ECONOMIC WELLNESS PROMOTORAS MEETING FAMILIES WHERE THEY ARE
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In 2020, the California Reinvestment Coalition launched our Economic Wellness Promotoras program to support the financial well-being of low-income Black, Indigenous, and People of Color (BIPOC) families. The program is patterned after the community health worker model, which delivers basic health care information to historically disenfranchised communities by training members from the community to provide outreach and education. In the same way, Economic Wellness Promotoras provide outreach and education by building trust with people who face multiple barriers to achieving financial security. Over the past year, CRC’s Promotoras provided online workshops and training, and connected micro-entrepreneurs with safe and affordable financial resources to survive the economic downturn, which has disproportionately impacted BIPOC communities. The program also engages CRC in a dialog with community members on the barriers they face in accessing safe, affordable financial resources and products.

“The System Is Designed to Keep Vulnerable Populations Unbanked.”

1. Systemic barriers keep low-income BIPOC unbanked.
   Black and Latinx participants report experiencing poor and/or unfriendly service from bank staff. Participants expressed feeling “not good enough,” or “wrong” or “unwelcome.”

2. Families need access to affordable credit, including low-interest, small-dollar loans.
   With little or no access to affordable and safe credit products, many low-income families rely on predatory payday loans to make ends meet. Low wages, a lack of full-time employment, a reduction in working hours, a job loss, or an unexpected expense can keep people in this debt trap.

3. People fear losing social safety net programs if they put their money in a bank.
   In order to qualify for certain benefits, many safety net programs set low limits on the number of assets a person can have. Participants worry that having any extra money in the bank will disqualify them from necessary services, support, and various public assistance programs their families rely on.

4. Community outreach programs are necessary.
   In-home and in-community financial education works when it is culturally sensitive, linguistically accessible, and employs adult learning strategies. Economic Wellness Promotoras have a high outreach success rate in low-income BIPOC communities.
OUR PROGRAM PARTICIPANTS

874 individuals participated in the program. Participants were given both a pre- and post-workshop survey, with 66% completing both surveys. 48% of the participants were youth (11-18) and young adults (18-24).

79% feel “overwhelmed by debt”
89% have taken out a payday loan in the last 2 years
69% have credit card debt
88% have a car loan

76% have either lost their job or have been laid off due to the pandemic.
78% applied for unemployment during the last 2 years

$20,000–$30,000
$30,000–$45,000
Under $20,000

ANNUAL HOUSEHOLD INCOME

48% unbanked

Ethnicity

84% Latinx
1% African-American
1% Caucasian
2% Native American
3% Declines to state

Ethnicity

Homeownership

12% Homeowners
88% Renters

HOME OWNERSHIP

Regions Served

SACRAMENTO
FRESNO
LOS ANGELES

SACRAMENTO
FRESNO
LOS ANGELES

40% of participants did not have access to broadband prior to the pandemic.
22% recently (within 2 years) gained access to broadband at home: Schools or social service organizations helped families navigate the process and helped them enroll in cost reduction programs.
18% still do not have home broadband.
PROMOTORA PROGRAM OFFERINGS

Our workshops:

1. **Banking:** Introduction to Banks and Credit Unions
2. **Understanding Credit and Budgets:** Where to begin and why it’s important
3. **Debt, Types of Loans:** What does it all mean?
4. **Saving:** Why it’s important—start small
5. **Starting my financial journey** (specifically for youth)

Workshops on budgeting, credit, and savings were the most popular. Many participants requested additional classes to go deeper into a subject and learn more about available resources. The design of the program itself yielded great results. Participants were initially timid about asking questions or discussing issues. After the Promotoras shared their personal experiences regarding their finances as well as the financial “mistakes” they had made, participants became willing to share their stories and concerns.

Each of the workshops were held virtually due to COVID-19.

PROGRAM STRUCTURE AND REFLECTION:

Financial literacy education programs are often inaccessible to low-income communities.

To access information on affordable and safe financial products, people need in-home broadband and programs offered in Spanish. Working with members and partner organizations who have high levels of trust with the community was essential in accessing the most hard-to-reach, low-income communities. For example, we worked with clients of LEAP (Leadership Education for Asian Pacifics) and Planned Parenthood.

We also selected people to serve as Economic Wellness Promotoras who were willing to be vulnerable, share their experiences, and take the time to build trust with people who attended the workshops. This personal connection allowed participants to move beyond the perceived stigma and feelings of shame often associated with financial insecurity. Instead of an assembly-like informational event, Promotoras function more as small team leaders who can pace workshops to focus on individuals, answer specific questions, and provide information tailored to the participants’ needs.

For the Fall 2021 series of workshops, we are developing more modules with in-depth discussions of online versus storefront banking, savings products, loans (including student loans), and strategies for building generational wealth. Promotoras are also developing a workshop to support the entrepreneurial spirit of our communities.

Promotoras are routinely called upon to provide referrals, verify facts, and debunk myths. They are coaches and trusted sources of information in communities often overlooked by the mainstream banking system. While CRC pushes for corporate accountability and greater investment in low-income BIPOC communities by banks, the Economic Wellness Promotoras program serves as a necessary bridge to connect impacted families with wealth-building programs and services.

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“I can’t believe how much money I am wasting on credit cards, now that I know what it all actually means I will be making better choices.”
— Guadalupe, 37, LEAP

“The envelope budget has changed my way of thinking. I actually understand my money and I am having money left over. I even made it a game with my little boy, so he learns as well.”
— Talia, 28, Planned Parenthood Sacramento
POLICY RECOMMENDATIONS

1 BANKS SHOULD FUND CULTURALLY COMPETENT FINANCIAL WELLNESS EDUCATION: The history of redlining, extractive practices such as overdraft fees and minimum balance fees, and ChexSystem blacklisting keep BIPOC communities skeptical about the benefits of bank accounts and credit histories. We have learned that efforts by banks to directly provide financial education can become muddled by their competing interests and priorities. Instead, we recommend banks provide funding to reputable organizations to employ financial wellness ambassadors from the community to train their neighbors. Such programs will go a long way in generating trust and meaningful understanding of financial systems, including bank account offerings, benefits and maintenance requirements.

2 CULTURAL COMPETENCE AND IN-LANGUAGE STAFF: Banks often alienate their low-income BIPOC account holders when staff are unfriendly, lack compassion, don’t speak their language, and don’t understand the needs of newly banked customers. Rigorous training of staff and evaluation of retention strategies for low-deposit accounts can yield positive results for BIPOC account holders and banks alike.

3 NO FEE ACCOUNTS: Banks must forgo the expectation to earn profits from low income account holders. Overdraft fees, although a source of significant income for banks, often result in insurmountable debt for low income families, ending with account holders in ChexSystem blacklisted and deterred from mainstream accounts. Minimum balance requirements similarly add barriers to entry in the mainstream. Banks must offer accounts at no cost such as those guided by the Bank On standards.

4 INCREASE ACCESS TO LOW-COST LENDING: predatory, payday lenders are ubiquitous in low-income communities where traditional banks have few branches and the opportunity to participate in mainstream banking is diminished. As part of their community investment obligations and responsibilities, banks and credit unions must provide small dollar loans and lines of credit at low interest rates to allow communities an opportunity to build or rebuild credit safely, without resorting to predatory services.

5 ACCEPTING ALTERNATIVE FORMS OF GOVERNMENT IDENTIFICATION: there are no rules from federal regulators that prevent Banks and credit unions that want to serve all communities should accept alternative identification, including Individual Tax Identification Numbers (ITINs), for opening bank accounts, and securing credit cards, mortgages and small business loans. Doing so will support families in building or rebuilding credit and finding financial stability while avoiding predatory outfits.

6 THE STATE OF CALIFORNIA CAN BRIDGE THE DEEP WEALTH GAP BY CREATING A STATE-LEVEL COMMUNITY REINVESTMENT OBLIGATION FOR BANKS AND CREDIT UNIONS AND OTHER FINANCIAL INSTITUTIONS UNDER ITS JURISDICTION:

Driven by bottom line profits, banks may not have an incentive to create low-interest access to capital for low-wage workers. State regulators can step in to create incentives and issue necessary guidance on how banks and credit unions must provide fee free accounts, low-interest loan products, line of credits and other means to an entry into the mainstream financial market.

Low-income communities are well served by Community Development Finance Institutions (CDFIs) and Community Land Trusts. However, each of these entities do not have enough investment to fully serve the needs of their communities. State must increase its investment towards operations, land development and loan loss reserves available to CDFIs and CLTs.
None of this work would have been possible without the leadership of our program manager, Patricia Villasenor and the resourceful and hardworking team of three promotoras – Delmis Lorenzo, Julia Ornelas, Sabrina Binford.

**ECONOMIC WELLNESS PROMOTORAS SUPPORTERS**

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- Main Street Launch
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- Tenderloin Neighborhood Development Corporation
- The Unity Council

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- California Capital Financial Develop Corp
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To request a workshop, for additional information about the program and policy recommendations, please contact Patricia Villasenor via email at pvillasenor@calreinvest.org.

For more information on the California Reinvestment Coalition and our work, please visit us at www.calreinvest.org.