

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

MEREDITH COVINGTON,
Federal Reserve Bank of St. Louis

- 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

MEREDITH COVINGTON,
Federal Reserve Bank of St. Louis

- Pat Gamble-Moore, PNC
- Marie Morse, Homestead CS/ Community Loan Center of West Central Indiana
- Keith Broadnax, Cinnaire



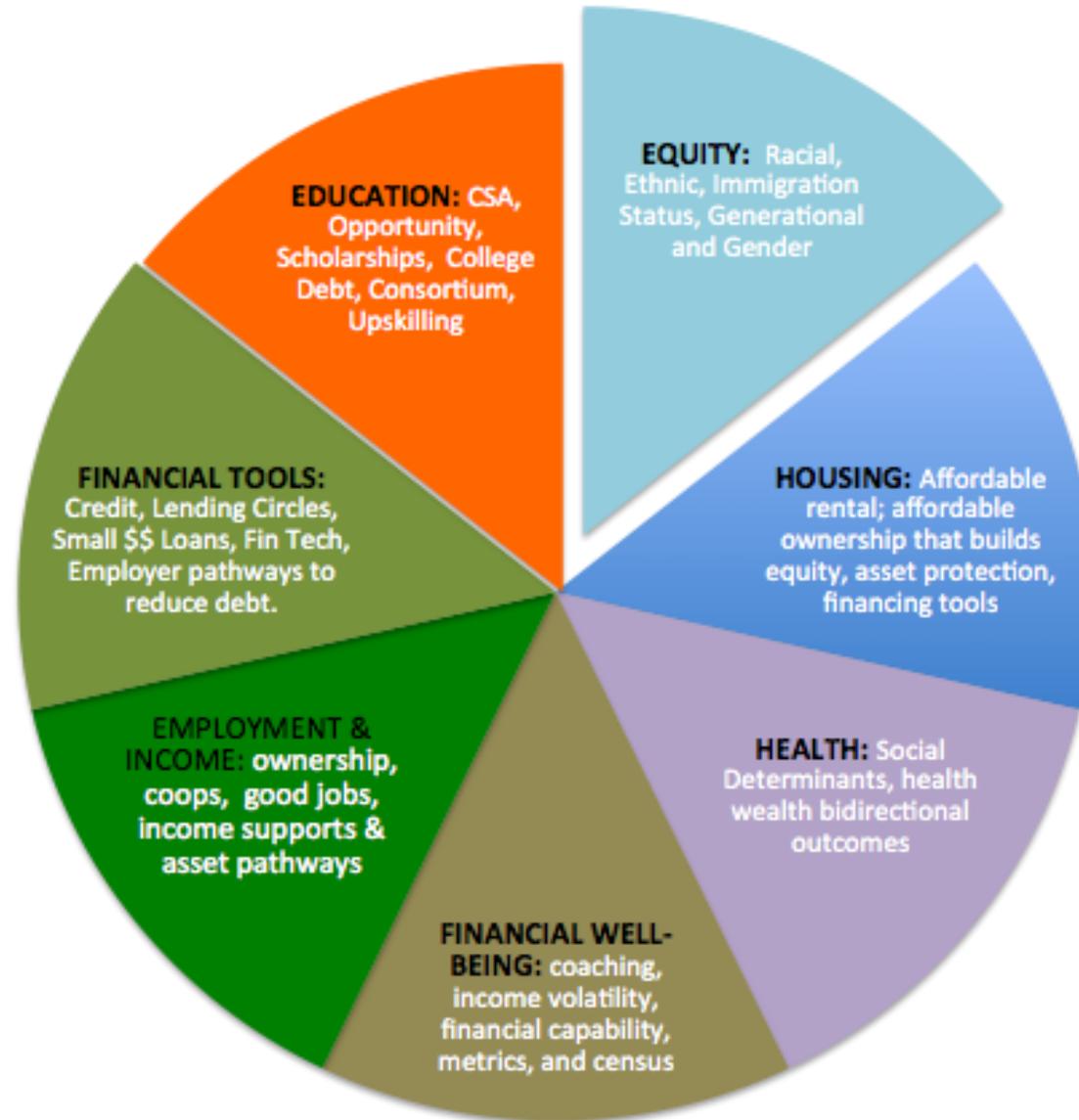


Asset Funders *Network*

**the only grantmaker
membership organization
focused on building economic
well-being for all**

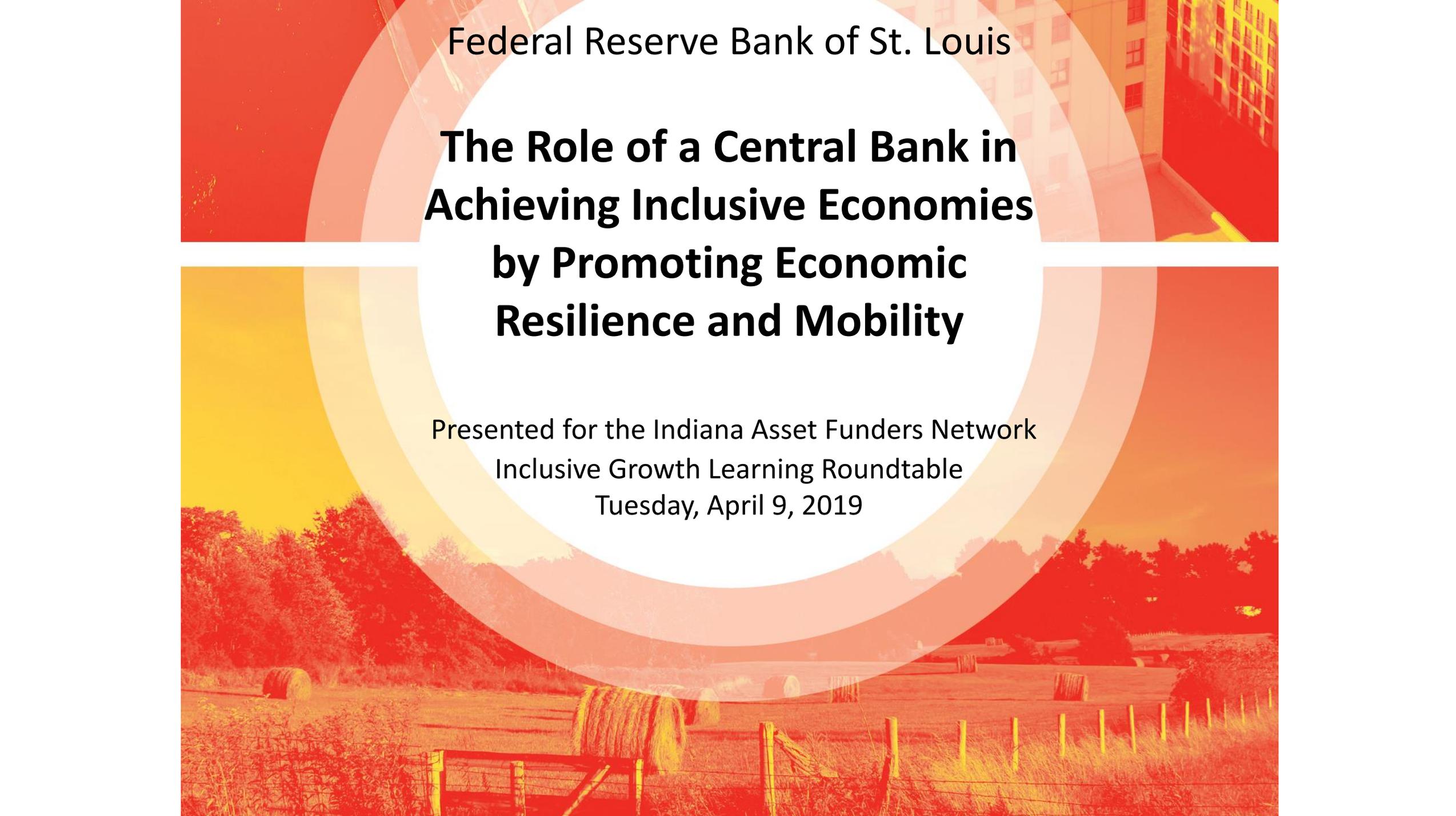


ISSUE AREAS WHERE WE FOCUS



Meredith Covington

Community Development Manager,
Federal Reserve Bank of St. Louis



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:

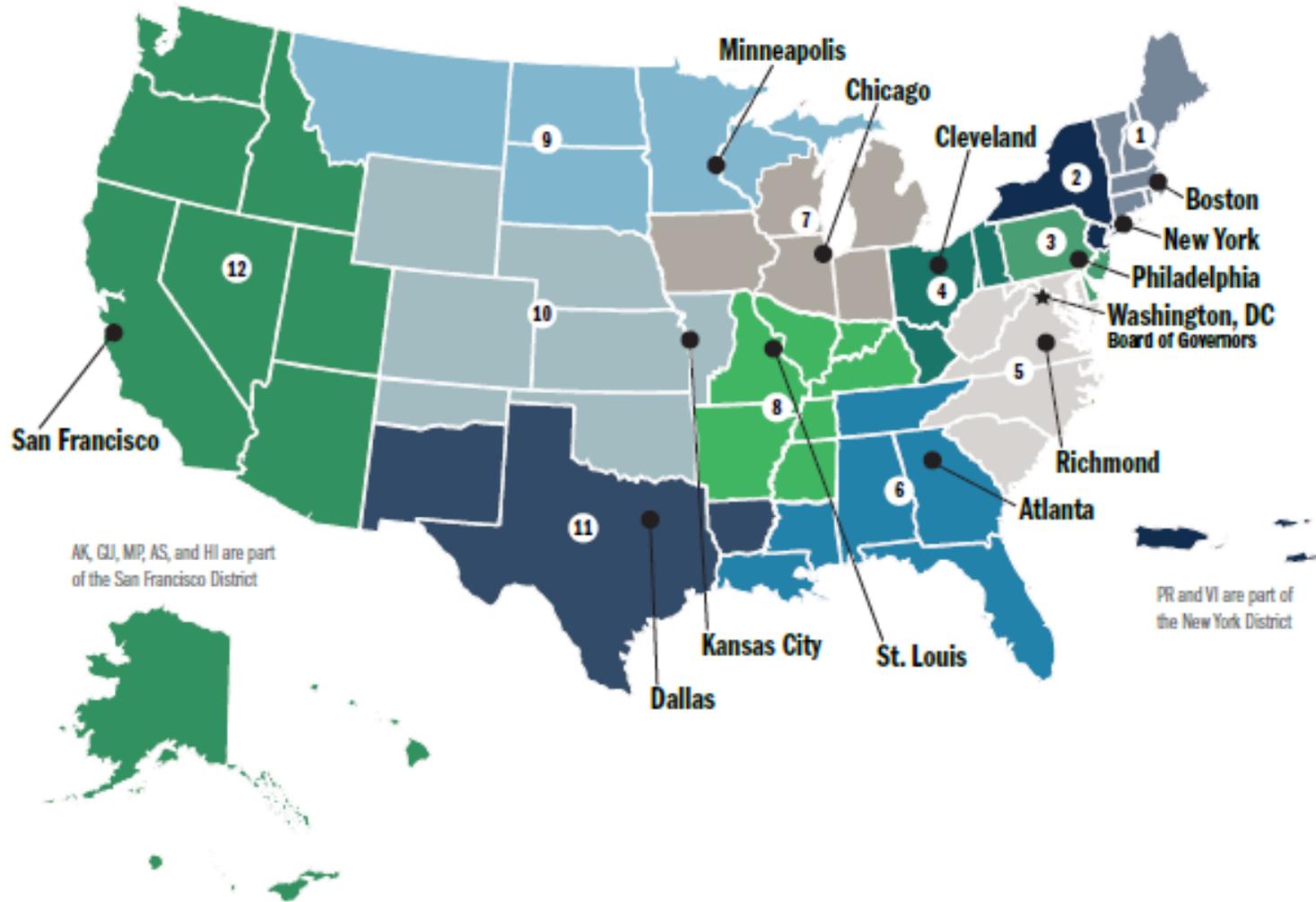
- Level-set on inclusive economies/growth and economic resilience/mobility.
- Provide birds-eye view on role of Fed.
- Highlight relevant statistics for Indiana to frame today's discussion.



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

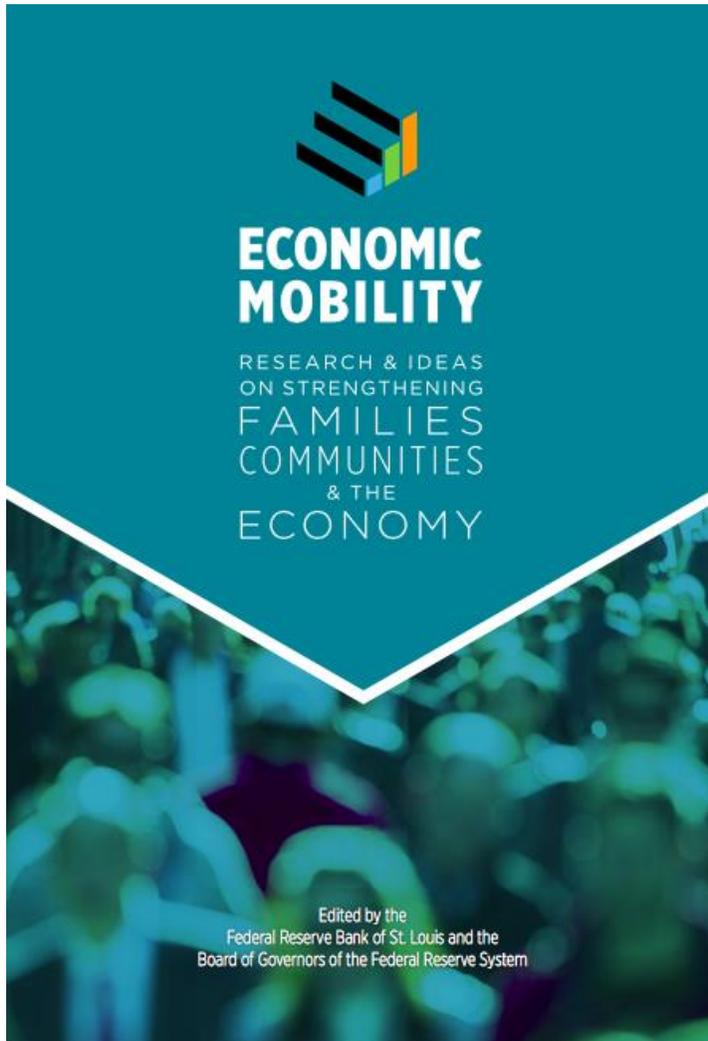


Top five issues across rural areas:

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?





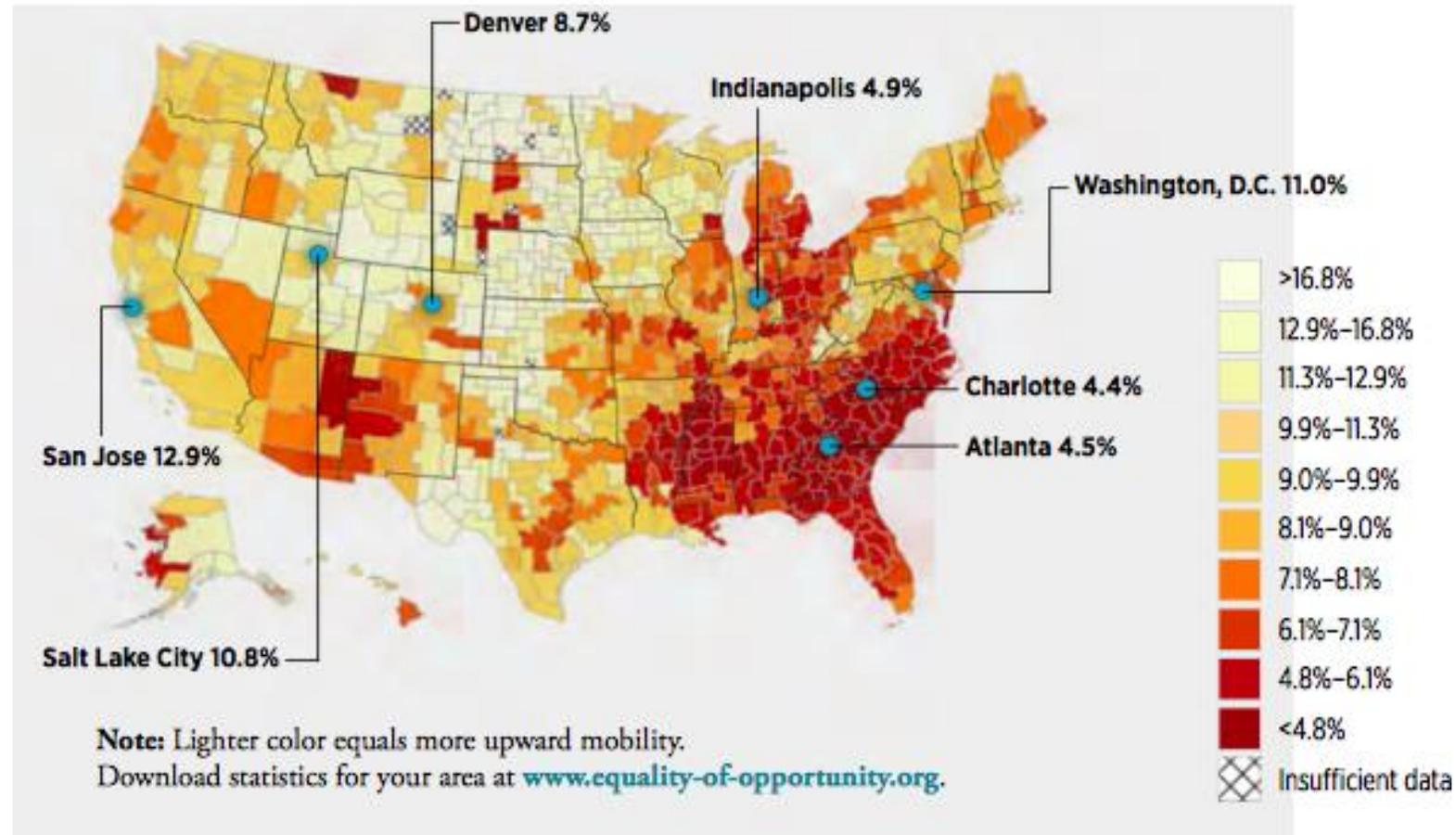
Factors strongly correlated with variation in upward mobility

- 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





Economic Mobility Potential, for some Hoosiers

Factor Correlated with Upward Mobility	Marion County, IN	Crawford County, IN	US
Racial segregation	46.6%	8.6%	27.8%
Income inequality	17.1%	10.3%	12.8%
Disconnected youth	9.2%	6.3%	7.5%
Single-parent household rate	46%	37.1%	31.9%

Source: ERIN, 2019



Economic Mobility Potential, for all Hoosiers

Factor Correlated with Upward Mobility	IN	US
Income inequality	4.4x as high for top 20%	4.9x as high for top 20%
High School graduation rate	86.8%	84.1%
Disconnected youth	11.7%	11.6%

Source: Prosperity Now Scorecard, 2019.



Inclusive Economies Potential, for all Hoosiers

Variables Affecting Inclusive Growth	IN	US
Unbanked households	4.4%	6.5%
Underbanked households	18.8%	18.7%
Access to Revolving Credit	67.7%	73.1%
Low-Wage Jobs	26.0%	22.5%
High-Cost Mortgage Loans	10.6%	7.6%

Source: Prosperity Now Scorecard, 2019.



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.

COMMUNITY **DEVELOPMENT**

at the **ST. LOUIS FED**



who
we
are

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**



Asset Funders Network

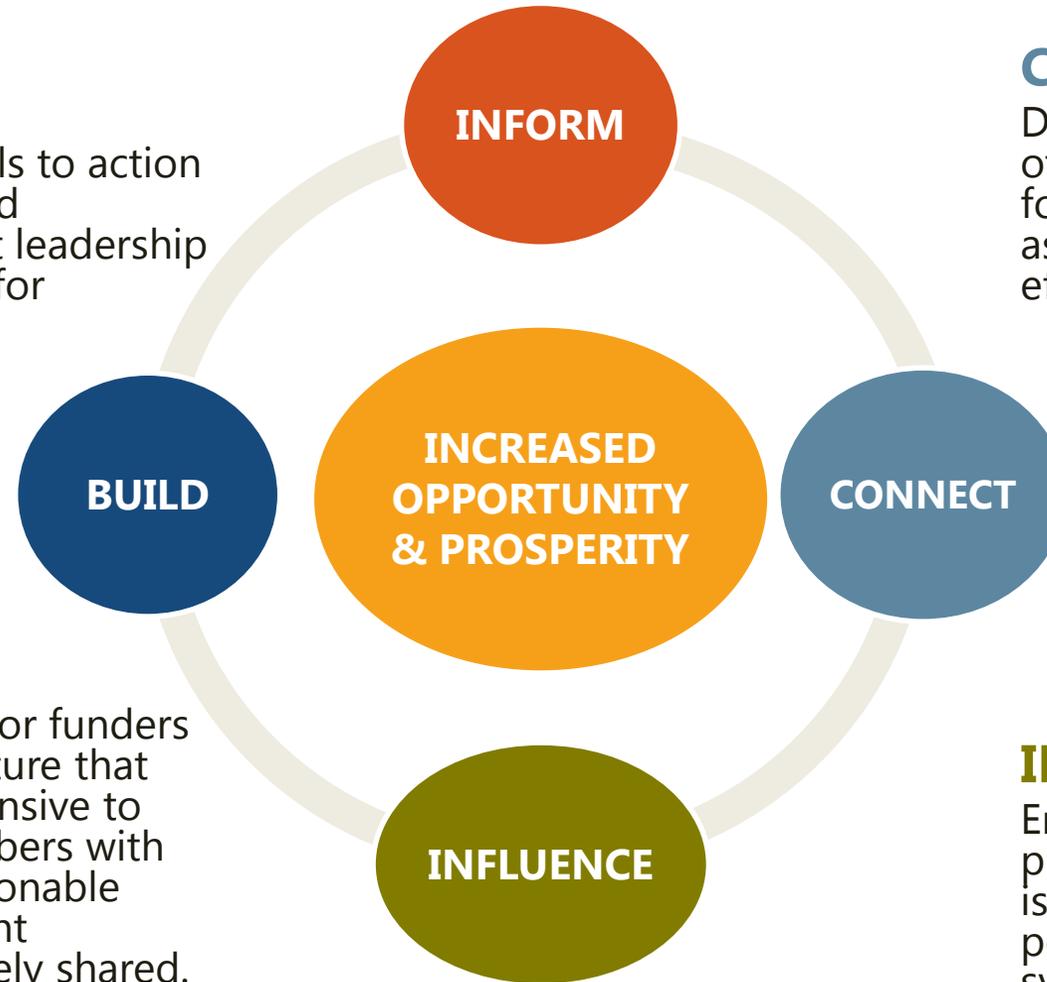
AFN STRATEGIC OBJECTIVES

INFORM

Deliver issue based programming and calls to action reflecting research and philanthropic thought leadership with actionable roles for philanthropy

CONNECT

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



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.

INFLUENCE

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



AFN STRATEGIC OBJECTIVES

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



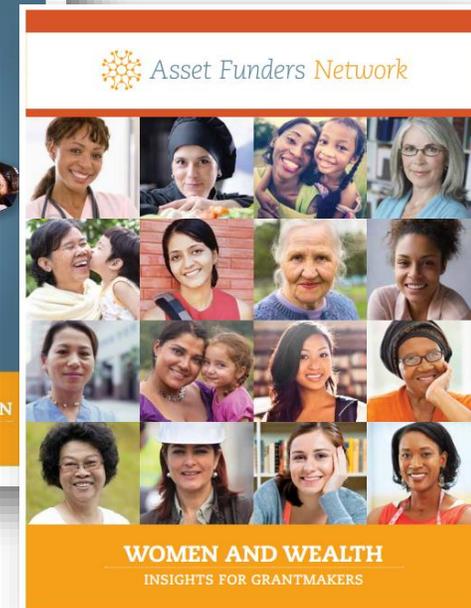
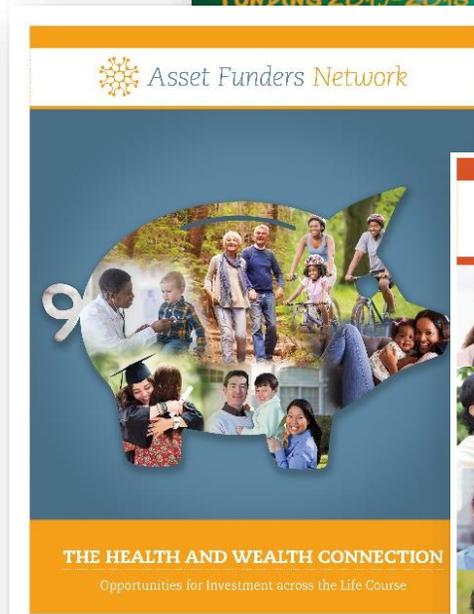
54%

of households lack assets to buy a home, create a business, or invest in their children's education.

what
we
do

AFN empowers

foundations and grantmakers to leverage their resources to make more **effective and strategic funding decisions**, allowing each dollar invested to have greater impact.



we
are
here

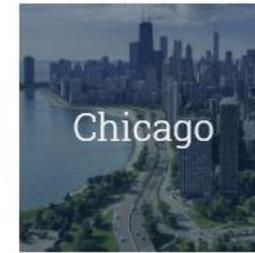
AFN regional chapters connect

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.**



ASSET BUILDING IS A STRATEGY THAT ENABLES GREATER ACCESS TO ECONOMIC SECURITY AND OPPORTUNITIES, PARTICULARLY FOR LOW-INCOME COMMUNITIES AND COMMUNITIES OF COLOR.



AFN INDIANA CHAPTER

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Indiana Program Officer

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Thank you for joining us!

Please complete your evaluation and leave it on the table.

Lunch ticket holders will adjourn across the hall.