

MOTION BY SUPERVISORS SHEILA KUEHL AND CHAIR HILDA SOLIS

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Over the past year, the Los Angeles County Board of Supervisors has advanced a number of policies to promote economic development and help lift County residents out of poverty: raising the minimum wage, increasing the living wage, promoting social enterprises and small business development, increasing affordable housing, and embarking on an initiative to reduce homelessness. As an extension of the Board's investment in helping County residents achieve greater economic security and well-being, the next step is the coordination and expansion of financial empowerment programs within the County.

According to the nationally recognized expert, Corporation for Enterprise Development (CFED), 15% of County residents live in official income poverty, but more than three times as many (49%) are financially vulnerable. They are "liquid asset poor," lacking enough savings to live above the poverty level for three months if they lose a job. Many County residents with low-wage jobs are unable to meet their basic living needs such as food, housing, and childcare, or to set aside sufficient funds to create a basic personal safety net for emergencies, or to plan for future education or for business start-up or home ownership.

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Additionally, the United States Census Bureau estimates that Los Angeles County is the third least-banked region in America: 28% of County households are either “unbanked” - having neither a checking nor savings account - or “underbanked,” having a checking or savings account but regularly using alternative financial resources such as check-cashing stores or payday lenders. Fully 75% of the County’s check- cashing operations are located in low-moderate income census tracts. County residents pay more than \$54 million in check-cashing fees and \$88 million in payday loan fees each year. If those consumers had better financial services options, much of that \$142 million could go toward building household savings, increasing economic stability.

In tax year 2015, California joined the Federal government in offering its own Earned Income Tax Credit (EITC), targeted to very-low-income California households with annual earnings below \$14,000. The Federal EITC, by comparison, is geared toward low-moderate income working individuals and couples, particularly those with children, earning up to \$53,000. Despite the higher income thresholds, the Internal Revenue Service (IRS) estimates low-moderate income County residents regularly fail to claim more than \$300 million in Federal EITC funds each year. Combining the State and Federal EITC rebates could increase the income of families earning under \$7,000 per year by nearly 75%.

The County can increase access by eligible low-wage workers to State and Federal EITC programs and can educate our constituents on how to enter the mainstream financial system by using their tax refunds to improve financial stability. By developing a coordinated financial empowerment center, we can create a pathway for more County residents to save for unexpected emergencies, to build and improve their credit record, and build assets, which are critical to advancing economic security.

In addition, the County can play a leadership role for the region by bringing focus and collaboration to working with advocates, practitioners, other public agencies, and the philanthropic community. Many local public and private agencies do excellent work in teaching financial literacy, providing free tax preparation services, helping consumers manage their debt, and related issues. No single agency, however, currently takes a synchronized, collaborative, inter-agency approach to addressing poverty from a financial empowerment perspective. Taking such an approach can leverage the resources of the County, interested cities, non-profit organizations and financial institutions in order to improve financial literacy outcomes and reduce duplication of efforts.

**WE, THEREFORE, MOVE** that the Board of Supervisors:

1. Direct the Department of Consumer and Business Affairs (DCBA), in consultation with the Chief Executive Officer, the Department of Community and Senior Services, the Department of Public Social Services, the County Librarian, the Los Angeles County Office of Education, the Department of Children and Family Services, and the Community Development Commission, along with other relevant County departments, within 45 days, to complete an inventory and assessment of the County's current financial empowerment offerings.
2. Direct DCBA, in consultation with relevant County departments, other governmental agencies, local non-profit organizations offering financial empowerment services, community credit unions, and other local subject matter experts, within 45 days, to seek input from experts and stakeholders to advise the County on strategies, tools, best practices, and performance metrics for the successful implementation of a coordinated internal and external approach to

address financial empowerment and asset-building among Los Angeles County's low-moderate income communities.

3. Direct the DCBA Director to submit a report to the Board of Supervisors within 60 days that includes a proposal to develop a new Center for Financial Empowerment within DCBA to coordinate and expand asset-building, financial empowerment and financial literacy initiatives throughout the County. The report back should include:
  - a. An assessment of staffing, funding required and resources available to establish the Center for Financial Empowerment as a two-year pilot program beginning September 1, 2016;
  - b. A detailed description of the Center for Financial Empowerment's proposed service offerings;
  - c. An inventory and assessment of the empowerment efforts that are currently being provided in Los Angeles County by external stakeholders;
  - d. A strategic plan and recommendations on how to coordinate and align the County's existing financial empowerment efforts with those of our external partners and stakeholders, including the City of Los Angeles' *Bank On Los Angeles* program.
  - e. Specific strategies that focus on marketing and outreach to ensure a culturally competent and linguistically appropriate approach to meet the financial empowerment needs of the County's diverse population.