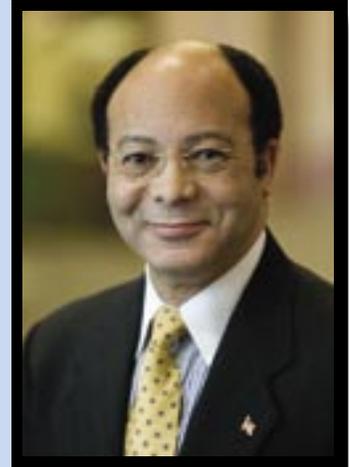


Fostering Community Development Initiatives

The Bank's Community Affairs Department has primarily an informational and educational function. As part of this function, the department develops a number of programs and initiatives that identify issues in low- and moderate-income communities.



Marvin M. Smith, Ph.D.
Economic Education Specialist
Community Affairs Department

As part of its mission, the department expands opportunities for low- and moderate-income communities and people by working with lenders, government representatives, and community developers through workshops, seminars, and publications. In this way, Community Affairs helps bankers understand and respond to the credit and deposit needs of underserved communities.

A major issue being addressed is reinventing America's older communities. In 2004, Community Affairs held a national conference with speakers and attendees from across the United States who discussed ways to make existing communities vibrant and competitive again. Some of the topics covered included creating 24/7 downtowns, financing mixed-use and

mixed-income projects, and promoting the importance of good schools. The Bank also co-sponsored another conference for practitioners interested in reclaiming vacant properties in their Pennsylvania communities, an important issue for older towns and cities.

In addition, Community Affairs conducts or commissions research on critical community development issues. The Bank co-sponsored a seminar with the New York Fed and Rutgers University at which 60 nationally known academic researchers discussed community development finance strategies. Furthermore, the department has conducted research on rotating credit and savings associations, informal lending arrangements often used by immigrant populations to finance small businesses or consumer purchases.



Volunteers learn how to educate others on the importance of financial education. Pictured with Marvin Smith (center) are some of the volunteers (clockwise from top): Michael Cunningham, New Covenant Church of Philadelphia; Alberta Wilson, Beulah Baptist Church; Diana Lynch, Eastwick United Methodist Church; and Patsy Harris, Enon Tabernacle Baptist Church.

While recognizing the need to highlight community development issues, the Bank also understands the importance of personal financial education for low- and moderate-income and minority people. Financially literate consumers foster a healthy economy. Financial education helps people develop the skills to meet their objectives, including financial stability, homeownership, higher education, or retirement. Consequently, the Philadelphia Fed and the Federal Reserve System have been actively involved for some time in a number of key initiatives to educate the public, particularly those who are low and moderate income, on matters of personal finance.

Working with Churches

Philadelphia meets this challenge by continuing to promote financial education. In particular, the Bank launched a faith-based financial education initiative in 2004. Leading this initiative is Economic Education Specialist Marvin Smith. By forging strong partnerships with faith-based organizations, particularly in minority neighborhoods, the Bank reaches out to communities and provides people with the tools, training, and information to build a better financial future. Smith's programs successfully combine counseling and education to trainers, who can then empower congregants to secure their own financial success.

Smith asks religious leaders to identify volunteers from their congregations to participate in training workshops conducted by Community Affairs. During these "train-the-trainer" workshops, volunteers learn how to teach others about financial matters. These workshops are held at no cost to the house of worship or the participants.

The program curriculum includes subjects such as credit, checking, budgeting, savings, consumer rights, loans, and homeownership. They are also given valuable teaching tips on different learning styles. Congregants who have completed the workshop are able

to take a leadership role in providing ongoing financial education within their houses of worship.

Patsy Harris of Enon Tabernacle Baptist Church observed that the Philadelphia Fed "provided an extensive training package we could take back to our churches and share with our membership. We were able to incorporate these training materials into our sessions to help our members be more informed consumers."

Michael Cunningham, director of the New Covenant Church of Philadelphia's Institute for Financial Success, also attended a train-the-trainer workshop at the Philadelphia Fed. Cunningham noted, "The session stimulated participation and gave attendees the confidence to facilitate various financial education workshops within their own congregations." In fact, the New Covenant Church recently launched a homeownership program, which will include credit counseling and loan processing classes taught by graduates of the train-the-trainer workshops.

Continuing Support and Other Programs

But the Philadelphia Fed's efforts do not end with the training workshop. The Bank provides continuing support, communication, and encouragement to its program participants. Once the new instructors have conducted their congregations' financial education classes, they have the opportunity to reconvene with their original training group to share experiences and offer feedback. At that time, the Fed assists them with addressing challenges they have faced and provides any necessary additional information.

The Bank will also hold presentations at an organization's request. For example, Smith coached members of New Covenant Church on how budgeting works and encouraged participants to develop their own budgets. He also addressed about 1,000 clergy and lay representatives from the northeastern United States at a fall 2004 convocation of the African Methodist Episcopal Church.