The Power of Inclusive Growth

Learning Roundtable

April 9, 2019
## AGENDA

### WELCOME & INTRODUCTIONS
- Andrew Black, CICF
- Rachel Scott, IUW

### STAGE SETTING: INCLUSIVE GROWTH PERSPECTIVES
- MEREDITH COVINGTON
  Federal Reserve Bank of St. Louis

### INCLUSIVE GROWTH IN INDIANA
- Elizabeth Lerch, Central Indiana Corporate Partnership (CICP)
- Kaliah Ligon, Forward Cities/Indianapolis LISC

### FUNDER REFLECTIONS
- TOM ORR
  Indianapolis LISC

### DISCUSSION PANEL: IMPLICATIONS FOR GRANT-MAKERS & FINANCIAL SERVICES
- Pat Gamble-Moore, PNC
- Marie Morse, Homestead CS/ Community Loan Center of West Central Indiana
- Keith Broadnax, Cinnaire
Asset Funders Network

the only grantmaker membership organization focused on building economic well-being for all
ISSUE AREAS
WHERE WE FOCUS

EDUCATION: CSA, Opportunity, Scholarships, College Debt, Consortium, Upskilling

EQUITY: Racial, Ethnic, Immigration Status, Generational and Gender

FINANCIAL TOOLS: Credit, Lending Circles, Small $$ Loans, Fin Tech, Employer pathways to reduce debt.

HOUSING: Affordable rental; affordable ownership that builds equity, asset protection, financing tools

EMPLOYMENT & INCOME: ownership, coops, good jobs, income supports & asset pathways

HEALTH: Social Determinants, health wealth bidirectional outcomes

FINANCIAL WELL-BEING: coaching, income volatility, financial capability, metrics, and census
Meredith Covington

Community Development Manager,
Federal Reserve Bank of St. Louis
The Role of a Central Bank in Achieving Inclusive Economies by Promoting Economic Resilience and Mobility

Presented for the Indiana Asset Funders Network Inclusive Growth Learning Roundtable
Tuesday, April 9, 2019
Objectives:

- Level-set on inclusive economies/growth and economic resilience/mobility.
- Provide birds-eye view on role of Fed.
- Highlight relevant statistics for Indiana to frame today’s discussion.
These comments do not necessarily represent the views of the Federal Reserve Bank of St. Louis or the Federal Reserve System.
The Federal Reserve is the central bank of the United States.
What do we mean by “inclusive economies” or “inclusive growth”?

A rising tide lifts all boats.

• Inclusive economies and inclusive growth occur by increasing the resources input into the economy through inclusiveness of underutilized people, assets, and places.
• It also occurs when the productivity increases of all brought into the economic mainstream.
What do we mean by “economic resilience” or “economic mobility”?

Mobility
• The ability to rise above the socioeconomic status of one’s parents.

Resilience
• The ability to withstand or recover from financial shocks.
“We want prosperity to be widely shared. We need policies to make that happen...income growth for middle- and working-class Americans has really decreased, while growth at the top has been very strong... The U.S. lags now in mobility. And that’s not our self-image as a country, nor is it where we want to be.”

-Federal Reserve Chairman Jerome H. Powell
The community development function within the Federal Reserve System promotes economic growth and financial stability for lower-income communities and individuals through a range of activities, including:

- Convening stakeholders
- Conducting research and sharing ideas
- Identifying emerging issues
- Fostering collaboration
Teams within Community Development at the St. Louis Fed

• Policy + Analysis (P+A)
• Community Reinvestment Act (CRA)
• Center for Household Financial Stability (HFS)
COMMUNITY DEVELOPMENT OUTLOOK SURVEY

Top five issues across metropolitan areas:
1. Generational poverty
2. Availability of affordable housing
3. Education
4. Job skills
5. Access to capital/credit ratings

Top five issues across rural areas:
1. Generational poverty
2. Job availability
3. Job skills
4. Availability of affordable housing
5. Education

What is the greatest employment barrier facing people living in LMI communities?

<table>
<thead>
<tr>
<th>METROPOLITAN RESPONDENTS</th>
<th>RURAL RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate wages</td>
<td>26.6% Job availability</td>
</tr>
<tr>
<td>18.3%</td>
<td>18.4% Essential skills (soft skills)</td>
</tr>
<tr>
<td>Essential skills (soft skills)</td>
<td>17.8%</td>
</tr>
<tr>
<td>Education</td>
<td>15.5% Adequate wages</td>
</tr>
<tr>
<td>12.1%</td>
<td>15.5% Education</td>
</tr>
</tbody>
</table>
Factors strongly correlated with variation in upward mobility

- Segregation
- Level of inequality
- Quality of k-12 education
- Social capital indices
- Family structures

Weaker correlations

- Local tax policies
- Higher education
- Labor market conditions
- Migration
Figure 1. The geography of upward mobility in the United States: odds of reaching the top fifth starting from the bottom fifth.

Note: Lighter color equals more upward mobility. Download statistics for your area at www.equality-of-opportunity.org.
## Economic Mobility Potential, for some Hoosiers

<table>
<thead>
<tr>
<th>Factor Correlated with Upward Mobility</th>
<th>Marion County, IN</th>
<th>Crawford County, IN</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racial segregation</td>
<td>46.6%</td>
<td>8.6%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Income inequality</td>
<td>17.1%</td>
<td>10.3%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Disconnected youth</td>
<td>9.2%</td>
<td>6.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Single-parent household rate</td>
<td>46%</td>
<td>37.1%</td>
<td>31.9%</td>
</tr>
</tbody>
</table>

Source: ERIN, 2019
## Economic Mobility Potential, for all Hoosiers

<table>
<thead>
<tr>
<th>Factor Correlated with Upward Mobility</th>
<th>IN</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income inequality</td>
<td>4.4x as high for top 20%</td>
<td>4.9x as high for top 20%</td>
</tr>
<tr>
<td>High School graduation rate</td>
<td>86.8%</td>
<td>84.1%</td>
</tr>
<tr>
<td>Disconnected youth</td>
<td>11.7%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

### Variables Affecting Inclusive Growth

<table>
<thead>
<tr>
<th>Variable</th>
<th>IN</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unbanked households</td>
<td>4.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Underbanked households</td>
<td>18.8%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Access to Revolving Credit</td>
<td>67.7%</td>
<td>73.1%</td>
</tr>
<tr>
<td>Low-Wage Jobs</td>
<td>26.0%</td>
<td>22.5%</td>
</tr>
<tr>
<td>High-Cost Mortgage Loans</td>
<td>10.6%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Findings from “Advancing Opportunity in Central Indiana,” a 2018 Brookings study:

1. More good and promising jobs are needed than available, especially for workers without a bachelor’s degree.
2. Focusing economic development strategies on opportunity industries that can help close its employment gap.
3. Preparing workers may require new approaches to education, workforce development, and career pathways.
4. Connecting people to promising jobs—especially women and people of color—is essential for advancing opportunity.

https://www.brookings.edu/research/advancing-opportunity-in-central-indiana/
Inclusive Growth Recommendations for Central Indiana (Brookings Institution, 2018)

1. Grow good jobs.
2. Improve job quality.
3. Prepare people for good jobs.
4. Support working families.
Our Mission

Asset Funders Network engages philanthropy to advance economic opportunity and prosperity for low and moderate income people

AFN members are:

- Private, Public, Corporate, and Community Foundations
- Public-Sector Funders
- Financial Institutions
- Corporate Giving Programs
- Credit Unions
- Community Development Financial Institutions
- United Ways
INFORM
Deliver issue based programming and calls to action reflecting research and philanthropic thought leadership with actionable roles for philanthropy.

BUILD
Build the movement for funders through an infrastructure that supports and is responsive to the regions and members with effective content, actionable strategies, and thought leadership that is widely shared.

CONNECT
Develop and expand the networks of funders (national and regional) for peer to peer learning as well as cross-sector and collaborative efforts.

INFLUENCE
Engage funders, public and private stakeholders in frank issue-based discussion influencing policy and practice to foster systemic change.

INCREASED OPPORTUNITY & PROSPERITY

**ASSETS** are the **resources that help people build economic stability** for now, and for years to come.

Assets include both financial resources (such as savings, credit, a home, or insurance) and personal resources (such as education, access to healthcare, or a vehicle).

Assets provide a secure economic foundation of resources from which individuals can address day to day expenses, economic shocks, as well as plan for and invest in the future.

54% of households lack assets to buy a home, create a business, or invest in their children’s education.
Foundations and grantmakers are empowers to leverage their resources to make more effective and strategic funding decisions, allowing each dollar invested to have greater impact.
AFN regional chapters connect
grantmakers to discuss challenges, learnings, successes & failures; to elevate promising, innovative approaches; to share intellectual capital and expertise.

REGIONAL MEMBERSHIP in AFN provides the opportunity to work collaboratively with area grantmakers committed to advancing economic opportunity. These connections help our investments go further and with deeper impact.”

- WENDE BURTON
COMMUNITIES FOUNDATION OF TEXAS
You are investing in Asset Building if:

- You are funding programs that allow **low and moderate income people** to care for their health, build job skills, obtain a degree, or create retirement savings.

- You invest in opportunities for **families to save for children’s college education, buy a home, open a business, or increase capabilities to manage their financial life.**

- You are working to **dismantle systemic barriers people face when trying to build economic security.**

- You **confront inequities based on race and gender.**
Taryn MacFarlane
Indiana Program Officer

taryn@assetfunders.org
Cell: 734 474 1876
Thank you for joining us!

Please complete your evaluation and leave it on the table.

Lunch ticket holders will adjourn across the hall.