based product has access to over 600 data sets. Institutions that collect data can share on the platform to be shared with all. GIS mapping is also available. Only members with access to the workgroup can share and access data. Can overlay data to create specific reports.
   h. <u>Churches</u> that partner with nonprofits to provide financial education, homebuyer education, etc are affective. Trained Peers teaching Peers
   i. <u>Media</u> involvement – Good, but could do better in promoting the "stories".
   f. <u>2-1-1 is</u> very effective in coordinating callers to correct agency

5. **Who else is involved in the financial stability efforts in your community? What type of network is operating?**
   a. 2-1-1 works well in many areas
   b. Active Faith based services – Catholic, Methodist church emergency/social services
   c. Appalachian Outreach that integrates Financial Ed with services
   d. Boys and Girls Club – largely based with Housing Authority
   e. Collaboration is great but if no one has the resources then the safety net is full of holes.
   f. Foreclosure assistance
   g. Girls Incorporated
   h. Great strides of learning English in schools so good integration of teaching children English, but problem is using children as translators.
   i. Housing authority
   j. Individual Development Accounts are offered in Cocke County only through DCEA. Offered by a grant that was a partner with SunTrust Bank. (Difficulty finding matching funds)
   k. Interagency Meetings are active and well attended
   l. Linkage with 2-1-1
   m. Local leaders working to recruit new industry to area
   n. Many of the represented organizations are integrating financial education
   o. Many of the urban areas have community resource guides
   p. Need - media campaigns to promote what is working well and what's available and who is doing good services.
   q. Need - get residents involved and engaged to see the agency as more than an immediate assistance but opportunity to move to more engaged interaction for long-term stability and growth.
   r. Need - Health industry is needed because poor health issues contribute to lower income and financial stability.
   s. Need - legal services to come to table especially for immigrant population.
   t. Need –Churches to get involved and become knowledgeable on the resources and how to refer. Organizations need to learn what the churches are already doing and how to help them help their congregations.
   u. Regarding the network, intentional referrals work better than just referring a client and hoping that the organization to which the client was referred actually has the resources and is the appropriate organization to assist.
   v. School system with adult education class
   w. Some of the banks are providing financial Ed teachers through the Community Reinvestment Act.
   x. Sr. Citizen advocates
   y. SunTrust is reaching out to diverse populations to hire.
   z. The broader network is engaged but could always be stronger. For example, "it takes a village" to address the entire situation.
   aa. ELL classes. – but there are limited partners providing this service.

bb. UT Extension Nutrition program – Is working with neighborhood citizens by employing them and training them to go back into own community to teach nutrition. This service can be expanded to add different service.
cc. UT extension office provides some info
dd. VITA partnership with Tennessee Saves works well.

6. What efforts are underway to improve EITC/VITA?

a. VITA has a good network but is always looking for ways to strengthen and expand. (i.e. Wal-Mart)
b. Douglas Cherokee – Partners with 7 other agencies but need volunteers. Operate by appointment only.
c. Increase awareness of services by promotion through newspaper, and through some employers
d. Use of Asset Greeters this coming tax season
e. Partnerships with local banks

7. What issues surrounding asset development and family financial security do you think are not addressed in your community? Where are the gaps?

(COM) There is a lack of networks especially in rural areas and lack of awareness of the available resources.
(COM) Need more voices to tell the story. To get the message out to compete with the 24/7 and will affect public policy
(COM) There needs to be a promotion of the available resources and how to connect people to resources and resources to people. Perhaps what is needed is a one stop shop- web portal
(COM) Consider one-stop shopping centers that utilize the "village" approach to addressing clients needs instead of silo approach.
(EM) Employment for ex felons
(EM) Need more career center locations.
(EM) Stable employment – Temporary agencies focus on temporary employment that contributes to underemployment and instability. Need to focus on more stable employment options.
(EM) Workforce training
(FIN) Alternatives to predatory lenders
(FIN) Bank on Initiatives
(FIN) Small Dollar Loans as an alternative to cash advances.
(FIN) There is not a statewide Individual Development Account program.
(FL) Energy Bills – Often difficult to budget for the high utility cost months. Lack of budgeting practice and understanding of how to reduce energy costs contribute to higher bills and force many to seek assistance to avoid interruption of electric service
(FL) In rural areas finding financial education opportunities/products/services is difficult.

(FL)	Need a resource or place where adults can receive the financial education/information.
(FL)	The "New Poor". With many of the marginal middle class losing their jobs and with unemployment benefits terminating, this population is experiencing a culture shock and lacks the knowledge on available public assistance services.
(FL)	There is a lack of employers offering financial education in the workplace
(HC)	Health issues – prevent obtaining and maintaining employment.
(HO)	Addressing the problems of living in substandard high rent mobile homes.
(HO)	Foreclosures are an issue – Now seeing the middle class losing their homes due to job loss and moving into public housing.
(HO)	Housing – It is difficult to obtain affordable and acceptable housing due to many of the homes being unavailable due to maintenance issues. Finding alternative affordable housing after foreclosures is also an issue.
(HO)	Preservation of Homes – to preserve wealth that is tied to the home value those who are equity rich but cash poor often cannot get necessary home repairs.
(O)	Funding Sources – lack of qualified staff/time to search for funding opportunities and when find inability to apply due to stringent limitations.
(POL)	Proliferation of predatory lenders and lack of public policy to eliminate or reduce high interest rates.
(T)	Public transportation – This is a rural area with no public transportation and a workforce that is spread out over a large geographical area making it difficult to get to a job. Obtaining affordable quality vehicles with poor credit history is also a barrier.
(T)	Transportation – Lack of/limited public transportation makes it difficult for people to get to jobs. Disabled have less of access to jobs and services

8. **What are the barriers to addressing these issues?**

   a. Overcoming the lack of knowledge that what is advertised is not always accurate. For example, many payday loans places advertisements state you can borrow $200, pay back $203. Public doesn't read and/or understand the fine print.
   b. Inability to compete with the high dollar and multi-media predatory lender messages.
   c. Lack of Trust and Awareness. People have lost confidence in community organizations and many institutions due to own isolationism and/or inability to be helped in a specific situation. Consequences from a negative experience are more widely communicated than the positive experiences.
   d. Lack of long-term funding streams. Some funding options are based on instant results but behavior changes do not occur instantly and need more time to show results.
   e. Overcoming mentality of "just building houses, instead of building neighborhoods" (i.e. need more collaboration and comprehensive, holistic approaches to financial stability assistance.
   f. Lack of public transportation and transportation for 2nd and 3rd shift employees.
   g. Lack of Education – general and financial – too many unskilled, under educated potential workforce
   h. Lack of child care to cover all shifts
   i. Overcoming Generational poverty attitude/lack of hope
   j. Silo mentality that creates a territorial mentality
   k. Lack of cohesive sharing of information – need all parts of the puzzle at the same table.
   l. Competitiveness of funding sources
   m. High waiting lists – lack of capacity too much need
   n. Hording of information – increasing the visibility to share the info.
   o. Lack of knowledge of 2-1-1 and how it can connect people to various resources

9. Are there certain issues you feel would be better addressed at the state level? If so, what are these issues?

(COM) Create a Web portal similar to the benefit screenings program that will bring up resources
(COM) Increase visibility by working with higher education institutions to create cost/benefit models to address specific issues. Provide access for the various agencies to these tools that can be used to address the issues – similar to fact sheets?
(COM) Integration of financial education and initiatives with other areas – i.e. how transportation affects employment, housing, etc.
(COM) Bring back the Federal Reserve Round Tables
(COM) Distribution of information that provides a counter argument to predatory lenders and payday loans.
(COM) Education about RAL/Predatory Lenders pitfalls
(COM) Engagement of legislators to actually address the issues
(COM) Financial education in the workplace – how train, who provide, how operate?
(COM) More outreach assistance and publicity for EITC/VITA
(COM) Promotion/training of Asset Greeters to serve at VITA sites
(COM) Train the trainers for financial stability education
(COM) Utilize TN Coalition for Responsible Lending – Everyone's voice can be used to address issues. –Contact Congressman, sign petitions etc.
(FIN) Create Bank On initiatives
(FIN) Establish a statewide or city wide initiative for an IDA program
(FIN) Establish Children's Savings Accounts that will not hold assets against the family income limits but can be used for college etc.
(FIN) Establishment of Small Dollar Loans
(FIN) Finding and promoting alternatives to payday lenders
(FIN) Provide Small dollar loans assistance
(FUN) Provide a funding source to address financial education
(FUN) Provide an incentive or funding for an incentive to participate in financial education programs
(POL) Limit number of payday lenders in state.
(POL) EITC continuance
(POL) Get rid of Predatory Lenders and/or cap the interest rates.
(POL) Getting rid of Payday Lenders or deeply regulating this industry
(POL) Improve public policy on Asset Limits –Increase asset limits to allow for more accumulation of assets for those receiving public assistance.
(POL) Need a policy in place to protect children's accounts from fraudulent activities by parents/guardians. Problem with parents/guardians stealing from children's bank accounts or

establishing and then destroying their children’s credit through purchase of cell phones, credit cards, other debts.

(POL) Overhaul the current public assistance program to encourage assets instead of penalizing people for having some.

(POL) Reducing the high interest rates on Credit Cards

(POL) Reinstitution of First Wheels program

(POL) Smoking cessation products that is affordable and subsidized by the government.

(T) More public transportation services to transport workforce to employment centers.

OTHER QUESTIONS NOT ASKED AT ALL TOUR STOPS

2. **How are the organizations engaged in workforce development? (Memphis)**
    a. Library is connected to job link. Go into high unemployed neighborhoods and have job linkages at the library branches. Provides one on one training on how to complete a resume, fill out application, search for jobs on internet etc.
    b. SeedCo – the jobless don’t always fit with available jobs. Major hindrance is lack of soft skills.
    c. Career development for former felons who can’t access public benefits and provide soft skill training and actually seek out employers to hire/supervise.

3. . **How do you evaluate the effectiveness of the programs? (MEMPHIS)**
    a. Habitat – uses ***Success Measures*** –collects and share data.
    b. NTA Tool for VITA programs
    c. Bank on campaign
    d. Pre and Post tests
    e. Surveys
    f. Follow-up evaluations in specific time increments – i.e. 3, 6 and 12 months

    Evaluation needs:

    g. Good evaluation and analysis is expensive, but is needed and critical.
    h. Need to know the “right” questions to ask to get most information for measuring impact and consistency over time.
    i. Need to know how to framing the measurement even if outcome is not favorable. (i.e. an organization that helps with foreclosures can’t measure reduction in foreclosures so how measure that they were effective in lessening the negative impact of the foreclosure. (Basically, need help with establishing and evaluating measurement tools)