



FLLIP Financial Education Program

Tool Kit

*A Guide to Recruiting and
Retaining Participants*

Updated Fall 2005



**SHRIVER
CENTER**

Sargent Shriver National Center on Poverty Law

Prepared by the Sargent Shriver National Center on Poverty Law

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FLLIP

Financial Links for Low-Income People

Financial Education Program Tool Kit

We know that recruiting and retaining participants for your financial education classes can be a challenge. So we talked with some of the established FLLIP Financial Education Program (FEP) sites to find out what works – and what doesn't work – and compiled it in this tool kit.

What you'll find:

- **Media materials** – Television and radio recruitment has been some of the most promising sources of turnout so far. In this section, you'll find materials and tips for working with the media.
- **Other recruitment** – As you know from other programs, media outreach is not the only way to recruit. Here you'll find other methods that sites have used, plus some sample materials.
- **Retention** – Tips on how to keep classes exciting and the importance of offering incentives to participants.
- **Community Reinvestment Act (CRA)** – When establishing partnerships with your local financial institutions, CRA credit can be one of your most successful tools. Find details on CRA along with sample letters and materials here.
- **Sample Materials** – Of course, all recruiting is most successful when it is based on relationships, and you know your potential participants better than anyone else. We included the sample materials so you can modify them.

Good luck! Be sure to share your tips for successful recruiting and retention with us so that we can share with FLLIP and include them in future editions of this tool kit.

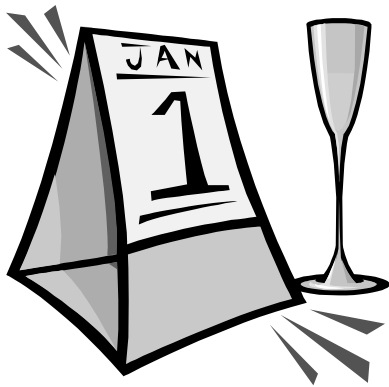
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Are the holidays
leaving you
in debt?



Have you made your
New Year's
resolution yet?

Resolve to improve your financial outlook!

Sign up for FREE financial education classes today!

When: 6:00pm – 8:00pm, Tuesdays and Thursdays
beginning March 1st and ending March 17th

Where: Better World Group, 45 E. Justice Street

For more information, call Ian Brown at 773-555-5555.



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Financial Links for
Low-Income People



Dream of owning a home?



Getting out of debt?

Or saving for a college education?



Then sign up today for our FREE financial education program for adults of limited means

*Take control of your money
so you can achieve your goals!*

When: 6:00pm – 8:00pm, Tuesdays and Thursdays
beginning March 1st and ending March 17th

Where: Better World Group, 45 E. Justice Street

For more information, call Ian Brown at 773-555-5555.



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Do you wish
tax season
meant more
money for you?



IT CAN!

Find out how by signing up for our **FREE**
financial education classes!

When: 6:00pm to 8:00pm, Tuesdays and Thursdays
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Financial Links for
Low-Income People



Recruiting for Your FLLIP Financial Education Program (FEP)

Media outreach is one method of participant recruitment, but there are also other ways to reach your target audience – potential *Your Money & Your Life* participants.

In this section you will find additional tips and materials to use when recruiting. The section includes:

- Using Flyers for Quick, Easy Recruitment – p. 26
- Distributing Your Flyers – p. 27
- Sample Flyers (in plastic covers)
- Tips for Partnering with the Illinois Department of Human Services – p. 28

Recruitment

Distributing Your Flyers

You know the best places in your community that potential participants frequent. Be sure to rotate the flyers for top enrollment seasons.

Potential places to distribute or post flyers:

- Adult education sites
- Banks and credit unions
- Convenience stores
- Faith-based organizations
- Gas stations
- Grocery stores
- Hairdressers
- Health departments
- Laundromats
- Libraries
- Payday loan offices
- Public aid offices
- Unemployment offices
- YWCA or YMCA
- Other social service organizations

Recruitment

Tips for Partnering with the Illinois Department of Human Services

Successful partnership with local Illinois Department of Human Services' (IDHS) offices have resulted in significant course turnout with some FLLIP FEP sites. IDHS is interested in participating because IDHS believes recipients will be more successful if they receive financial education. IDHS is a major funder of FLLIP.

Partnering with IDHS:

1. Contact your regional IDHS office. If you don't know where that is, log on to www.dhs.state.il.us to find contact information for your region. Ask the regional office for contact information for your local IDHS office.
2. Set up a meeting with your local IDHS office. It's important to establish a good rapport with the IDHS staff and case managers. When you meet with the staff, give them a brief presentation to help them understand what FLLIP is and how *Your Money & Your Life* classes can help their clients.
3. Set up an orientation session at the local IDHS office for possible participants. Ask one or two case managers to be present.
4. At the orientation session, hold a two-minute "mini-class" on engaging topics to pique interest. (See orientation ideas below.)
5. Tell TANF recipients that these classes can count as a "work activity." Also mention the perks your organization is offering, like childcare, transportation, food, etc.
6. Hold the actual classes somewhere other than the IDHS office.
7. Stay in touch with the case managers throughout the classes to update them on their clients' progress.
8. If people aren't showing up to classes, follow up with the case managers to alert them of the problem.

Possible orientation session topics:

- Credit repair and/or debt management
- How to use direct deposit of cash benefits
- Savings accounts or buying a car (Many recipients don't know that they can open savings account or buy a car and still receive benefits.)
- Smart shopping at the grocery store
- Use the skit on p. 33!

Recruitment

Using Flyers for Quick, Easy Recruitment

Flyers are an inexpensive and easy way to get the word out about your classes. In this section, you will find different types of flyers that you can use as models to aid you in your recruitment efforts.

Why are flyers helpful?

- Flyers can quickly be tailored to different audiences.
- A flyer's theme can change depending on the time of year or season. Flyers are most successful at the times when people are thinking about money or concerned about specific money issues.
- You have the ability to directly target FLLIP Financial Education Program (FEP) participants at the places they frequent, such as payday loan offices, unemployment offices, and health departments.

Types of sample flyers in the tool kit:

(sample flyers can be found in the plastic sleeves)

- **General new class flyer** – A flyer that can be used for a new class happening at any time of the year.
- **New Year's flyer** – A flyer for people worrying about their post-holiday debt and make a New Year's resolution to get their finances in order.
- **Tax season flyer** – A flyer for the confusing and stressful tax season.
- **Tear-off-contact-info flyer** – This flyer is an example from a former site. Interested people can tear the contact information off the flyer and keep it.

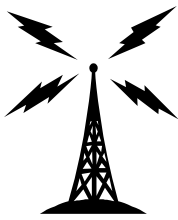
Be creative with your flyers! You know your community better than we do, so you know what will work and what won't.

Where Might a Story About the FLLIP Financial Education Program (FEP) Appear in the Media?

Marketing Your Classes

How Can Media Help You?

- Recruit participants
- Build community support
- Influence potential supporters such as banks and credit unions

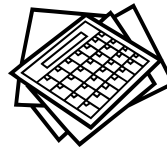


Public affairs shows are community-based shows on radio or television stations that often interview community nonprofits.

How to place an interview on a public affairs show:

- *Public Affairs Shows* – p. 12
- *Pitching Timeline* – p. 24
- *Background Materials* – p. 20
- *Press Releases* – p. 3

A **calendar item** is a news brief giving the vital details of an upcoming program or event. These usually appear in a calendar section in your local paper.



How to place a calendar item:

- *Calendar Items* – p. 18
- *Sample Calendar Item* – p. 19
- *How to Pitch a Reporter* – p. 14
- *Pitching Timeline* – p. 24

A **feature or news story** in the local paper is a longer story about the program that may profile a participant and give background information.

How to place a feature story:

- *Press Releases* – p. 3
- *Sample Press Release* – p. 4
- *Background Materials* – p. 20
- *How to Pitch a Reporter* – p. 14
- *Pitching Timeline* – p. 24
- *Sample Pitch* – p. 15



A **television news story** is a story about the program that would appear on your local TV news.



How to place a TV news story:

- *Placing a TV Story* – p. 6
- *Press Releases* – p. 3
- *Sample Press Release* – p. 4
- *Background Materials* – p. 20
- *How to Pitch a Reporter* – p. 14
- *Pitching Timeline* – p. 24
- *Sample Pitch* – p. 15

Radio or TV public service announcements (PSAs) are announcements read on the air about a program or organization, usually a nonprofit.



How to place a PSA:

- *Public Service Announcements* – p. 7
- *Sample PSA* – p. 9
- *Pitching Timeline* – p. 24
- *How to Pitch a Reporter* – p. 14

Many **faith-based organizations** provide their members with weekly **notices** or **bulletins**.

These often contain information about community-based programs.



How to place a faith-based bulletin announcement:

- *Faith-Based Bulletin Announcements* – p. 16
- *Sample Bulletin Announcement* – p. 17
- *Pitching Timeline* – p. 24

Media Materials

FLLIP Supporters

(FLLIP letterhead here)

Current FLLIP supporters include:

Allstate Bank
Amcore Bank
Charter One Bank
CHASE
Citigroup Foundation
Cole Taylor Bank
Richard H. Driehaus Foundation
Fifth Third Bank
Guaranty Bank
Grand Victoria Foundation
Harris Bank
Illinois Department of Human Services
Itasca Bank & Trust
Joyce Foundation
LaSalle Bank
Lisle Savings Bank
MB Financial Bank
Mercer Human Resource Consulting
National City Bank
State Farm Bank
United Community Bank of Lisle
Regions Bank
William J. Beck and Irene Beck Foundation

The Sargent Shriver National Center on Poverty Law, a nonprofit organization based in Chicago, coordinates the FLLIP coalition and administers the Your Money & Your Life program. Major funders include the Illinois Department of Human Services and the Grand Victoria Foundation.

Media Materials

Calendar Items

A calendar item is a short news brief describing an upcoming event or program, such as the FLLIP Financial Education Program.

Calendar items include:

- Who – Explain who is eligible for the sessions and who is hosting the program
- What – A brief description of the classes and how to register
- When – The date and time of the first class and the date by which people must register
- Where – The location of the class and registration
- Why – briefly explain why people should care about the class
- Contact information – Include a name and phone number that people can call if they would like more information about the program or are interested in signing up. Also include contact information for someone the reporter can call if s/he needs more information.

How to place a calendar item:

1. Keep it short – no more than two or three paragraphs.
2. Call your local paper to identify the correct person to receive the item.
3. Mail, email, or fax the item to the editor or reporter you've identified.
4. Call the calendar editor in the next day or two to follow up. (See *How to Pitch a Reporter* on p. 13 for tips on talking to a reporter.)

Calendar item tip:

A calendar item is usually easier to place in your local paper than a news or feature story. If you're starting a new FLLIP Financial Education Program, it may be best to place a calendar item before classes begin and wait to pitch the big story once you have a student who is willing to be interviewed or a graduating class.

Media Materials

Faith-Based Bulletin Announcements

Most faith-based organizations, including churches, synagogues, and mosques, provide their members with notices or bulletins at regular services. These often contain information about community programs such as the FLLIP Financial Education Program.

What does a faith-based bulletin announcement look like?

- Similar to a calendar item
- Short news brief details the who, what, when, where, and why of the program or event
- Less formal and more personal tone than a news brief (Refer to *Sample Faith-Based Bulletin Announcement* on the next page.)

How to place your faith-based bulletin announcement:

- A few weeks before classes start, call local faith-based organizations to find out who is in charge of their weekly bulletin.
- Contact that person and tell him/her about the program. Ask him/her if it sounds like something their constituency would be interested in knowing about or participating in.
- Mail, fax, or email the bulletin announcement and follow up to make sure the person received it. Find out when it will run in the bulletin.

Why are bulletin announcements helpful?

- Oftentimes, the audience you're trying to reach doesn't read the paper but does read the weekly bulletin they pick up at mass or service.
- Faith-based organizations are usually receptive to placing information in the bulletin they think will be useful to their congregation, especially if the program is free, run by a nonprofit, and in their community.
- Faith-based bulletins are a good way to reach a large number of people in certain areas or neighborhoods.
- Bulletin announcements can be used for neighborhood-based and organizational newsletters as well – anything you think potential participants might be reading.

Media Materials

How to Pitch a Reporter

Key Steps for Pitching Reporters:

Quick Tips for Effective Pitching

- Don't sound scripted
- Know your facts
- Have your materials ready to fax
- Be aware of deadlines – don't call daily reporters later in the afternoon
- Use your first five seconds on the phone wisely – reporters are very busy and will not listen for long
- Be clear and concise when talking – don't rush your words

1. **Prepare a press release, media advisory, or calendar item before making the call.** Have this handy in case the reporter asks you to fax it.
2. **Put a human face on your story.** If possible, be prepared to talk about a past, current, or future participant.
3. **Make bullet-point notes for your phone conversation.** Jot down two or three of the most important ideas you want to convey about the program. This will help organize your thoughts without reading from a script.
4. **Contact the reporter and tell him/her about the program.** Remember to be clear and concise, and to convey your important points right away. Let the reporter know if you're pitching the program as a story idea or a calendar item. (If the media outlet has never done a story on *Your Money & Your Life*, set your sights high and aim for a full story. If the reporter says no, ask if s/he can run it as a calendar item or announce it as a news brief.)
5. **Offer to fax or email the press release or calendar item.** If the reporter sounds interested, fax the fact sheet ASAP with the press release to give the reporter some background information. Make sure you get his/her email and/or fax number!
6. **Ask if the reporter is interested and/or follow up in the next day or two to find out if the reporter has had a chance to review the materials and is interested in doing a story on the program.**

Media Materials

Timeline for Pitching a Story

Below is a general timeline to follow when pitching a story about the FLLIP Financial Education Program. Of course, this timeline can change as different sites may be able to identify other media opportunities that arise.

One to two months prior to a session beginning:

Place a PSA on your local radio and cable access stations. Call public affairs shows in the area.

Three to five weeks prior to first class in session:

Call faith-based institutions to ask if they'll run the news item in their weekly bulletin or make an announcement during services.

Two to four weeks prior to classes beginning:

Place the calendar item in the local newspaper. If you have a past participant willing to be profiled, pitch a feature story.

First week of class:

Call the news desk at the local TV station to find out if they'll run a news brief about the class. Be prepared to send them the calendar item or the press release depending on how much information they want.

Week of session graduation:

Call the newspaper and local TV and radio stations to tell them about the graduation. If these media outlets haven't covered the story before, this is a good time to pitch a feature story and profile one of the graduates. Include the date for the next class to aid in future recruitment. If you arrange a 'graduation ceremony' event, you may be more likely to attract media attention, especially TV.

Media Materials

Placing a Television Story

So far, one of the most successful outreach to potential participants has been television.

Tips for placing television news stories:

- **Television news needs a good visual.** When you call a TV reporter to pitch the *Your Money & Your Life* story, be prepared to offer the reporter a visual to accompany the story such as allowing a TV crew to come to class, asking the reporter to join the class on a bank field trip, or providing the reporter with a class participant to profile (see next tip). We recommend calling the news assignment editor first.
- **TV reporters want to put a human face with the story.** Your chances of placing a story on TV will greatly increase if you have a past or current participant who is willing to be interviewed on television about why s/he enrolled in the program and how it has helped him/her.
- **You still need a press release!** When calling any media, whether it is TV, radio, or print, you should always have a press release ready to send the reporter or editor when you call.
- **If they won't do a full story, they may announce a brief news item during the news hour.** If you are trying to recruit participants and you don't have a good visual or a participant profile, pitch the information as a news brief. Explain to the TV reporter or editor that a session is beginning, and you're trying to get the word out that there is still space available. You may be able to get the station to run a news item with a phone number for interested people to call.
- **If there is a local cable access station, find out if they accept public service announcements (PSAs).** Adapt the PSA in this tool kit for your site. The cable access station may be able to run the PSA in between programming on the station. Also, some stations have a running community calendar where they post information about new programs in the area. (Refer to *PSAs* on the next page for tips.)

Media Materials

Press Releases

The press release is a basic tool for communicating with the media. It can be used when pitching almost any type of media story, including a news or feature story, a television or radio story, or a public affairs show interview.

- Press releases, or media releases, tell your story in a newsworthy way from your point of view.
- In your case, the press release is telling a reporter what *Your Money & Your Life* is, why the classes are important, when they are happening, and whom the program involves and affects.
- You will find a sample press release on p. 3 to adapt when pitching the *Your Money & Your Life* program.

Basic facts about the press release:

- One to two pages in length
- Well-written in a journalistic style, but from your point of view
- Most newsworthy information in the headline and the lead sentence
- Should be on your organization's letterhead
- Must list a contact person and a number where s/he can be reached
- Must be dated
- Can be part of a bigger news packet, which contains additional information about the program such as fact sheets, profiles, or backgrounders
- Should be followed up with a phone call if you fax, email, or mail before talking to a reporter directly

How to use your press release to place a news or feature story:

- Tailor the sample press release on the disk for your program
- Identify the appropriate reporter to pitch the story. We suggest approaching the business editor or the metro editor.
- Prepare your pitch before you call. (See *How to Pitch a Reporter*, p. 13 and *Sample Pitch*, p. 14.)
- Email or fax your press release to the reporter as soon as you get off the phone. Send the fact sheet if they request additional materials. (See *Background Materials*, p. 20.) Follow up in the next day or two to find out if s/he is interested.

Media Materials

Public Affairs Shows

Public affairs shows are radio or television talk shows that are often focused on local events or organizations. The show's host usually has different guests on each week and, many times, these shows are good for nonprofit stories.

What you need to get on a public affairs show:

- Prepare your press release and background materials before calling. (Refer to *Press Releases*, p. 1, and *Background Materials*, p. 19.)
- Identify a couple of people who can talk about *Your Money & Your Life*. A current or past student and the class instructor would be good guests for a public affairs show.

How to place an interview on a public affairs show:

- Call your local radio and TV stations to find out if they have any public affairs shows. Find out who the contact person is for the show. It's usually the producer or host.
- Once you have your materials and possible interviewees identified, call the appropriate person. Make sure you have your press release handy!
- Refer to the sample pitch below and *How to Pitch a Reporter* on p. 13 before calling.
- If the producer or host is interested, make sure to send the materials right away. Follow up in two days to find out if s/he is interested.

Sample public affairs show pitch:

Hi, my name is Lisa Smith with the Better World Group. I'm calling to suggest a guest for your show. Do you have a minute?

My organization is offering a free financial education program for low-income adults next month. The classes are part of a statewide effort to improve financial skills, savings, and ownership.

-more-

I thought you might be interested in having one or more of our students or the class instructor on your show to talk about the importance of financial education.

Mandy Brown, who recently graduated from the program, has a great story about how the program really changed her financial outlook.

Does this sound like something you'd be interested in?

Media Materials

Public Service Announcements (PSAs)

A public service announcement (PSA) is a written announcement describing your program or event. Most PSAs are submitted to TV or radio by nonprofits and are a free way to get information about your program on the air. PSAs are written exactly as you want them to be read on the radio or television by the announcer.

What you need to know about PSAs:

- Like calendar items, PSAs need to be short and include the vital information: who, what, when, where, why, and contact information. They are usually 15, 30, or 60 seconds long.
- Radio stations are required to run a certain number of nonprofit PSAs, so make sure to mention that your organization is a nonprofit when you call to pitch the PSA.
- Use the first couple of lines of a PSA to grab the listener's attention.
- Your chances of placing a PSA on the radio are much greater than placing a PSA on TV. You may be able to place a PSA on your local cable access station, but the chances of placing it on the local evening news are smaller. You're better off pitching the *Your Money & Your Life* program as a news brief or a story for local TV news. (See *Placing a Story on TV*.)

How to place your PSA:

- There is usually a designated person at the station who handles all PSAs. Try to find out who that person is. (This is often the public service director in larger media markets.)
- Adapt the PSA on your disk and refer to the sample PSA. Although it may look unusual, the sample PSA is in a standard format.
- Refer to *How to Pitch a Reporter* and the sample PSA pitch on the next page before making your call.
- After you talk to a reporter, send the materials as soon as you get off the phone.
- Remember to follow up with the reporter in the next day or two after you've sent the materials to make sure s/he received it and to find out if the station will be able to use the PSA.

-more-

Tips on placing PSAs:

- Radio and TV stations usually have a long lead-time before PSAs will run. Try to place your PSA three to five weeks prior to beginning the *Your Money & Your Life* session. The earlier you place the PSA, the better.

Sample PSA pitch:

Hi, my name is Joe Brown with the nonprofit Better World Group. I'm calling because we're offering free financial education classes for low-income adults and young parents, and there are still spaces available. We don't want people in DuPage County to miss out on this opportunity. I was wondering if you'd be willing to run a PSA to let people know about these classes?

(If they say 'yes,' or 'maybe':)

Great, I can fax or email you a copy of the PSA we've put together. Which do you prefer? *[Be sure to get their fax number or email address.]*

Would tomorrow be a good time for me to follow up with you to see if you can use the information?

Thanks for your help.

Media Materials

Background Materials

Background materials give in-depth details about a program or organization that usually aren't found in a press release, calendar item, or PSA.

Different types of background materials include:

- Fact sheets – These help the reporter better understand the program you're promoting. You will find a *Your Money & Your Life* fact sheet on the next page that gives details about what the class entails, why it was started, its goals, and the evaluation results.
- List of funders/supporters – Supporter lists recognize the people or organizations funding a program or event.
- Profiles of people affected by the program – A profile tells the story of someone who has been affected by the program you're promoting.
- Backgrounder on your organization – This may be in the form of a brochure or one-pager. It is something that helps a reporter understand the goals and history of your organization.
- Charts and graphs – Include charts or graphs if you're releasing a story that is data intensive, such as a study or report or a summary of the FLLIP evaluation results and sample participant quotations.

How to use background materials when placing your story:

- If you call a reporter to pitch the *Your Money & Your Life* story, s/he may ask you for more information than just the press release or PSA. If so, you can also send him/her the fact sheet and supporter list. You will find samples on the following pages.
- Sending the supporter list is always a good idea. Not only does it give credit to your funders in media coverage, but it also raises the credibility of the program when a reporter sees a long list of prominent foundations, banks, government agencies, and nonprofits supporting the program.
- If a reporter asks questions about the FLLIP coalition, *Your Money & Your Life*, or The Sargent Shriver National Center on Poverty Law that you're unable to answer, feel free to refer him/her to Dory Rand, FLLIP Coordinator, at 312-368-2007.

Media Materials

Sample Public Service Announcement (PSA)

(Your letterhead here)

PUBLIC SERVICE ANNOUNCEMENT

CONTACT: [Name], [Organization]
[Phone number]

Start date: **[First date PSA can be aired]**
End date: **[Last date PSA can be aired, i.e. the day before session starts]**

FREE FINANCIAL EDUCATION CLASSES BEING OFFERED
IN [CITY]

Reading time: 30 seconds

Do you dream of
owning a home? Do you
want to get out of debt?
Do you wish you could
save money?

You can achieve
your goals! Sign up
today for the free
program, *Your Money &
Your Life*, sponsored by

[local group] and
Financial Links for Low-
Income People.

At these free
classes for low-income
adults and young
parents, you will
receive financial
pointers, learn how to
manage debt and credit,
and discover helpful
hints on how to save
money and open bank
accounts.

[A new class begins
OR An orientation
session is being held]
[date] at **[time]** at the
[location], and there is
still space available.
Please call **[phone
number]** for more
information or to sign
up today.

*[Depending on your
program, use a sentence
like the following:*

Childcare and
transportation
assistance are
available.] Once again,
that number is **[number]**.

Media Materials

Sample Calendar Item

(Your letterhead here)

For More Information:

[Name], [Organization]

[Phone number]

Free Financial Education Program in [City] Helps People Achieve Financial Goals

[Date of first class] - A statewide financial education program designed to help low-and moderate-income adults and young parents get the skills they need to effectively manage their money is being offered in **[city]**, thanks to a partnership between **[organization]** and Financial Links for Low-Income People (FLLIP), a statewide coalition coordinated by the Sargent Shriver National Center on Poverty Law.

The free classes begin **[day of the week]**, **[date]** at **[time]** and will be held at **[location]**, **[address]**. Registration and orientation will be held on **[date]** at **[time]** at **[location.]**

The program, ***Your Money & Your Life***, helps low- and moderate-income people learn important financial skills, including how to:

- Manage debt and establish good credit
- Save money for a home, business, education, or car
- Avoid predatory lending
- Receive the Earned Income Tax Credit
- Use services offered by mainstream financial institutions

[City or county] residents interested in enrolling in the classes or learning more about *Your Money & Your Life* should call **[contact person]** at **[phone number]**. **[Add a sentence here depending on your site's capabilities, for example: Childcare and food will be provided.]**

Media Materials

Sample Faith-Based Bulletin Announcement

(Your letterhead here)

Contact:

[Name]

[Phone number]

Achieve Your Goals Through a New Financial Education Program

[Community organization] has launched a [new] financial education program for low-income adults and young parents. You can sign up for the free classes today! Through the program, you will receive helpful advice and discover new ways to achieve your financial goals.

The *Your Money & Your Life* curriculum offers low- and moderate-income people a chance to learn the skills they need, including how to:

- Manage debt and establish good credit
- Save money for a home, business, education, or car
- Avoid predatory lending
- Receive the Earned Income Tax Credit
- Use mainstream banks and credit unions

Join the program today and start saving for your future. For more information, please call [name] at [phone number]. [Add a sentence here depending on your site's capabilities, for example: Childcare and food will be provided.]

Media Materials

Sample Pitch

Hi, my name is Ian Brown and I'm calling on behalf of the Better World Group. I'm calling to suggest a story idea. Do you have a minute?

What's happening is that a new financial education program is being offered in Rockford. The program provides free classes to low-income adults and young parents who want to learn how to effectively manage their money.

The class is part of a statewide movement to increase financial skills, savings, and assets. It's being backed by a coalition that includes the Illinois Department of Human Services, Grand Victoria Foundation, community groups, and local banks and credit unions.

The first class begins on May 3, and there are still spaces available. *[If the class you're pitching is not your group's first class, you can replace the previous sentence with the following: We're offering these classes (monthly, quarterly, every other month), and this session's classes begin on May 3. There are still spaces available for people interested in financial education.*

Does this sound like something you'd be interested in?

(Gauge their interest by their reply. If they say no, ask if they will consider running the calendar item. If they say yes or maybe:)

Would you like me to fax or email you the press release? I also have a fact sheet I can send you.

Is it okay if I follow up with you in a couple days to see if you're able to cover the story?

Thanks for your time.

Media Materials

Sample Press Release

(Your letterhead here)

For Immediate Release

[date]

For More Information

[contact name], [organization]
[phone number]

[City or Organization Name] Hosts Program Helping Low-Income Families Learn Much-Needed Financial Skills

[Name of Your Organization] Partnering with Statewide Coalition

[City, IL] – A statewide financial education program designed to help low-income adults and young parents get the skills they need to effectively manage their money is being offered in [city], thanks to a partnership between the [organization] and Financial Links for Low-Income People (FLLIP), a statewide coalition coordinated by the Sargent Shriver National Center on Poverty Law.

In an effort to reach as many people in the community as possible, [organization] wants to alert people that there is still space available in the program, which will begin [date].

The FLLIP financial education program uses the *Your Money & Your Life* curriculum developed by the University of Illinois and the FLLIP coalition. Major funding is provided by the Illinois Department of Human Services and the Grand Victoria Foundation.

“This course helps low-income [name of city or county] adults develop the skills they need to be financially self-sufficient,” said [instructor], [title] at [organization] and instructor for the class. “There are still spaces available, and we don’t want people to miss this great opportunity.”

The course – created by a coalition of financial institutions, government agencies, advocates, and adult educators – is part of a growing trend of programs designed to help low-income people facing welfare time limits, economic downturns, and challenges such as predatory lending, high-cost check-cashing services, and a lack of familiarity with traditional financial institutions.

The program is being offered at [location] as well as over a dozen additional statewide locations. The *Your Money & Your Life* curriculum helps low-income adults and young parents learn the skills they need, including how to:

- Manage debt and establish good credit
- Save money for a home, business, education, or car
- Avoid predatory lending
- Receive the Earned Income Tax Credit
- Use mainstream financial institutions

(more)

Low-income adults and young parents often operate outside of the economic mainstream and lack information that could help them make sound choices with their money. As a result, they are particularly vulnerable to payday loans and other kinds of predatory lending, high-cost check-cashing services, and the financial crises that can occur when families don't have savings.

Results of a comprehensive evaluation of the FLLIP program led by the University of Illinois showed that graduates achieved significant knowledge gains, improved their financial habits, and began planning better for the future. For example, 75 percent of graduates saved more, 85 percent changed their household budgeting practices, 38 percent opened a checking account for the first time, and 42 percent made a long-term investment such as home purchase or retirement savings. Almost all participants rated both the quality of the training and the performance of the trainer as excellent or good.

[Optional insert of your organization's mission statement or reason for offering FLLIP classes.]

The Shriver Center, a national resource, champions law and policy promoting equal opportunity and support for low-income individuals, families, and communities so that they can escape poverty permanently. The Shriver Center's Community Investment Unit is dedicated to increasing economic prosperity and self-sufficiency for low-income individuals and communities through financial education, asset building, asset protection, and access to mainstream financial institutions.

[Name of city or county] residents interested in participating in the financial education classes should call [contact] at [phone number].

###

Media Materials

Your Money & Your Life Fact Sheet

(Your organization's and FLLIP's letterhead here)

Building financial skills for low-income people

To help adults and young parents learn the skills they need to make sound financial decisions, the Financial Links for Low-Income People (FLLIP) coalition has developed and administered a financial education program, *Your Money & Your Life*. The 12-hour course is currently being delivered at over a dozen sites throughout Illinois, including [your organization]. Since its inception, over 2,000 low-income people have graduated from the *Your Money & Your Life* program, and that number keeps growing.

Financial education helps low-income families handle their money

“Financial ...education may help to prevent vulnerable consumers from becoming entangled in some types of financially devastating credit arrangements.”

- *Federal Reserve Board Chairman Alan Greenspan*

Low-income families need opportunities to learn about finances

Higher income families have a wealth of information available to them about financial planning, but low-income families often operate outside the economic mainstream. Financial education helps low-income families learn the skills they need to create spending plans, protect themselves from predatory lending, establish good credit, received Earned Income Tax Credit, and make good use of the services offered by mainstream financial institutions.

Low-income families are at risk of financial crises

The high level of personal debt and low level of saving experienced today pose potential risks for all families, but low-income families are the most vulnerable to economic crises. Financial education helps people learn how to avoid common pitfalls and plan for their future.

Financial education helps families connect with traditional financial institutions

Low-income persons without bank accounts are twice as likely to use the high cost services of currency exchanges or check cashers. Check cashers charge four to six times more for their services than banks. Even when families understand the higher costs, mistrust and misunderstanding of financial institutions can keep families out of banks. The *Your Money & Your Life* program helps bridge these gaps. Through FLLIP, banks and credit unions have partnered with nonprofit groups throughout Illinois to offer financial education classes.

FLLIP Evaluation proves program works

A two-year evaluation of the FLLIP program conducted by the University of Illinois showed that participants made significant knowledge gains and positive changes in money management. For example, 85 percent changed household budgeting practices, 75 percent saved more, 18 percent accessed job benefits they learned of in class, and 40 percent used payday loans less. Over one third of the participants opened a savings or checking account for the first time, and many began to save for a home, a car, and other long-term goals.

The Sargent Shriver National Center on Poverty Law, a Chicago-based nonprofit organization, coordinates the FLLIP coalition and administers the Your Money & Your Life financial education program. Major funders include the Illinois Department of Human Services and the Grand Victoria Foundation.

Retention

Partnering with Local Financial Institutions

One of the best ways to retain participants is by offering them an incentive to remain in the class and to graduate. A great way to do this is to work with a bank or credit union in your area to open savings or checking accounts for all graduates. The first key is to develop a relationship with a local financial institution, and one of the best ways to do this is to understand the Community Reinvestment Act.

The importance of the Community Reinvestment Act (CRA):
The CRA is a law that states, “Financial institutions have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered, including low- and moderate-income and minority communities.”

This is important for you to know because banks receive a CRA rating, and banks can improve their CRA rating by participating in activities related to financial education for low-income people. Knowing this information can be a powerful tool for getting the help you need to create a sustainable financial education program.

You will find an entire chapter about CRA and how it works in the back of this Tool Kit!

How can financial institutions help your FLLIP Financial Education Program?

- Provide funds for food or childcare.
- Provide freebies or prizes like calculators.
- Host field trips to the bank for participants.
- Offer employees to speak about how financial institutions work and how to shop for products.
- Provide the physical space for the classes.
- Offer products to participants, like affordable checking and savings accounts for graduates. Some banks may waive the minimum balance requirement or provide \$10 for each graduate to open an account.

Certificate of Completion

This certificate is awarded to

In recognition of the Financial Links for Low-Income People
(FLLIP) Financial Education Program

Completion date: _____

Signature

Date



FLLIP

Financial Links for
Low-Income People



**SHRIVER
CENTER**

Sargent Shriver National Center on Poverty Law

Retention

Financial Education Skits

Avoiding Money Traps Skit Pre-Financial Education Class

Woman sitting at home. KNOCK KNOCK on the door. Woman gets up and answers door.

Door-to-door salesperson: Hi, I'd like to offer you a special deal we're having for selected customers. Right now, for a limited time, I'm offering you a brand new TV. No money down and no payments for a year!

Woman: Well, I do need a new TV, and that sounds like a pretty good offer. What do I have to do?

Door-to-door salesperson: Just sign right here (*holds out piece of paper and a pen*) and we'll deliver the TV tomorrow!

Woman: Okay, well how much is the TV?

Door-to-door salesperson: Only \$300 and like I said, you don't have to pay any of that for a year!

Woman: Alright. (*Signs paper.*) When do I get the bill?

Door-to-door salesperson: Well, the bill will come each month, but like I said, you don't owe us anything for an entire year. Just pay us then. (*Hands the woman a stack of papers.*) Here's your copy of the contract.

Woman: Okay. And you're sure I don't have to pay for a year?

Door-to-door salesperson: That's right ma'am. Enjoy your TV and have a good day.

Someone holds up a sign that reads ‘ONE YEAR LATER.’

Woman is sitting at home watching TV. She opens an envelop that is the bill for the TV.

Woman: What is this?!?!? This bill says I owe \$660 for this TV! I thought it was only \$300! (*Picks up the phone and calls the number on the bill.*) RING RING

Voice of door-to-door salesperson: Hello.

Woman: Excuse me, you told me this TV was only \$300. I just got a bill for \$660. You lied to me.

Voice of door-to-door salesperson: Oh no ma’am, I’m sorry. You must not have read the contract you signed. The TV was only \$300 if you paid for it up front. Since you didn’t pay for any of it during the first year, it’s now \$660.

Woman: But I don’t understand how that can be.

Voice of door-to-door salesperson: Well, if you had read the fine print, it says right there what the APR is, and now that you haven’t paid for a year, you’re paying the full amount.

Woman: What’s an APR?

Voice of door-to-door salesperson: I’m sorry ma’am, but you do have the contract I gave you that you signed, correct? If you had just read the contract...

Woman: But, it was so confusing, and you said I didn’t have to pay –

Voice of door-to-door salesperson: Ma’am, you’ll have to make the payment. Have a good day. CLICK (*Hangs up phone. Woman left holding bill.*)

Avoiding Money Traps Skit Post-Financial Education Class

Woman sitting at table balancing her checkbook with her calculator. KNOCK KNOCK on door. Woman gets up and answers door.

Door-to-door salesperson: Good afternoon. I wanted to let you know that you've been selected for a very special offer. I'm offering you a brand new television for \$300, and you don't have to make any payments for a year!

Woman: No, I don't think so. *(Starts to close the door.)*

Door-to-door salesperson: But ma'am, this is a deal you can't refuse. You don't have to make any payments for a year. *(Holds up a piece of paper.)* Just sign here, and we'll deliver the TV tomorrow.

Woman: Let me see that. *(She grabs the stack of papers from the lender and flips through it.)* It says here that the TV is \$300 if I make all payments up front. You're trying to scam me. What's actually going on here is that if I don't make any payments like you're telling me, the interest rate on this TV will go through the roof. *(Looks closer at the paper.)* It says right here that the interest rate is 10 percent EVERY month. Do you know how much money that it?

Salesperson looks baffled and speechless.

Woman: It means that the APR is *(grabs calculator off table and starts punching in numbers)* 120 percent! I would end up owing \$360 in interest alone. Add the cost of the TV to that and that's \$660 I owe you in a year when I have to make my first payment. More than double the original cost of the TV!

Door-to-door salesperson: *(Stammering)* Well, um, that's what I meant. You should pay it in the next year and then that's, yeah, a good deal. I didn't mean that you should, um, wait, and that is expensive in a year and...

Woman: Get out of my neighborhood. Good-bye. *(Shuts door)*

Retention

Keeping Your Money & Your Life Participants Interested

Below you'll find some tips and advice on how to make your classes successful. This information has been gathered from instructors who have had successful graduation rates in their classes.

1. "Hold an orientation session before classes begin to meet the students and make them feel comfortable." (See p. 28 for some orientation session ideas and p. 33 for skits.)
2. "When a potential Your Money & Your Life student calls, let the person speak to the instructor. This way students can begin to trust the instructor, and if the student trusts the instructor, he or she is likely to take the class more seriously and stick with it to graduation."
3. "Hold personal interviews with the participants before classes start so they can get to know you."
4. "Have students fill out their paperwork before classes begin so you can jump right into the material at the first class. This can be accomplished at the orientation or in one-on-one meetings."
5. "Most people I've taught like the classes to be held at night because it fit their schedules better."
6. "Snacks and drinks are always a good idea."
7. "If TANF recipients are enrolled, don't hold the class at the IDHS office."
8. "From the moment classes begin, make the participants feel involved by asking questions and encouraging them to speak up. Let them know that you want to hear their opinions and questions."
9. "Hold a 'Bring a Buddy to Class' session where participants can bring a friend or family member. This is a great way to begin recruitment for the next class, and students enjoy bringing a friend to see what they're learning."
10. "Group class participants into 'affinity' groups with similar characteristics to work on group activities and to be a 'mini-support' group."
11. "I like to reimburse for half of the transportation and childcare midway through the session and reimburse for the other half at graduation. This is a good incentive to keep people from dropping out."
12. "Give participants assignments at the end of each class. Active assignments such as coupon clipping and comparison-shopping seem to be class favorites. I also think homework assignments make the students feel responsible."

13. "You have to be flexible. If someone missed a class, allow him or her to reschedule for the next session. I ask returning students to attend the orientation again and tell everyone why they came back to finish the classes. Oftentimes, the best recruiters are the people who have already started the classes."
14. "It is important to explain to potential participants why they need this class and why it should be important to them."
15. "Provide small incentives along the way or one big incentive at the end, such as opening a bank account. We partnered with a local bank to start opening accounts for all of the graduates, and students were really excited to open those accounts." (See *Partnering with Local Financial Institutions* on p. 32.)
16. "Jazz up the graduation. Make sure to give each participant a graduation certificate. If you can, create a graduation ceremony and present each certificate individually to reinforce the importance of what these students have accomplished through the classes." (Sample certificate in plastic sleeve.)
17. "People sometimes feel that free things aren't worth anything. Try charging a deposit of \$20 to take the class. Hold this deposit. If the participant graduates, return it or tear it up if it is a check. If not, keep it."
18. "On the first day of class, describe in detail what they will learn. Also describe what incentives you will give them if they come to class and if they graduate. Tell them upfront what they get out of it besides the knowledge."

Retaining Class Participants

Once you've tackled the tough task of recruitment, you have to turn your attention to retaining *Your Money & Your Life* participants.

In this section, you'll find some tips and ideas on how to retain participants:

- Keeping *Your Money & Your Life* Participants Interested, p. 30
- Partnering with Financial Institutions, p. 32
- Financial Education Skits, p. 33 – These can be used at the orientation session or the first class to loosen people up.
- Certificate of Completion (in plastic cover)

CRA and Sustainability

Prepared by the Sargent Shriver National Center on Poverty Law*
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***Overview:** It takes a lot of work to start a financial education program, but in order for it to have long term, maximal results, it also needs to be sustainable. By sustainable, we mean that it needs to eventually be able to run smoothly, continuously, and with minimal manpower. Perhaps most importantly, it also needs to be financially sustainable. This financial stability can often be very difficult to establish. In most cases, community based non-profits (the target audience for this chapter) do not have the resources (financial or human capital) to fully run a financial education program on their own. One tool to aid in the survival of a financial education program is the Community Reinvestment Act, a law that can make running a sustainable financial education program feasible. This document reflects the final CRA rules effective as of September 1, 2005.*

In this chapter you will learn:

- *Why federally insured financial institutions are obligated to serve low- and moderate-income individuals and communities.*
- *Who makes sure that financial institutions are serving low- and moderate-income communities and how they determine if a community's needs are being met.*
- *How you can get a financial institution's help in running your financial education program for low- and moderate-income individuals.*
- *What reporting is required if you receive a grant of over \$10,000 from a financial institution.*

I. CRA Basics

It makes sense that one source of support for a financial education program is local financial institutions (banks and credit unions). Each person or organization deals with money and fundraising in a different way. It may be intimidating to approach a bank for help with your program. You might not know whom to talk to at a bank or what to ask for from the bank. However, this doesn't have to be the case. In this chapter, we outline why banks should help you with your financial education program and how they are either rewarded or penalized by the agencies that monitor their business according to how well banks serve the needs of low- and moderate-income individuals in their communities.

* Originally prepared by Catherine Roberts in 2002. Updated by Ian Gardiner in October 2005. For more information, contact Dory Rand, Sargent Shriver National Center on Poverty Law, 50 East Washington St., Suite 500, Chicago, Illinois 60602, Tel. (312) 368-2007, Fax (312) 263-3846, email: doryrand@povertylaw.org, Web site: www.povertylaw.org.

Why should a bank help me?

In 1977, Congress passed a law called the Community Reinvestment Act (CRA) stating that “Financial institutions have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered, including low- and moderate-income and minority communities.” (CRA statute, see 12 USC 2901; Title VII of Pub. L. 95-128, 91 Stat. 1147; Woodstock Institute PowerPoint Presentation) Basically, this means that federally insured (FDIC) financial institutions are required *by law* to serve everyone — not just individuals with large incomes or good credit histories.¹ These CRA rules were updated and changed in significant parts, and effective as of September 1, 2005.

Congress enacted the CRA in response to banking “redlining” (discrimination due to income or race) to minimize and curtail such activities and to encourage banks to bring low- and moderate-income individuals into the financial mainstream. In fact, the law does more than just encourage banks to participate in positive activities; it actually requires that banks provide certain lending, services, and investments in their entire assessment areas. The requirements vary by type of bank and regulator.

Typically, each bank determines the geographic boundaries of their assessment area. However, assessment areas must include the areas where a bank has its main office, branches, and deposit-taking ATMs, and may not reflect illegal discrimination nor arbitrarily exclude low- and moderate- income geographies. In determining discriminatory practices, CRA examiners will consider the provision and availability of services in low- and moderate-income areas. There are many cases in which discriminatory or other credit practices have violated an applicable law, rule or regulation. These include, but are not limited to: Equal Credit Opportunity (ECOA), Fair Housing Act, Home Ownerships and Equity Protection Act (HOEPA), Unfair or Deceptive Credit Practices in violation of Section 5 of the Federal Trade Commission Act, Section 8 of RESPA, and Truth in Lending Act (Reg Z) provisions regarding right of recession.

This means that the FDIC-insured financial institutions in your community are required by federal law (the CRA) to help the members of your target audience (low- and moderate-income individuals). You and your community have the right to hold banks accountable for the level and extent of community investment and how well banks respond to your community development needs.

Who makes sure that financial institutions follow the CRA?

In order to make sure that banks comply with the CRA, they are periodically required to go through CRA “exams.” Depending on the characteristics of the bank, each bank is watched by one of four federal regulatory agencies. Each of these agencies is responsible for regulating the activities of banks, and part of their responsibility is to do a needs assessment in the community and see if the banks are meeting those needs in compliance with the CRA. Each banking agency regulates a different type of bank.

¹ Even though the CRA does not apply to credit unions or non-federally insured financial institutions, most banks are federally insured and so chances are that the CRA will apply.

A list of the four federal regulatory agencies and the types of banks each one regulates appears below. (Marsico, 135)

| Regulatory Agency | Type of banks regulated |
|--|--|
| Board of Governors of the Federal Reserve System (Federal Reserve) | State-chartered banks that are members of the Federal Reserve System |
| Federal Deposit Insurance Corporation (FDIC) | State-chartered banks and savings banks that are not members of the Federal Reserve System |
| Office of Thrift Supervision (OTS) | Savings associations whose deposits are insured by the FDIC |
| Office of the Comptroller of Currency (OCC) | National banks |

How do the regulatory agencies make sure that financial institutions are following the CRA guidelines?

One of the four regulatory agencies conducts a CRA exam for each bank to make sure that it is in compliance with the law. These exams vary depending on the type of bank in question. There are two times when a CRA exam is given:

- 1.) When conducting a periodic performance examination (a “PE”) of a bank’s CRA record

OR

- 2.) When considering a bank’s application to expand its business (an application to obtain a charter, obtain deposit insurance, establish a branch, relocate a home office or branch, merge with another bank, or obtain the assets or assume the liabilities of another bank). (Marsico, 137)

Since 1995, the CRA exam system has emphasized bank performance in making loans rather than the bank’s process for complying with CRA. (NCRC; Woodstock ppp) At the end of the exam, the regulator gives the bank one of four ratings based on its compliance with the CRA guidelines: Outstanding, Satisfactory, Needs Improvement, or Substantial Non-compliance.

Since 2005, the CRA regulations recognize four types of banks and establish different criteria for evaluating their CRA performance. On the next page you will find the different types of banks and the criteria the regulatory agencies look at when evaluating them.

| Type of Bank | CRA criteria used by regulatory agency |
|---|--|
| <p>Large Banks and Thrifts (at least \$1 billion in assets)</p> <p>Note: Large thrifts regulated by OTS have the option to eliminate the service and/or investment tests and to give different weights to the tests under rules effective April 1, 2005.</p> | <p>Graded according to up to three separate tests, the scores of which are compiled to give an overall rating:</p> <ol style="list-style-type: none"> 1. <i>The Lending Test (this test generally is given 50 percent weight or twice as much weight as the other two tests):</i> This test looks at the number and dollar amount of loans, the amount of lending in the assessment area, the geographic distribution of the loans, the distribution of loans across borrowers of various income levels, community development lending, and how innovative and flexible a bank’s lending practices are. (Woodstock ppp) 2. <i>The Service Test (generally 25 percent weight):</i> This test looks at a bank’s record of opening and closing branches, the effectiveness of bank marketing and implementation of products, technical assistance and support provided to communities, and any innovative services it might have. Banks can get credit under this portion of the test for helping with your financial education program. 3. <i>The Investment Test (generally 25 percent weight):</i> This test looks at grants and investments to community organizations for affordable housing, economic development, and other community projects. (Marsico, 145) Banks can get credit here for financially supporting your financial education program. |
| <p>Intermediate Small Banks (between \$250 million and \$1 billion in assets.² Note: this category applies to banks regulated by the Federal Reserve, FDIC, and Office of the Comptroller of the Currency, but not to banks regulated by the OTS).</p> | <p>Graded using two separately rated tests:</p> <p>Note: In order to pass their CRA exam, intermediate small banks must have at least a Satisfactory rating on both tests.</p> <ol style="list-style-type: none"> 1. <i>Community Development Test:</i> This test is fairly flexible according to new CRA rules and looks at community development loans, qualified investments, and community development services. There are no separate tests for Investments and Services. Banks can get credit under this portion of the test by branching in low- and moderate-income areas, and by providing low-cost checking accounts and low-cost remittance services. However, it is important to note that under new and final CRA rules, intermediate small banks are no longer required to collect and report small business, small farm, and community development lending data to the public. Nevertheless, examiners will continue to evaluate bank lending activity in the CRA examinations of intermediate small banks and disclose results in the public evaluation. 2. <i>Small bank lending test:</i> see below for details. |

² The specific asset size threshold is: ≥ \$250 million as of December 31 of prior two calendar years, and < \$1 billion as of December 31 of either of prior two calendar years (annually adjusted based on Consumer Price Index).

| | |
|---|--|
| <p>Small Thrifts (thrifts regulated by OTS with less than \$1 billion in assets without regard to holding company affiliation)</p> <p>Note: Effective October 1, 2004.³</p> | <p>Mid-sized thrifts no longer have the investment and service tests for mid-size thrifts were eliminated. Mid-sized banks no longer report CRA small business, small farm, or community development lending data. Mid-sized thrifts now have a streamlined CRA exam, which consists only of the lending test.</p> |
| <p>Wholesale or Limited Purpose Bank (“A wholesale bank is a bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers. A limited purpose bank is a bank that offers only a narrow product line to a regional or broader market.”⁴)</p> | <p>Graded according to three separate criteria:</p> <ol style="list-style-type: none"> 1. Total number and dollar amount of community development loans, investments, or services 2. Innovativeness, complexity, and unique nature 3. The bank’s responsiveness to community development needs |
| <p>Small Banks (under \$250 million in assets) Note: this category applies to banks regulated by the Federal Reserve, FDIC, and Office of the Comptroller of the Currency, but not to banks regulated by the OTS</p> | <p>Graded according to five separate criteria:</p> <ol style="list-style-type: none"> 1. Reasonableness of average loan-to-deposit ratio 2. Percentage of loans in assessment area 3. Record of lending to borrowers of different income levels, small businesses, and farms 4. Geographic distribution of loans 5. Responsiveness to complaints (NCRC; Marsico, 145) |

Each bank is evaluated according to its type and then given an overall rating of “Outstanding,” “Satisfactory,” “Needs Improvement,” or “Substantial non-compliance” according to how well the financial institution meets the needs of the community as determined by the needs assessment conducted earlier by the CRA examiner.

Finally, a bank may choose to be evaluated under the “strategic plan option.” With this option, a bank “defines for itself what constitutes a satisfactory CRA performance. A strategic plan must be in writing, contain measurable goals, and address lending, investment, and services. A bank that wishes to be evaluated according to the strategic plan option must submit its plan to its federal banking agency for approval prior to adoption. Before the bank submits its plan to its federal banking agency for approval, it must seek public comment on the plan.” (Marsico, 145) Although the “strategic plan

³ Federal Register, Volume 69, No. 159, August, 18, 2004, pp. 51155-51161

⁴ Richard D. Marsico, *Enforcing the Community Reinvestment Act: An Advocate's Guide to Making the CRA Work for Communities*, 27 JOURNAL OF HUMAN RIGHTS, pt. 1 (2001)

option” can be attractive to banks since it allows them to set their own guidelines, it takes a lot of work to put together an acceptable “strategic plan” and so very few banks use this option.

Why should a bank care about its CRA rating?

There can be penalties or benefits for financial institutions depending on how well they score on the CRA exams. If a bank receives a good score, it will not be evaluated as often (there are guidelines that determine how often each type of bank is evaluated). If the bank is applying to expand its business, regulatory approval is likely to go faster and smoother for banks with higher CRA scores. If a bank receives a poor rating, however, it can be evaluated more often. Even more seriously, a less than satisfactory CRA rating may be the basis for denying a bank the approval needed to expand its business (*e.g.*, a merger or acquisition) or for making approval conditioned upon the bank agreeing to improve its CRA record. (Marsico, 146) “Poor CRA ratings do not result in immediate sanctions for a lender, but can curtail a bank’s future plans for service changes or merging with other financial institutions.” (NCRC website)

II. Making the CRA and banks in your community work for you

Although a bank’s CRA rating may not seem to have many consequences for running a financial education program, it can be a powerful tool for getting the help you need to create a sustainable program. Although some banks are ambivalent about their CRA ratings (especially banks who aren’t looking to expand their business), most banks are eager to maintain a good rating if they have one and improve a poor rating if they received one on a periodic examination. One of the ways in which banks can improve their rating is by participating in activities related to financial education. These activities may include direct support to your financial education program. By helping financial education programs, financial institutions can receive credit under the service, investment, and community development portions of the CRA exams. Remember, it is a *law* that banks must provide financial services and participate in activities that serve low- and moderate-income (LMI) communities. In other words “it is not enough for a bank simply not to redline LMI neighborhoods. Instead, a bank must actually do something to meet the credit needs of LMI neighborhoods.” (Marsico, 131) Implementing the CRA will depend on the level of community group activism and consumers holding agencies accountable for the degree of community development.

Recent CRA rule changes expand the definition of community development to include activities that revitalize or stabilize designated disaster areas and distressed or underserved rural areas. Federal agencies and regulators do this by focusing on specific census tracts and using what is called the CDFI (Community Development Financial Institutions) Fund definition to determine whether a rural census tract is “eligible” for this focused support. If you live or work in a rural, non-metropolitan area and would like to see if your community is within an “eligible” census tract, the Federal Financial Institutions Examination Council (FFIEC) posts a list every year on its website, www.ffiec.gov/cra.

So, encouraged by the CRA guidelines, financial institutions in your neighborhood may be more open to helping you with your programs than you might think. At this point, you may be a little confused as to how to use the CRA as a tool to

leverage help with your financial education program. Although it is a good first step to know about this law, it will take a few more steps to truly make it work for you. It will take some time, effort, and persistence to make CRA work for you, but it is not a hard process and the results (a sustainable financial education program) can be extremely rewarding.

Step 1: Educate yourself

The first step to making CRA work for you is to educate yourself. Reading this chapter is a good way to start, but it is only a brief overview. For more information on the Community Reinvestment Act, consult the references at the end of this chapter.

Step 2: Research the bank

Once you feel comfortable with the CRA, it is time to look closer to home. At every federally insured bank there is a “CRA Public File.” “The public file must be at the bank’s main office and at least one branch office in each state if the bank is an interstate bank. If the public file is not at a particular branch office, the bank has five calendar days to make it available at a particular branch office in response to a request from a citizen.” (NCRC Web site) There are two ways to get hold of a bank’s public file: (1) go to the bank and ask to see the file; or (2) make an appointment to see the file. The bank is REQUIRED by CRA guidelines to show you its public file if you ask to see it.

The public file “contains at least six types of documents: all written comments received from the public in the current calendar year and the two previous calendar years relating to the bank’s CRA performance; the bank’s most recent CRA performance evaluation; a list of the bank’s branches and locations by address and census tract; a list of bank branches opened or closed in the current and previous two years by address and census tract; a list of services at each branch with a description of material differences in services; and a map of each bank CRA assessment area that identifies the census tract it contains.” (Marsico, 163)

In addition to these six types of documents, other useful documents will be included in the CRA public file depending on the type of bank. By reading the documents in this file, you will get an idea of the bank’s record, how dedicated the bank is to serving low- and moderate- income communities, what the bank is doing to comply with the CRA, and how the bank stands with its federal regulatory agency. By reading this file, you will become educated about the activities of the particular financial institution (or institutions) in your area.

Step 3: Think about the type of assistance you want from the bank

After reading your bank’s profile, it is time to think about how your bank can help your financial education program. Before approaching your financial institution, think thoroughly about what it can do to help your program. “Be prepared before you go,

provide information about your organization, expertise of leaders, and ability to raise funds from other sources.” (FDIC ppp) “Show a bank what you want, explain how your project meets the CRA definition of community development, and be specific about what you want.” (FDIC ppp) Banks are willing to help, but they want to see that you have “done your homework,” are serious about your project, have reasonable goals in mind, and have concrete ideas on how to reach those goals. A bank will be much more eager to help with a project if they know that it is well constructed, sound, and truly serves the needs of the community.

Additionally, a bank will be much more willing to help if you are able to show them SPECIFICALLY how you need their help: do not just vaguely ask for assistance. If you are requesting monetary assistance, do not just request a lump sum. Tell the bank how the money will be used, what it will be used for, and how this contribution will make a positive impact on your community. For example, you might ask a financial institution for money to buy a particular software program to aid your program, for money to cover postage for mailings about your program, for money to photocopy or produce your curriculum materials, or for matching funds if you are sponsoring an Individual Development Account (IDA) program. You should not feel, however, that a monetary contribution is the only way in which a bank can help your program. Feel free to be creative in your requests.

A bank can provide the physical space for your classes, products for your participants, funds for childcare and food, free financial education materials, graduation incentives such as calculators, or supplementary materials. The bank can donate in the form of staff time and provide experts to talk to your financial education classes, sponsor field trips to the bank, offer to help open up checking accounts for low- and moderate-income people, or host special workshops or meetings. The bank could also offer to adjust or waive requirements for low- or moderate-income individuals to open a checking or savings account. Participating in any of these activities gives the bank positive consideration under the service, investment, and community development portions of the CRA exam. There are countless other ways in which a bank can help; do not feel limited by the few suggestions here.

Step 4: Prepare a written request

Banks usually require a written request, so it is a good idea to put your request in writing. This will also help you to focus your efforts and identify the areas where you need the most assistance. Write a letter and send it to the bank before your meeting. You may need to revise or modify it later.

- In your letter, be sure to include:
- ✓ Documentation that your program is part of a non-profit organization and has been given a 501(c)3 designation by the Internal Revenue Service
 - ✓ An explanation of what your organization does and, in particular, what your financial education program will do
 - ✓ Specific requests for what you want from the bank
 - ✓ Contact information on how to reach you

(Please see the sample letter at the end of this chapter as a guide on how to write your own letter of request.)

Step 5: Talk to someone at the bank

In each bank, there is an individual whose specific job is to handle CRA and community investment issues. This individual's title is "CRA Officer," "Community Investment Officer," or something similar (each bank is a little bit different). This person should be willing to talk to you about your program and what the bank can do to help you with it. However, this individual isn't the only person you can talk to about your program. If you sense that the CRA officer at your bank is unwilling to listen to you or is hesitant to give you the help that you need, do not get discouraged. Sometimes, your local branch manager or someone from a different department entirely will be the best person to talk to. Although it makes sense to start with the CRA officer (since presumably he or she will know the most about the CRA regulations), do not give up if this individual does not give you a satisfactory answer. Many people at your bank will be aware of the CRA and you should try your hardest to make a connection with someone with whom you feel comfortable and someone you feel will listen carefully and respectfully to your requests.

After you identify the person you think will be most helpful, make a formal appointment with him or her to discuss your program and your request for assistance in detail. At your meeting, you can use your written request as a guide and try to reach a resolution on how the bank can help your financial education program.

Step 6: Follow up

After meeting with your bank officer, it is always a good idea to follow up with him or her. Depending on the outcome of your meeting, there are a few different ways to follow up.

- If the financial institution rejects your request for assistance, a thank-you note is a simple, but effective, way to remind the bank officer of your program and will also pave the way for future good relations. Even if the financial institution does not help you at this juncture, it does not mean that it won't help if you ask again in the future. It will be easier to ask in the future if your relationship is cordial.
- Sometimes the bank officer at your meeting will tell you that the financial institution is not able to help your program at that point in time (perhaps they have already spent all of their grant money for a particular time period), but would consider helping at another time (say, 6, 12, or 18 months in the future). If this is the case, be sure to thank the officer for his/her time, but let him/her know that you will contact him again at a specified time in the future and would appreciate meeting him again then. Obviously, it is very important to take the initiative to follow up.

- If you establish a written “CRA Agreement” with the financial institution, the procedures for following up become a bit more formal. In 1999, Congress passed a law with a provision requiring non-profits (among others) to disclose and report certain agreements, contracts or grants they have with banks. (Woodstock ppp) The shorthand name for this provision is “Sunshine.” (Woodstock ppp) “Sunshine” only applies to a very specific set of CRA agreements that meet certain criteria. If you have an agreement with a bank, it is important that you determine whether it is covered by “Sunshine” and, if it is, follow up using the appropriate reporting and disclosure methods. For more information on “Sunshine” and to determine whether or not your agreement is covered by this provision, consult the Woodstock Institute’s Web site at www.woodstockinst.org or the NCRC Fact Sheet.

III. Ways to get involved with CRA issues

Negotiating a CRA agreement with a bank is only one way to be involved in CRA issues. There are many other areas of involvement that promote compliance with CRA. If you don’t initially feel comfortable using the CRA to go to a financial institution and request assistance, you might want to get involved in another way first. This will allow you to get comfortable with the CRA, learn from others, and gain more experience with the issues at hand before “going it alone” with your own financial institutions.

Public Comment

Once a quarter (once every three months) each federal bank regulatory agency publishes a list of banks that will undergo a periodic examination in the next quarter (the OCC actually specifies the month in which the exams will be conducted). The list is published 30 days before the quarterly exams begin. From the time the list is published until the time the exams are conducted, the regulatory agencies welcome letters from the public commenting on a bank’s performance. Regulators are supposed to take public comments into consideration when assigning a bank their rating. In your letter, you should specifically address what a financial institution under review either is or is not doing to meet the needs of low- and moderate-income individuals in the community.

You may also send letters to your financial institutions and their response to your comments, if any, will also be considered in their rating. (Remember, a bank’s “responsiveness to complaints” is considered in their rating.) In your letter, you may cite things that the financial institution is doing poorly and things that it is doing well, and offer suggestions on what you would like to see it do in the future to better serve the needs of the community. If you wish to influence a bank’s rating, you should send your letter to the local office of the federal bank regulatory agency that oversees the particular financial institution in the 30-day time period open for public comment. (Addresses are available on the regulatory agencies websites). To be notified of when exams are taking place it is a good idea to either check the regulatory agency Web sites often or put yourself on mailing lists through these Web sites that will automatically notify you of the banks to be examined. (Please see the sample letter at the end of this chapter as a guide on how to write a letter to a federal bank regulatory agency.)

Media Attention

It is also not a bad idea to notify your local newspapers about the exams and what you think the outcome of the exams should be. Any kind of press attention puts pressure on the banks to comply with CRA guidelines and puts pressure on the federal bank regulators to seriously look at the bank's performance and give them a rating appropriate to the bank's performance. Writing letters to the editor and getting in contact with a reporter from the business section of the newspaper are both good ways to start.

Local Initiatives

Another way to get involved with CRA issues is to get in contact with other non-profits in your area. Many organizations are already working on CRA issues and by joining forces with them you will not only be able to learn from them, but will also be able to form a more powerful group. Two heads are better than one; three heads are better than two, and so on. Coalition building is a useful and powerful tool that promotes information sharing and allows for a lot of work to get done without too much of a burden on any one organization. By joining a coalition or a group that is already working on CRA issues, you will be able to learn more about the CRA before approaching a bank for support.

National Initiatives

In addition to local initiatives, there are a number of national organizations that focus primarily on community reinvestment and asset building issues. Two of these organizations are the National Community Reinvestment Coalition (NCRC) and CFED, both based in Washington, D.C. Both of these organizations are excellent resources. They can give you a good picture of the work that is being done on a national scale and can also put you in touch with organizations in your area. Each year NCRC and CFED host separate annual conferences that highlight CRA, financial education, and asset building issues through a number of workshops. The conferences are a good place to learn more about the CRA and also make contacts with other organizations that might be able to help your work.

By becoming well informed about CRA (remember: financial institutions are *obligated by law* to serve the needs of their communities), how it relates to you, and how to use it effectively, you are helping to ensure the success and longevity of your financial education program. There are other tools to make your financial education program sustainable (these are discussed elsewhere in the chapter), but using the CRA to your advantage can be a powerful one. By building a positive relationship with your bank, you are utilizing a significant resource, helping to ensure the longevity of your program, and also encouraging compliance with CRA regulations.

TAKE-HOME MESSAGES

- Financial institutions are obligated *by law* under the CRA to serve low- and moderate- income individuals in their assessment areas.
- In order to make sure that financial institutions meet this CRA requirement, federal regulatory agencies evaluate the banks periodically.
- The banks are given a rating based on how well they meet the criteria of the CRA.
- In order to receive a favorable CRA rating, banks often welcome suggestions as to how they can serve low- and moderate- income individuals. You should not be afraid to approach a bank for help; it never hurts to ask.
- In each financial institution there is at least one person responsible for CRA issues. Talk to the CRA officer, branch manager, or other bank representative about assistance for your financial education program.
- Before you talk to the bank, be prepared. Know about the bank you are approaching for help, know what kind of assistance you would like, and be specific in your request.
- If you receive assistance from a bank through a written CRA agreement, follow up according to “Sunshine” requirements.

IV. Resources

For a detailed explanation of CRA guidelines and CRA exams, read:

National Community Reinvestment Coalition Beginner's and Advanced CRA Manuals

Marsico, Richard. *Democratizing capital: the history, law, and reform of the Community Reinvestment Act*, Durham, N.C., Carolina Academic Press, 2005

For more information on CRA exams (upcoming and past) and CRA guidelines, contact:

Federal Reserve Board (the Fed)
20th Street and Constitution Avenue, NW
Washington, D.C. 20551
www.federalreserve.gov

Federal Deposit Insurance Corporation (FDIC)
550 17th Street NW
Washington, D.C. 20429-9990
www.fdic.gov

Office of Thrift Supervision (OTS)
1700 G. Street, NW
Washington, D.C. 20552
www.ots.treas.gov

Office of the Comptroller of the Currency (OCC)
250 E Street, S.W.
Washington, D.C. 20219
www.occ.treas.gov

Federal Financial Institutions Examinations Council (FFIEC)
www.ffiec.gov

(Please note: the addresses given above are for the *national* offices of the federal regulatory agencies. To find the regional offices closest to you, go to the Web sites given above and perform a search).

For more information on CRA issues, contact:

National Community Reinvestment Coalition
733 15th St., NW
Washington D.C., 20005
Phone: 202-628-8866
Fax: 202-628-9800
www.ncrc.org

Woodstock Institute
407 S. Dearborn, Suite 550
Chicago, IL 60605
Phone: 312-427-8070
Fax: 312-427-4007
E-mail: woodstock@woodstockinst.org
www.woodstockinst.org

Sargent Shriver National Center on Poverty Law
50 E. Washington St.
Chicago, IL 60602
Phone: 312-263-3830
Fax: 312-263-3846
E-mail: doryrand@povertylaw.org
www.povertylaw.org

SAMPLE REQUEST to BANK

March 15, 2006

Ms. Mary Smith
CRA Compliance Officer
Big Bucks Bank
123 N. Main Street
Anytown, IL 65432

Dear Ms. Smith,

Thank you for agreeing to meet with me on Friday April 12, 2006 at 2pm. I look forward to meeting you in person. I'd like to take the opportunity to send you some information on my organization and how you can support an effective financial education program.

Since 1995, Chicago-based non-profit, Sweet Home Chicago (SHC) has been serving the homeless population in Chicago. Initially, our focus was finding safe, affordable housing for men and women who were homeless. In the early days of our work, SHC formed many positive relationships with shelters and landlords throughout the city. However, we quickly learned that finding housing for individuals was only a first step in solving the problem of homelessness. So, in 2003 we broadened our scope and developed another component of our organization to address the issues that formerly homeless individuals face once they move into a residence. Since 2003 we've offered classes in nutrition, health, and financial education. Not surprisingly, one of the things that we have learned through our work is that a key element in helping individuals stay housed is teaching financial education. If people don't know how to read a utilities bill, pay rent on time, budget effectively, and avoid the money traps and excessive debt, their chances of maintaining their housing situation are drastically reduced.

To that end, we began offering financial education classes in the spring of 2003. So far, we've seen extremely positive results and through word-of-mouth our financial education classes, in particular, have gained in popularity. Sweet Home Chicago has graduated over 200 participants from the Financial Links for Low-Income People (FLLIP) financial education program. Since 2001, the FLLIP program has graduated over 2000 participants and trained over 500 instructors from all over the state of Illinois. Furthermore, a two-year evaluation of the program revealed that FLLIP graduates achieved significant knowledge gains, improved their financial habits, and began planning better for the future.

In order to continue to meet the needs of this population, I'd like to ask Big Bucks Bank for its support. As our program grows, there are a number of components that we see as crucial in expanding our classes. We'd appreciate your help in any or all of the following areas:

1. **\$2,000** for marketing SHC's financial education classes.
2. **\$2,000** for food for one year of SHC's financial education classes.
3. **\$2,000** for curriculum materials and instructor training.
4. **\$4,000** for financial education instructor and personnel.
5. A donation of classroom space for SHC's financial education classes (one evening each week for 10 months out of the year)

Again, thank you for your willingness to meet with me. If you have any questions, please feel free to contact me at 312-123-4567.

Sincerely,
Jane Doe
Executive Director, Sweet Home Chicago

SAMPLE CRA COMMENT LETTER to REGULATOR

Mr. Matt Jones
Office of the Comptroller of the Currency
5432 S. Main St.
Everytown, NY 12345

Dear Mr. Jones,

I am writing to formally comment on Dollar Bank's community reinvestment activities (or lack thereof). I received notice that Dollar Bank is undergoing a CRA periodic examination in this quarter and appreciate the opportunity to express some of my concerns. As the Executive Director of Sweet Home Chicago (SHC), a Chicago-based non-profit which serves the needs of the homeless and formerly homeless populations in Chicago, I have had the opportunity to learn about Dollar Bank. Since 1995, SHC has been placing individuals in houses and apartments across the city and since 1999 we have provided "follow-up" classes (including financial education classes) to formerly homeless men and women. Through my work in the financial education area I have come into contact with Dollar Bank and am aware of its poor record in community reinvestments.

For the following reasons, I believe that Dollar Bank deserves a rating of no higher than Needs to Improve:

Services:

In its advertisements, Dollar Bank proudly proclaims, "We Keep *Everyone's* Dollars." However, upon closer examination, this statement, though true in theory, is not at all true in practice. Dollar's basic checking and savings accounts require account holders to maintain a large minimum balance and require a hefty first deposit to initially open an account. These factors combined make it nearly impossible for low and moderate-income individuals to open and maintain either a checking or savings account. As a result, these individuals are more likely to turn to high cost, non-mainstream financial institutions such as currency exchanges.

In addition to its lack of reasonable checking and savings accounts for low- and moderate-income populations, Dollar Bank also falls short when it comes to the locations of their ATMs. Of the 50 ATMs that Dollar Bank maintains, only 2 are in low-income communities and 4 are in moderate-income communities. These are truly miserable statistics. The lack of ATMs requires low-income men and women to go to the bank to take care of their banking needs or pay more to use an ATM owned by another entity.

Investments:

Although Dollar Bank has made some improvements with regards to the investment portion of the exam, there is still much room for additional improvement. I am aware of some innovative and complex programs and investments that Dollar has planned, but so far, none of these plans have been implemented. Since the CRA exams focus on *performance* and not plans, it is clear that Dollar Bank still has some way to go before obtaining maximum credit in this portion of the exam. I would urge you to commend Dollar on its creativity and innovation, but reinforce the need to translate plans into concrete action.

Lending:

Although Dollar Bank has not met the needs of the community through services and investments, they have really fallen short in the area of lending. I urge you to carefully consider their

egregious record in the lending area when assigning them a rating. To put in bluntly, Dollar's lending record comes close to redlining. Since its last CRA exam, Dollar has done nothing to remedy its poor lending track record that the OCC highlighted then. While 92 percent of Dollar's lending occurs in the upper-income portions of their assessment area, 6 percent of its lending occurs in the moderate-income portions of their assessment area and an abysmal 2 percent of its lending occurs in the low-income portions of their assessment area. These percentages are even worse than they were 4 years ago at the time of Dollar's last periodic examination. Over the last few years, Dollar has made no effort to economically revitalize the low-income communities in its assessment area. As a result, the majority of applications for small businesses and single-family homes have been denied and these low-income communities have stagnated.

Clearly, Dollar Bank still has a long way to go before it can claim to truly serve the needs of low- and moderate-income individuals in its assessment area. For the reasons stated above and especially due to Dollar's deteriorating lending record, I urge you to downgrade its rating of "Satisfactory" (given 4 years ago) to "Needs to Improve."

Thank you for the opportunity to submit these comments. Please contact me if you have any questions.

Sincerely,

Jane Doe
Executive Director, Sweet Home Chicago

SAMPLE THANKS/ COMMENT/ “Sunshine” LETTER

September 30, 2006

Ms. Mary Smith
CRA Compliance Officer
Big Bucks Bank
123 N. Main Street
Anytown, IL 65432

Re: Support for the Center’s financial education program

Dear Ms. Smith:

Thank you for your generous support of the Center’s financial education program. I am writing to acknowledge and report on use of the \$10,700 grant that Dollar Bank provided to the Center in May 2004.

As you know, the Center offers a Financial Education Program to low- and moderate-income adults in the Anytown area. This program helps graduates improve their financial literacy skills, strengthen their saving and spending habits, and realize their asset-building goals. With your help, we have conducted 10 sessions, recruited 130 participants, and graduated 80 persons.

We also appreciate your participation in the classes as a guest instructor and the incentives you provided to increase recruitment and graduation rates.

Thank you for your support of the Financial Education Program. We look forward to continuing our partnership.

Please feel free to contact me if you have any questions.

Sincerely,

Jane Doe
Executive Director, Sweet Home Chicago

Phone: 312-123-1234
Fax: 312-123-1235
E-mail: janedoe@sweethome.org