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Local Innovation, National Impact: Engaging Municipal Government in Financial Empowerment

Lessons Learned from San Francisco

By Leigh Phillips

In recent years, city governments have developed new strategies to improve the financial stability of low- and moderate-income households. The city of San Francisco believes in the unique capacity of local government to build economic fairness and inclusion, and the city has been at the forefront of this work over the past decade. The San Francisco Office of Financial Empowerment (SF OFE) was created to leverage the power of city hall to increase financial security—and economic opportunity—for all San Franciscans.

The United States has two financial systems. In the first—the financial mainstream—the majority of people enjoy access to the types of financial products and services that help them manage money, establish credit and build wealth: checking and savings accounts, credit cards, mortgages and prime-rate loans. This is a system that creates upward mobility and allows people to invest in themselves and their families.

But there is another system—the financial fringe—that strips wealth from those who can least afford it. These households, disconnected from the financial mainstream, rely on check cashers, payday lenders, rent-to-own stores, pawnbrokers and auto-title lenders. These products and services charge exorbitant fees and can mire people in a cycle of debt. More importantly, they do not encourage upward economic mobility.

In the United States, more than 25 percent of people rely on fringe financial products. That number increases to 50 percent of African-American households and more than 40 percent of Hispanic households. Even in wealthy San Francisco, one in three children are born into families with no savings or assets of any kind, and more

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bridges

Bridges is a quarterly publication of the Community Development Office of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

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than 40 percent of residents have a subprime credit score. And while college is the surest route to economic mobility, less than 10 percent of students from low-income families will graduate from college by their mid-20s.

The city's first step in addressing these challenges was the creation of the Bank On San Francisco program in 2006. Fourteen banks and credit unions, a wide range of community partners and the Federal Reserve Bank of San Francisco partnered with the city to create low-cost checking accounts that could be opened even by people with no state identification, with a poor banking history or who had never been banked before. The program has banked thousands of San Franciscans each year since 2006, and is being replicated in roughly 100 cities nationwide. (For more information about the Bank On movement, visit www.joinbankon.org.)

Building on this success, the SF OFE launched a suite of financial empowerment programs, including Payday Plus SF (www.paydayplussf.org), which provides affordable small-dollar loans, and the Smart Money Network (www.sfsmartmoneynetwork.org), which increases access to financial education resources and provides professional development training for financial education practitioners.

The delivery channels for this work are broadened by engaging employers. CurrenC SF (http://currencsf.org/) was created to engage employers in electronic pay and workplace financial wellness programs, because how people get paid directly correlates with how they manage their money.

In 2010, Kindergarten to College (K2C) (http://sfofe.org/programs/k-to-c) was launched. Today, every child who enters public school in San Francisco receives a college savings account in his or her name with a $50 deposit from the city and county of San Francisco, as well as incentives like a dollar-for-dollar savings match to help their family save early and often for college. San Francisco is the only city in the country to ensure that every child starts their academic career with the opportunity to save and invest in their own education. To date, 13,000 students have been automatically enrolled. More than 1,600 of these families have started saving for college and have so far saved more than $630,000 of their own money.

> "San Francisco is the only city in the country to ensure that every child starts their academic career with the opportunity to save and invest in their own education."

Through their ability to convene, influence and negotiate, local governments are uniquely positioned to impact financial security on a large scale. Cities can bring the financial services industry and consumer advocates together to develop standards and pursue innovative products. They are also a trusted voice in the community, and a message from the government takes on a different tone than one from a community or corporate partner.

So, what is the best way to engage with public and elected officials? How can local policymakers be persuaded to pay attention to an idea, program or policy priority? Over the years, the SF OFE has identified four effective strategies:

1. **Align your idea with a larger priority.** Sometimes asset building is a vague and complex topic and one that isn't familiar to everyone. The more asset-building goals can be aligned with broader priorities, the more successful you will be. For example, the San Francisco Unified School District has a broad goal of creating a college-going culture; so, in promoting K2C, it was important to demonstrate how savings fit as part of that goal.
2. **Demonstrate strong coalition and constituent support.** The more influential partners are on board, the more successful you will be. Even better, rallying the support of constituents makes the message even more powerful. When the SF OFE was seeking funding for the K2C program, the city's partners at EARN worked with their clients to become policy ambassadors for matched savings and met with members of the Board of Supervisors to share their stories.
3. **Be politically astute.** Choose the right champion for your issue. It may not always be the mayor; perhaps it is a member of the city council, or a treasurer, district attorney or other official. Make sure to be upfront about the political benefits and risks.

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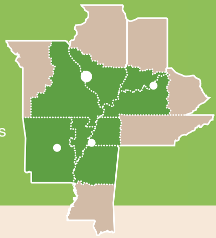
S P A N N I N G
the Region

The region served by the Federal Reserve Bank of St. Louis encompasses all of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.



Federal Reserve System Launches Community Development Gateway

Those who tap the St. Louis Fed's web site for community development resources will now have a much broader source to draw from. In June, the Federal Reserve System launches the web portal FedCommunities.org, which will include research publications, multimedia resources and more.

Through this single web gateway, users can access hundreds of relevant community development materials from offices that span the entire Federal Reserve System—from Boston to San Francisco, and every Fed office in between. Interested in audioconferences on neighborhood stabilization? Or, data on foreclosure mitigation? Users can find this and more on the new site.

A robust search function will help users locate resources across multiple topics and media types. Regular users can also sign up to receive notifications when new resources are added according to their preferences.

Featured on FedCommunities.org is the new resource *Federal Reserve Community Development Perspectives: A summary of activities, insights, and future opportunities*. This interactive PDF showcases the Fed's recent community development efforts to address barriers to economic growth, and promote fair and informed access to financial markets. The report includes brief summaries of community development work at the Fed, organized into four topic areas: people, place, the policy and practice of community development, and small business.

Within each of these topic areas, the report includes background information that helps to provide context for this work, a sampling of key research, outreach programs and other initiatives, as well as some ideas on future challenges, needs and opportunities.

Be sure to check out these resources and share your comments via the Contact Us tool, located within FedCommunities.org.

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4. **Be prepared to pitch in and make a long-term commitment to the partnership.** Many groups will set up meetings to introduce an idea to a policymaker but lack a long-term strategy to get the work done. There should be a specific "ask" that includes what needs to happen, how the city should be engaged and a plan to remain supportive to get there. When Bank On San Francisco was launched, the city was approached by partners armed with research and a solid plan for implementation. The initial request was clear—"Use your influence to convene and negotiate with the financial institutions"—and the partners helped every step of the way.

Important and innovative work rarely happens alone. It takes community collaboration, the alignment of strong research and data, clear priorities, the right partners with the right influence and a solid strategy for implementation. When these pieces come together, the results can be powerful.

Leigh Phillips is the director of the San Francisco Office of Financial Empowerment.

ONLINE ONLY

From the Ozarks to the Delta: A Historical Perspective of Regional Poverty in Arkansas
Andrew A. Pack

Enrollment, Student Debt and LMI Communities

By Bryan Noeth

A college degree has become increasingly necessary to enjoy a middle-class lifestyle. However, higher tuition rates and a poor labor market have caused students to increasingly feel the burden of educational debt in recent years. Let's take a look at the student debt characteristics of borrowers in the four large metropolitan statistical areas (MSA) in the Federal Reserve Bank of St. Louis' district—Little Rock, Louisville, Memphis and St. Louis—focusing on differences between low- and moderate-income (LMI) and middle- and upper-income (MUI) areas.

> "Consistently, borrowers from LMI tracts have much higher levels of delinquency than borrowers from MUI tracts."

One way to analyze how LMI communities are faring with respect to educational attainment and debt financing is to geographically partition the population based on income. Using standard practice, census tracts[1] are classified as LMI if the median income within the census tract was below 80 percent of the MSA median income. If the tract median income was greater than or equal to 80 percent of the area median income, it was classified as MUI.

Income data is based on the five-year 2009 American Community Survey estimates.[2] Regional data on student debt was obtained using the Federal Reserve Bank of New York Credit Panel based on Equifax credit reports. This individual-level data allows for rich geographical analysis of student loans. It tracks the liabilities of a random sample of the United States population over time.

Much of the difference in student debt levels between LMI and MUI census tracts may be due to the differences in educational levels. Figure 1 shows the percentage of those aged 25 to 44—living in any of the four St. Louis Fed MSAs—with various levels of educational attainment. Of note, people living in LMI tracts are less likely to have attended a postsecondary institution. Further, of those who attended college at some point, those living in LMI tracts are less likely to have finished college and more likely to have attained two-year degrees than those living in MUI tracts. These discrepancies will have implications for debt levels of those who borrow for education.

Table 1 shows the average student debt across the four metropolitan areas in the fourth quarter of 2005 and the fourth quarter of 2013. The percentage growth in debt per borrower has been larger in all LMI tracts except Louisville. This might be because LMI tracts were starting from a lower base. The growth in debt—in absolute terms—was relatively similar across the LMI and MUI tracts. More interestingly, borrowers in LMI tracts tend to have lower levels of debt than those in MUI tracts. This difference is arguably uniform across the four MSAs. This may seem counterintuitive. Borrowers from LMI tracts likely had fewer resources to attend college so would need to take on more debt and, by definition, likely have less income to make repayments. However, there are several reasons why debt levels might be lower.

Part of this result is likely due to the institutions attended by students from LMI tracts and the level of education they seek. In LMI tracts, many choose community colleges with lower tuition levels. Conditional on having a degree, a higher percentage of students have an associate's degree. This effect may be attenuated by the fact that borrowers from LMI tracts are also more likely than those from MUI tracts to go to more expensive for-profit schools. (See IHEP 2011 or Deming Goldin and Katz 2011.) Additionally,

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TABLE 1

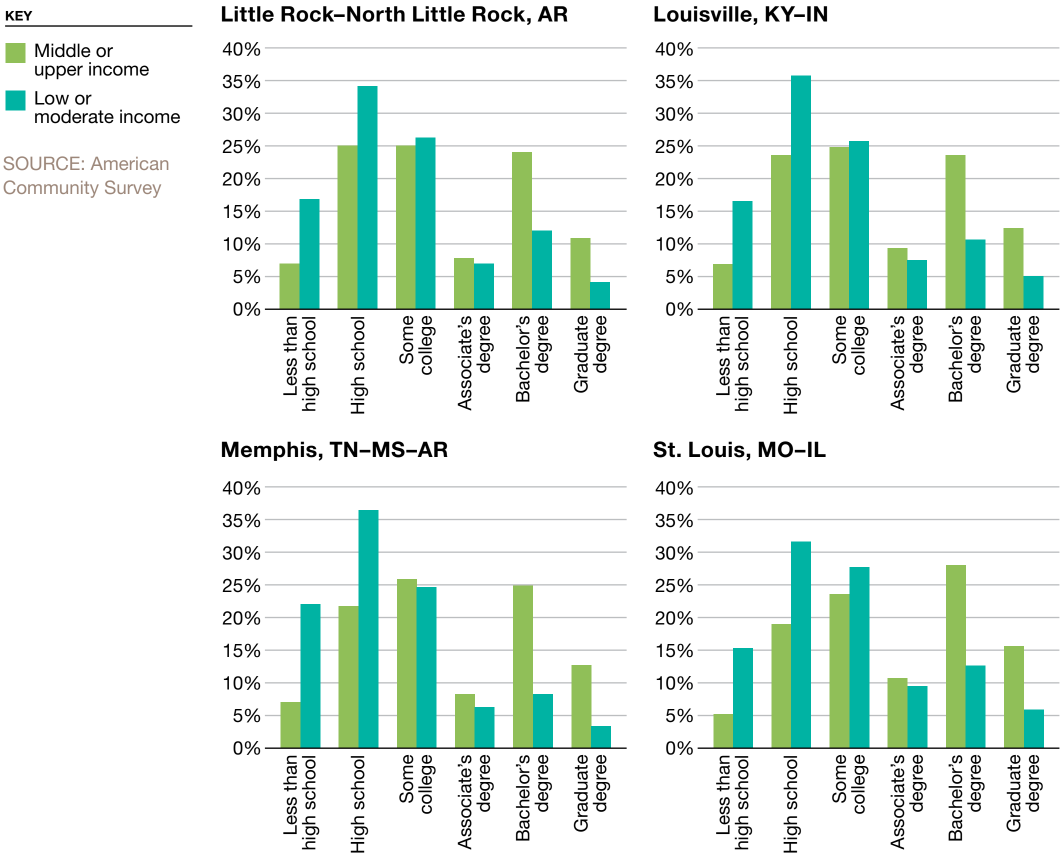
Average Debt per Borrower Ages 25–44

MSA	Income Tract	Q4 2005	Q4 2013	Change	Percentage Increase
Little Rock	LMI	$15,459	$29,427	$13,968	90%
	MUI	$20,201	$32,906	$12,704	63%
Louisville	LMI	$14,595	$25,366	$10,772	74%
	MUI	$17,215	$30,172	$12,956	75%
Memphis	LMI	$15,426	$27,474	$12,048	78%
	MUI	$21,141	$34,527	$13,385	63%
St. Louis	LMI	$15,133	$29,172	$14,039	93%
	MUI	$19,782	$31,742	$11,960	60%

SOURCE: FRBNY Credit Panel / Equifax based on author's calculations

FIGURE 1

Educational Attainment by Census Tract Classification in 2012, Ages 25–44



Enrollment, Student Debt, and LMI Communities

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since borrowers from LMI tracts are less likely to finish college, they may not take on as much debt if they are not financing as much education. However, this is likely a net negative for repayment since they don't earn the wage premium that comes with graduation. Conversely, a higher percentage of students in MUI tracts attend private institutions and are more likely to attain bachelor's and even graduate degrees. While these degrees demand higher wages, they tend to have higher educational costs.

Another potential driver of this seemingly contradictory result is that while students from less affluent backgrounds may have fewer resources for education, colleges charge different prices based on income. In what is called price discrimination, colleges subsidize students from lower-income families with financial aid. Hence, the actual price of education tends to differ by family income. (See Wolla, 2014 for more on this phenomenon.)

Finally, students are tracked only *after* they incur debt. Perhaps students sort where they live after college based on some factor in common with their level of student debt. For example, maybe those with graduate degrees—who likely have the highest levels of debt—move to high-income areas after graduation. Along the same line, perhaps borrowers who perceive lower future income, on average, do not incur as much debt.

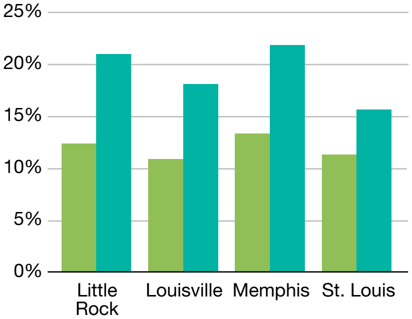
The fact that LMI tracts have lower per-borrower balances of student debt does not necessarily mean that they don't have trouble making payments. Since borrowers from LMI tracts tend to have lower income, they may have problems paying back seemingly reasonable levels of debt. Figure 2 shows the delinquency rates in the four MSAs for both LMI and MUI tracts. Consistently, borrowers from LMI tracts have much higher levels of delinquency than borrowers from MUI tracts. This was true even before the recession. At the end of 2005, borrowers in LMI tracts had much higher delinquency rates than those in MUI tracts. The growth in delinquency has been substantial across cities and income classifications, increasing an average of 5.8 percentage points across both.[3]

Delinquencies are a concern because of the negative effects they can have on borrowers (e.g., lower credit scores, reduced access to future credit, wage garnishments, etc.). Further, this means that a large portion of borrowers either are not receiving the income they anticipated from their training, are underestimating their debt burden, or a combination of both.

So far, we have only discussed those who have borrowed for school. Another point of interest is the percentage of individuals who had student debt on their credit report. Between 2005 and 2013, this percentage increased across all of the MSAs, but did not differ significantly across income classification.[4] This is

FIGURE 2

Delinquency Rate by Census Tract Classification in Q4 2013



KEY

Middle or upper income

Low or moderate income

SOURCE: FRBNY Credit Panel / Equifax based on author's calculations

a significant result given that those living in LMI census tracts are much less likely to have attended college.

In conclusion, LMI communities are feeling the effects of the increasing reliance on student debt. Lower income makes repayment of loans more difficult, even though borrowers' debt burdens may be lower. Popular press stories abound with anecdotes about borrowers with six-figure debts. While these borrowers do merit concern, they only represent approximately four percent of borrowers. (See Dai 2013.) It might be fruitful for policymakers to also focus on borrowers with seemingly manageable levels of debt who might still have problems making payments.

Bryan Noeth is a policy analyst for the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis.

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ENDNOTES

1 Census tracts are geographical areas that usually contain around 4,000 people.

2 A single year (2009) was used for several reasons. First, there was a revision to the tracts in 2010, making geographical matching based on later tract definitions difficult. Second, using one year allows for the same tracts to be tracked over time. Third, ACS estimates are not available prior to 2009, making earlier income estimation difficult.

3 There is evidence that the delinquency rate is underestimated because many students may enter deferral or forbearance. (See Brown et al 2012.)

4 This result becomes a bit murkier when partitioning on age. No clear trend emerges across MSAs with respect to age.

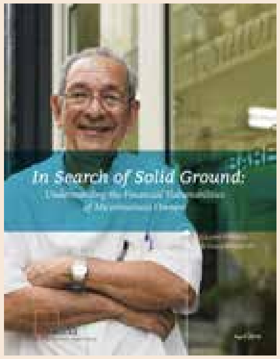
HAVE YOU Heard?

Call for Papers

The Community Affairs Officers of the Federal Reserve System invite paper submissions for the ninth biennial Federal Reserve System Community Development Research Conference, a unique event that aims to bridge the gap between research, policy and practice on key issues facing the country. High-quality and emerging research is presented in a dialogue with policymakers and community practitioners who can utilize the lessons gleaned from research. The 2015 conference seeks to inform a robust public conversation about economic mobility.

Learn more about the conference and submit your paper/abstract here: www.stlouisfed.org/economicmobility2015.

New Research Broadens Understanding of Microbusiness Financial Vulnerability

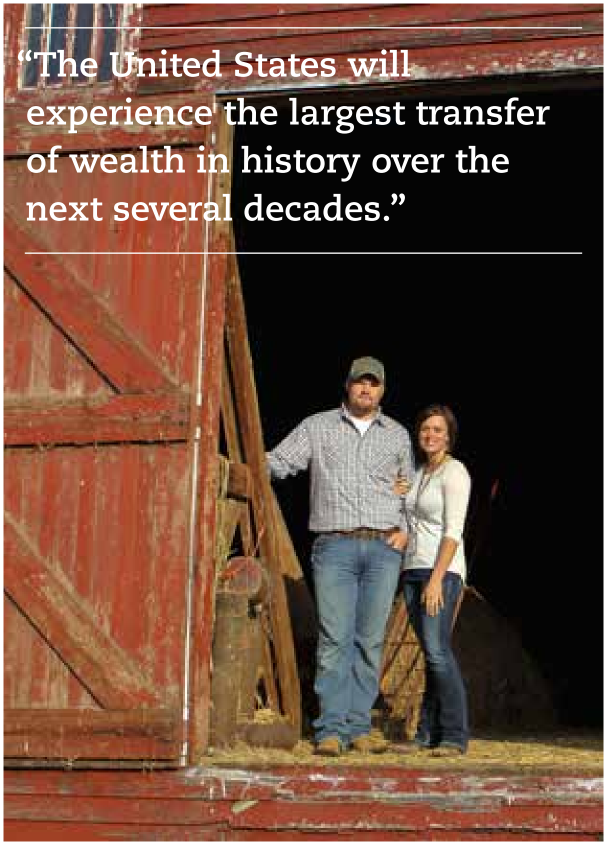


CFED has released a new study on microbusiness financial capability, In Search of Solid Ground: Understanding the Financial Vulnerabilities of Microbusinesses. With support from MasterCard's Center for Inclusive Growth, CFED launched the study in 2013, gathering online surveys from 716 microbusiness owners from 43 states and conducting phone interviews with 214 owners from two target markets—Miami and Minneapolis. The findings reveal that microbusiness owners' business and personal finances are often inextricably tied, and that they are dealing with significant financial vulnerabilities that reach far beyond access to credit. Download the full paper or the brief at http://cfed.org/knowledge_center/resource_directory/.

We've Met the Solution, and It Is Us

By Brian Fogle

The challenges for rural America have been debated for decades. The unending urbanization of the country continues at the expense of smaller, nonmetropolitan communities. According to recent U.S. Department of Agriculture (USDA) data, population in these counties has diminished to about 46 million Americans—15 percent of the total population spread across 72 percent of the land area. The trend continues, with net population loss of 44,000 in the two years since the 2010 census. The Great Recession had a greater impact on rural areas, with more job loss, more income decline and a larger increase in poverty rates than urban areas experienced. Even the agricultural boom of the past few years shows signs of slowing now, with farm incomes predicted to decline in 2014.



The reasons for this long, slow downturn are as numerous as the solutions proposed over the past half century. Small manufacturing declines, agricultural efficiencies, population mobility and lower educational attainment all contribute to the negative trends. Most certainly, public policy isn't consistent or sufficient to meet the challenges, which is no small wonder given the urban representation of our policymakers. Rural America continues to struggle to find a national voice.

Solutions to address these challenges are mixed, at best. As our nation struggles to find resources for education, infrastructure and social needs, our rural areas tend to suffer even more—often in silence. For too long, many rural leaders have looked to state capitals or Washington, D.C., for answers. Instead, they could be looking right in their own communities, where many answers may lie.

Two of these possible answers include local asset development to build community resources and strengthening public education, because schools are anchors of rural communities. The Community Foundation of the Ozarks (CFO) is focusing on both of these potential solutions.

The CFO was founded in Springfield, Mo., in 1973; the first rural affiliate was added in 1993. Today, the organization's network of 44 community affiliates extends from the Mississippi River in the east to the Kansas state line in the west, the Missouri River in the north to the Arkansas state line in the south. These rural assets comprise about 45 percent of CFO's more than $250-million asset base. The organization has a dedicated department whose members travel the Ozarks working with local foundation boards to build philanthropic assets and improve the quality of life.

Certainly, the Ozarks is a region better known for its culture of independence than its wealth. A number of Ozarks counties share traits similar to Appalachia and the Mississippi Delta, both areas of persistent poverty. There also is a long legacy of being tied to the land and a pride in the communities they call home. It is those positive attributes that CFO tries to build on. After two decades of working in the rural Ozarks, the CFO has built a knowledge base regarding what resonates in these communities and how the area's limited resources can be used for the greatest impact.

Nearly six years ago, the Rural Schools Partnership was launched in conjunction with the Rural School and Community Trust based in Washington, D.C. The CFO recognized the strong tie between the health and pride of the local school system and the vibrancy of the community. Towns decline when school systems consolidate and children have to travel hours by bus each day to a different community. School activities bring rural communities together. The CFO's position is that strengthening local schools will contribute to a more viable community. Efforts were focused on helping districts create local school foundations to build alternative financial assets; promoting place-based learning through leadership and grants; and training a new generation of rural teachers through the nationally recognized Ozarks Teacher Corps scholarship program. Approximately 110 school districts now work with the CFO in some capacity.

The organization's most recent effort to build rural community assets may turn out to be CFO's most important work so far. In 2013, the Alliance of Missouri Community Foundations used member funds and a generous USDA grant to engage the Nebraska-based Center for Rural Entrepreneurship to conduct a statewide, county-by-county Transfer of Wealth (TOW) study. Although other states have successfully used such studies, it was initially found to be cost-prohibitive to commission one just for the CFO's service area. By pooling matching funds for the USDA grant, valuable information is now available to every Missouri community foundation.

The United States will experience the largest transfer of wealth in history over the next several decades. TOW occurs when people pass along their assets upon their demise to their heirs. The implications for rural communities are significant, as children have become the largest export for many small towns. When they leave, their families' wealth typically follows. Without deliberate and thoughtful estate planning, small towns can lose generations of legacy in a relatively short amount of time.

The TOW data is based on 2010 household net worth provided by the Federal Reserve Board and the Survey of Consumer Finance Report, and uses census data to estimate population growth, age and trends. The results are compelling.

Over the next 50 years, TOW in the U.S. is estimated to be $75 trillion. During a 10-year timeframe, the estimate is $6.2 trillion. For Missouri, the TOW is $1.5 trillion and $135 billion for similar time periods. For the Ozarks region, that equates to $565 billion and $47 billion.

The key for rural areas, then, is to capture some of that TOW to benefit the community through planned giving. The Alliance of Missouri Community Foundations advocates "The 5% Solution," which encourages residents to consider leaving five percent of their estate for charitable purposes. If just five percent of the TOW can be captured, it could be transformative. In Missouri, the five-percent capture would be $75 billion over 50 years, $6.7 billion in 10 years. These are philanthropic resources that can be used for education, the arts, social services or numerous other quality-of-life issues.

The impact is even more evident at a countywide level. For example, consider Carter County in south-central Missouri. Its estimated per-household net worth in 2010 was $126,000, which is 42 percent below the statewide average. Total charitable contributions for that county in 2012 were just over $508,000, according to IRS statistics. The five-percent capture of the 10-year TOW would total about $5.8 million, or roughly $580,000 annually. That would *more than double* the available resources to tackle countywide issues in Carter County. These are local resources for local people to address local issues—can there be any more effective solution than that?

The next several decades are going to be critical for rural areas. Those who thoughtfully and deliberately capture the TOW for their communities will do better than those who see such resources leave their regions, never to return. Each day the discussion of this issue with residents is delayed, professional estate advisors and community leaders risk more wealth going elsewhere.

We should continue to have a meaningful dialogue on how best to preserve all that is good about rural America, and develop better public policy and resources to help communities and regions remain viable. However, we must capture those resources that are right under our noses, and use them wisely to help ourselves. The future depends on *us*.

CDAC MEMBER SPOTLIGHT: BRIAN FOGLE

Brian Fogle is president of Community Foundation of the Ozarks (CFO). Prior to joining CFO, he spent 30 years in banking in Springfield.

Fogle has been active in numerous civic and nonprofit groups. He currently chairs the Good Community Committee and is on the board of the Springfield Area Chamber of Commerce, the Every Child Promise, Mercy Health Systems–Springfield, the Urban Districts Alliance and Springfield Business Development Corp. He has received the O. Franklin Kenworthy Leadership Award, the National Community Leadership Award and the Springfieldian Award, as well as an honorary doctorate of humane letters from Drury University.

Fogle was appointed by Missouri Gov. Jay Nixon to the Coordinating Board for Higher Education in 2012, and is a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis. He is a native of Aurora, Mo., and received bachelor's and master's degrees in banking and finance from the University of Mississippi.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the District's Community Development staff and suggest ways that the Bank might support local efforts. A list of current members is available at www.stlouisfed.org/community_development.

West Tennessee Day Trippin'

Rural Tourism Campaign Builds Regional Partnerships for Community and Economic Development

By Maggie Johnson and Gina M. Tynan

These days, American travelers are an astute crowd. They seek authentic experiences and want to learn new things when they travel, including how they can preserve and protect the local history and culture of the destinations visited. With the use of web sites and social media to plan their trips, travelers explore what can be found outside of theme parks and name-brand tourist destinations.

Over the last 10 years, the market for this kind of heritage tourism, or "geotourism," has grown substantially and appears to be here to stay. It also has tremendous potential to put dollars in the pockets of small businesses throughout rural America. In West Tennessee, one regional partnership has found a way to tap into this "geotourist" market to reap community and economic development benefits for distressed rural counties through a program called West Tennessee Day Trippin'.

> "Over the last 10 years, the market for 'geotourism' has grown substantially and appears to be here to stay."

In late 2011, the Tennessee Department of Tourist Development (TDTD) awarded Memphis Area Association of Governments (MAAG) a five-year, $159,250 Tourism Endowment Grant to develop and implement a regional tourism promotion plan to foster community and economic development. Award of the grant made MAAG the state's regional tourism organization for Shelby, Fayette, Tipton and Lauderdale counties in southernmost West Tennessee.

The first order of business was to assemble a regional Tourism Advisory Board (TAB), made up of county-appointed representatives including staff from the local convention and visitors bureau, chamber of commerce and economic development organizations, as well as representatives from local sites, attractions and businesses. Next up? Come up with a good plan for promoting the region. Tourism netted $16.6 billion in revenue through direct expenditures in Tennessee in 2012; so, the ability to maintain and grow the industry is essential to the state's economy.

From the start, MAAG's TAB had the foresight to recognize that just developing another brochure was not the way to stand out. They wanted to develop a sustainable brand for the region that would be recognizable and viable for many years. While Memphis is the region's primary attraction (visitors from across the globe come each year to visit Graceland, Beale Street and events like the World Championship Barbecue Cooking Contest), the TAB wanted to find a way to capture the attention of visitors, extend stays in Memphis and spread the economic benefits of tourism throughout the region.

With this goal in mind, the West Tennessee Day Trippin' marketing campaign was born. The campaign aims to support small and emerging local businesses and encourage entrepreneurship in rural counties by increasing both visitor trips and travel-generated revenue to these counties through the promotion of day trips originating from Memphis.

Supported through funding from the TDTD and MAAG's member governments, the West Tennessee Day Trippin' video series was officially launched in February 2013. These broadcast-quality ads highlight unique places and events within the MAAG region and utilize online media and video, the fastest-growing direct marketing delivery method. Each of the four videos highlights a single county and features the mayors of Shelby, Fayette and Lauderdale counties and the executive director of the Covington-Tipton County Chamber. The videos are currently televised through public broadcasting and local community access stations in Memphis, and can be seen as public service announcements within the Flinn Broadcasting Corp. network that crosses state boundaries. The videos are promoted through both print and online media promotions, including MAAG's web site, YouTube channel and social media. They are also featured on the web sites of the regional chambers and local businesses.

Developed on a shoestring budget and as a result of outstanding partnership and participation extending across county lines, the West Tennessee Day Trippin' video series brought


Just some of the places you can visit while Day Trippin': The Alex Haley Museum and Interpretive Center in Henning; the historic site of the Civil War Battle of Fort Pillow in Lauderdale County; Immanuel Episcopal Church in LaGrange, Fayette County, first established as a mission in 1832.

international attention to the region and has received several awards, including the Academy of Interactive & Visual Arts' 2013 Communicator Award of Distinction for online video selections promoting travel, the Bronze Telly Award for outstanding achievement in online video and the Innovation Award from the National Association of Development Organizations (NADO), which acknowledges creative approaches to regional community and economic development throughout the nation.

Organization of the TAB has also provided an outlet for tourism and economic development professionals to share ideas, leverage funding opportunities and cooperate in new ways that reduce competition among sites and share the benefits of increased regional visitor counts. One example of this is the West Tennessee Heritage and "Roots" Day Trippin' Bus Tours, which took place in February 2014. These tours were cooperatively developed with MAAG, Heritage Tours and the National Civil Rights Museum in Memphis, the Alex Haley Museum and Interpretive Center in Henning, Tenn., and the chambers of commerce in rural Tipton and Lauderdale counties. The tours highlighted the cultural and literary heritage of West Tennessee as part of the region's celebration of Black History Month. Originating in Memphis (Shelby County), the bus trips took visitors to important sites in African-American history, with stops in Henning and the Ripley Historic Downtown District in Lauderdale County, and an outing on the Covington Town Square in Tipton County. During the month of February, the Alex Haley Museum and Interpretive Center saw a 70 percent increase in visitation, which continues to rise.

With the success of the West Tennessee Heritage and "Roots" Day Trippin' Bus Tours, MAAG and Heritage Tours partnered again to develop three new West Tennessee themed tours: Antebellum Homes, Civil War, and Blues and "Roots." Again, these tours begin in Memphis and take visitors to LaGrange (a large collection of antebellum architecture), Fort Pillow and Randolph (two important Civil War sites), and the Alex Haley site along with the stomping grounds of the blues in Covington.

More than 25 distinctive attractions and events are currently featured in the West Tennessee Day Trippin' videos, representing more than 80 regional jobs. Retailers across the region and at the Fort Pillow State Historic Park have documented a rise in visitors since implementation of the West Tennessee Day Trippin' campaign.

Based on its successes to date, MAAG was awarded additional grants ($20,000 each) from the TDTD and the U.S. Dept. of Agriculture to expand the program. In 2014, the campaign increased its print and online media marketing, developed and produced new and updated content for its video series, and launched a dedicated West Tennessee Day Trippin' web site to promote tourism and to sustain the brand as a recognizable regional marketing campaign. With the additional funds, MAAG was able to place ads at the Memphis-Shelby County International Airport—the first time these rural communities have been featured there. The ads can also be seen in several magazines (Group Tours, American Roads, Memphis Downtowner, Vacations) and at the Memphis area visitors' centers.

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Resources

New Informational Podcasts

8 From the Eighth Podcast

8 From the Eighth is a podcast series from the Community Development department at the St. Louis Fed. Through interviews with experts (consisting of eight questions), listeners learn about current community development challenges—and successes—in the Eighth District, helping them to understand both the problems and the solutions. Podcasts cover a variety of topics, including innovative strategies and emerging trends related to community development.

- **Women's Business Center of North Alabama: Joanne Randolph**
  http://www.stlouisfed.org/community_development/multimedia/audio/8-From-the-Eighth/womens-business-center-north-alabama.cfm

Economic Development Podcasts

Experts from industry and academia provide their thoughts on workforce development, entrepreneurship and employee training in these podcasts.

- **Help for Difficult to Employ Populations: Colocating Jobs and Training Opportunities**
  Can business models be designed to support low-income populations by providing jobs, necessary training and other support services? Carla Javits and Jason Trimiew (Roberts Enterprise Development Fund) discuss their proposal for viable businesses that also include a workforce development component.
- **Evolution of the Ecosystem: State Workforce Development Agencies**
  State workforce development agencies are crucial in deploying federal funding related to job training and placement. Rich Hobbie (National Association of State Workforce Agencies) and Burt Barnow (George Washington University) explore how these agencies are evolving as funding streams change.
- **Economic Gardening: A Homegrown Approach to Growth**
  How effective are economic development strategies that seek to grow local entrepreneurship and small businesses? Todd Johnson (Gallup) and Dell Gines (Kansas City Fed) explore the successes and challenges associated with this approach.

To view transcripts or play the audio MP3 files, visit www.frbatlanta.org/podcasts/economicdevelopment/.

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BRIDGES | SPRING 2014
https://www.stlouisfed.org/publications/bridges/spring-2014/a-historical-perspective-of-regional-poverty-in-arkansas

From the Ozarks to the Delta: A Historical Perspective of Regional Poverty in Arkansas

When many of us think of historically impoverished regions across the United States, places that may come to mind include Appalachia, the Arkansas/Mississippi Delta or the Ozarks, with varying topographies, cultures, identities and issues that have helped shape these areas. Arkansas' diverse landscape includes the mountains of the Ozarks in the northwest and the fields of the Delta in the east, each region with its own history of poverty. As 2014 marks 50 years since President Lyndon Johnson declared in his 1964 State of the Union address, "This administration today, here and now, declares unconditional war on poverty in America,"[1] we'll take a look at how poverty has changed in these two distinct regions of Arkansas over that time period.

The Census Bureau started measuring poverty in the 1960s using the "official poverty measurement." In 2010, the Census Bureau added a second measurement—the "supplemental poverty measurement." The most notable differences are "unlike the official poverty rate, the supplemental poverty measure takes into account the impact of different benefits and necessary expenses on the resources available to families, as well as geographic differences in housing costs."[2] (To understand more about how the Census Bureau measures poverty, visit www.census.gov/how/infographics/poverty_measure-how.html.) Since the official poverty measurement has been used since the 1960s, this measurement will be used to better understand the history of poverty in the Arkansas Ozarks and Delta regions.

Historical census data indicates that poverty has dramatically decreased in Arkansas since the 1960s, from a high poverty rate of 47.51 percent reported in the 1960 census to 18.7 percent in the 2010 census. In comparison, the U.S. poverty rate in 1960 was 22.1 percent and 15.3 percent in 2010. Although the state poverty averages in Arkansas have dropped significantly, poverty rates still may vary considerably across regions of the state. Historically in Arkansas and compared to the rest of the country, areas of the Arkansas Delta have had considerably higher poverty rates.

Three of the easternmost counties in the Arkansas Delta that border the Mississippi River are Chicot, Desha and Phillips. Although poverty rates remain stubbornly high in this area of the state, the poverty rate in some of these counties has declined by almost half since the 1960s. (See Table 1.) Combining the three counties, the region had a poverty rate of 63.32 percent in 1960; by 2010, the regional rate was 31.56 percent—still much higher than the national average but much lower than 50 years ago.

TABLE 1

Regional Poverty Rates Based on Census Year

	1960	1970	1980	1990	2000	2010
United States	22.10%	13.70%	12.40%	13.10%	12.40%	15.30%
Arkansas (state)	47.51%	27.80%	18.95%	19.10%	15.80%	18.70%
Arkansas Ozarks region (Benton, Madison, Washington counties)	45.10%	24.56%	15.73%	14.76%	14.43%	16.36%
Arkansas Ozarks—Benton County	39.40%	19.40%	11.13%	9.60%	10.10%	10.20%
Arkansas Ozarks—Madison County	61.22%	36.00%	21.18%	20.10%	18.60%	19.30%
Arkansas Ozarks—Washington County	34.67%	18.30%	14.89%	14.60%	14.60%	19.60%
Arkansas Delta region (Chicot, Desha, Phillips counties)	63.32%	47.60%	35.50%	39.13%	30.16%	31.56%
Arkansas Delta—Chicot County	67.34%	52.30%	39.98%	40.40%	28.60%	30.70%
Arkansas Delta—Desha County	59.80%	42.30%	27.04%	34.00%	28.90%	28.00%
Arkansas Delta—Phillips County	62.84%	48.20%	39.76%	43.00%	32.70%	36.00%

Sources: https://www.census.gov/hhes/www/poverty/data/census/1960/;
http://www.census.gov/did/www/saipe/data/statecounty/data/2010.html

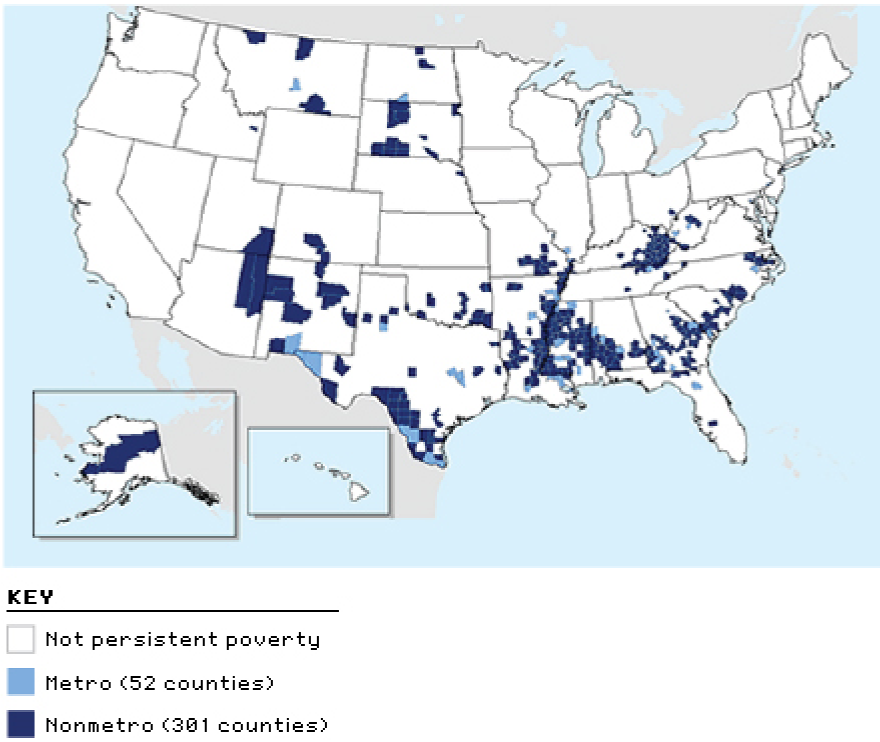
Currently, areas in the Arkansas Ozarks region have a much lower poverty rate than areas of the Arkansas Delta. During the 1960s and into the 1970s, parts of the Ozarks had very high poverty rates, but it was greatly reduced in the 1980s. Three of the northwestern Ozarks counties clustered along the Oklahoma and Missouri borders—Benton, Madison and Washington—had an average poverty rate of 45.1 percent in the 1960s; in 2010, the average was 16.36 percent for the cluster.

Just as the topography of the Arkansas Ozarks and Delta are extremely different, so too are their histories related to poverty. While both areas had extremely high rates of poverty compared to national averages in the 1960s and both saw declines over the past decades, the current poverty average (16.36 percent) of northwest Arkansas' Ozarks region is much more in line with the national average (15.3 percent), exemplifying that even areas perceived as historically impoverished can change, decrease poverty rates and improve their economic status.

Many rural areas of the United States are struggling with long-term higher-than-average poverty rates. According to the U.S. Department of Agriculture's (USDA) Economic Research Service, 301 of the 353 counties that are considered to be persistently poor (i.e., have a poverty rate above 20 percent for the past 30 years) are in nonmetropolitan areas.[3] Approximately 84 percent of all persistently poor counties are located in the South; many of these counties in the Eighth District of the Federal Reserve are concentrated in the Arkansas/Mississippi Delta region and in the Ozarks of southern Missouri. (See Figure 1.)

FIGURE 1

Persistent Poverty Counties in the U.S.



Source: USDA, Economic Research Service. Persistent poverty counties had poverty rates of at least 20 percent in each U.S. Census 1980, 1990, and 2000, and American Community Survey 5-year estimates, 2007–2011. www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/geography-of-poverty.aspx

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Over time, even areas with a legacy of high poverty can change. Certainly one factor that would help to lower a region's poverty rate is strong regional job growth. In 2013, preliminary data ranked the Fayetteville-Springdale-Rogers metropolitan statistical area (MSA), which includes the counties of Benton, Washington and Madison in the Arkansas Ozarks, fourth in the nation for job growth, as measured by the Arizona State University W.P. Carey School of Business. Later revised data dropped this ranking to 87th out of 383 ranked metro areas in the nation for 2013, but still a respectable 2.41 percent increase in jobs.[4] This area is anchored by corporations such as J.B. Hunt, Tyson Foods and Walmart; these one-time entrepreneurial companies have grown into global corporations that have definitely helped the region grow over the past few decades.

It is important that poverty rates continue to decline, whether that happens via job or business growth, institutional or societal changes, governmental policies, educational attainment or other factors that create necessary change. Although poverty rates have decreased over the past 50 years, poverty in Arkansas and the United States did increase between the 2000 and 2010 census. In Arkansas, the poverty rate at the 2000 census was 15.8 percent and 18.7 percent in 2010. For the U.S., the rate was 12.4 percent in 2000 but increased to 15.3 percent by 2010. The Arkansas Ozarks and Delta regions also saw poverty rate increases in 2010. For the three counties of the Arkansas Ozarks, the increase was 1.93 percent; Arkansas Delta counties saw an increase of 1.4 percent from 2000 to 2010. This increase over the past decade is a reminder that just as poverty has decreased over time, it can also go back up.

While census data from the past 50 years shows an overall decline in poverty rates, many rural areas are still dealing with long-term persistent poverty rates. Just as Arkansas' history reveals two different stories of poverty in the Ozarks and the Delta region, poverty also continues to differ among the geographic areas of the United States. Creating solutions that will help create more economic prosperity in these areas remains important to the economic vitality of these regions and to the country as a whole. Beneficial change can occur, but may require a longer-term vision and strategy to achieve lower poverty rates.

Endnotes

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