

## Hartford Public Library - IMLS Priority Goal 2: Community Engagement

**TITLE:** Building Social Capital: An Inclusive Approach to Immigrant Financial Integration

**SUMMARY:** This proposal aligns to IMLS NLG's Goal 2: Enhance the capacity of libraries to contribute to efforts that improve community well-being, civic engagement and financial health. Objective 2.1: Create a replicable library program model that engages communities of diverse cultural and socioeconomic backgrounds. Objective 2.2: Develop and enhance collaborations between libraries and stakeholders with a vested interest in raising the community's financial health. Objective 2.3: Generate indicators to better understand barriers to immigrant un-/underbanked populations. Hartford Public Library (HPL) is the lead applicant and requests \$548,293 and provides \$548,300 as cost share. Our partners are: Mission Asset Fund (MAF), CT Association for Human Services (CAHS), and the City of Hartford. The need addressed is the mainstreaming of un-/underbanked immigrant populations. The intended impact is to expand access to financial services for populations at highest economic risk.

**JUSTIFICATION:** Approximately one-quarter of all households in the United States are unbanked, having no relationship with mainstream financial institutions, or underbanked, having a current checking or savings account but still relying on non-bank transactions. These households regularly use non-bank money orders, check-cashing services, payday loans, rent-to-own agreements and pawn shops. Accompanied by high fees, non-bank financial transactions take a heavy toll on individual wealth. While 5.1% of native-born families don't have transaction accounts, the percentages lacking such accounts are significantly higher among immigrant households i.e., 53% of Mexicans, 37% of other Latin Americans, 20% of Asians and 17% of Europeans. Similar patterns hold for savings accounts, homeownership and stock ownership, with the gap in financial participation increasing with the growing sophistication of financial products. Challenges caused primarily by socioeconomic status affect access to financial products, by both immigrants and native-born; however, the following challenges are unique to immigrants and often transcend socioeconomic factors: unfamiliarity and distrust of both financial and government institutions, limited English proficiency and societal isolation. Immigrants living in ethnic enclaves utilize more grassroots means of managing their finances, i.e., notaries, money transfer providers, and familiar rotating savings and credit associations (ROSCA) commonly referred to as Lending Circles (LCs) popular in many cultures across the globe. An LC is formed by a group of people lending money to one another without interest or fees. Typically, members reach agreement on the amount they wish to contribute into the pool, and how frequently. Members take turns withdrawing money from the pool until every member has tapped their allocation. Circles then conclude or restart. While pooling money allows group participants to build assets short term, it doesn't facilitate their full entry into the financial mainstream. In 2008, the not-for-profit Mission Asset Fund (MAF) introduced a new approach to lending circles by legitimizing its payment arrangements. In MAF's model, participants sign a promissory note and MAF reports each payment to national credit bureaus. With backing from major financial institutions and grant makers, 7,000 individuals have participated in over 800 Lending Circles across the country, and, on average, increased their credit scores by 168 points. Lending Circles are now recognized by both financial institutions and credit reporting agencies as a turning point in helping marginalized populations access mainstream financial products. MAF attributes its success to strategically managing the Lending Circles through nonprofit community-based organizations (CBOs) that serve marginalized populations and have built trusting relationships with their customers. Since 2014, IMLS has partnered with the Consumer Financial Protection Bureau to provide resources for libraries to serve as community hubs for financial information and literacy. This has fueled innovative programming in public libraries. This project enhances these efforts. It provides a blueprint for libraries to replicate and effectively execute formal Lending Circles by combining the requisite access, public-trust, and knowledge building central to the public library's role in the community. While LCs are sufficiently flexible and scalable to respond to any un-/underbanked demographic, HPL targets immigrants, narrowing the financial divide for those at highest economic risk locally and nationally. In 2018, immigrant-led households had \$1.2 trillion in collective spending power. Despite their crucial role in growing our nation's economy, the record-breaking size and diversity of our nation's immigrant population has created a critical demographic that is not fully integrated into the American mainstream. Since 2010, The American Place (HPL's nationally recognized program for immigrants and refugees) has implemented two IMLS NLGs, one designed to promote immigrant civic integration and one to build the linguistic skills and foster the social integration of late-arrival immigrant high schoolers. The building of social capital – forging relations between immigrants and native-born through Cultural Navigators and Community Dialogues – was core to the success of both these initiatives in promoting immigrant

## Hartford Public Library - IMLS Priority Goal 2: Community Engagement

integration by increasing their sense of belonging to the broader community. Evaluator results demonstrated that a sense of belonging and social capital are theoretically and empirically intertwined. The proposed project further enriches our work in this field.

**WORKPLAN:** This section addresses reviewers' score summary remarks raised in HPL's FY20 application recommending that the Library move-forward to a full proposal after clearly clarifying the Library's role. The Library serves in the following roles: recruitment and retention of participants, project oversight and administrative coordination including data management, provision of educational services and building of social capital, hiring of evaluator, tracking and dissemination of program results. Library staff recruit participants drawn from their daily community interactions and program offerings such as cultural celebrations, and ESL/Citizenship services. The staff member interviews prospective participants to identify barriers that might prevent them from fully engaging in and completing the LCs. Prior to start up, participants are required to successfully complete digital literacy trainings provided by the library as banks are employing new digital platforms at breakneck speed. Lack of digital literacy and unfamiliarity with the benefits of mobile financial services have the potential to further marginalize the un-/underbanked. While, the overarching reason for participants to join lending circles is the establishment of a credit history, the model may be implemented as either "general" or "goal specific". The latter has a track record of stronger success with participant recruitment and retention and is the model that we intend to adopt for Year 1 by targeting Citizenship applicants. One of the key barriers to Citizenship is the application fee (\$725). While an estimated 40% of citizenship applicants seek fee waivers, their income is slightly over the stringent federal poverty guidelines. Both LC models range from 8 to 12 sessions for 2 hours per week. One hour focuses on financial skills training delivered by the project partner CAHS. In addition to the trainings, CAHS links participants to trained financial navigators drawn from both their own and HPL's pool of volunteers. The other hour offers facilitated dialogues – led by community leaders and organized by HPL staff and the City's department of Civic Engagement. (The content for the Goal Specific LC dialogues focuses on the naturalization interview/test.) To manage the fiduciary components of the LCs, and protect the institution from any liability, project partner Mission Asset Fund brings experience, technical support and a secure digital lending platform which facilitates the process of receipt and disbursement of funds collected from participants. Towards the end of Year 2, we intend to begin shifting key fiduciary responsibilities to a local bank or credit union that will also offer a financial incentive in the form of a cash savings deposit to encourage participants to maintain their relationships with the bank. CAHS is the state's liaison to *Bank On* – a national initiative supported by the Cities for Financial Empowerment with the purpose of fostering innovative financial empowerment programs which expand access to banking through coalitions among banks and nonprofit organizations.

**DIVERSITY PLAN:** LCs provide an inclusive framework bringing people together from widely diverse cultures to collaborate around the shared goal of establishing sounder financial futures. With multiple opportunities to interact throughout the cycle, members form relationships of regard and trust. Equity statement: this initiative targets groups with the highest rates of economic exclusion struggling with multiple disadvantages such as un-/underemployment, limited education, and no/low digital access.

**RESULTS:** A total of 12 LCs are to be developed over the grants 3-year duration serving a minimum of 120 participants. The Project has identified an independent evaluator with expertise in the area of political economy of inequality. Immigrant participant outcomes include: Improved understanding and navigation of the U.S. economic system; increased trust and use of mainstream financial products (online and on-ground); marked decreased use of predatory vendors. Outcomes for both immigrants and the receiving community members include: increased awareness and valuing of differences and increased insight of shared values. The project's timeframe allows us to enhance the LC model for adaptability in libraries nationwide while generating key indicators to better understand and address barriers to immigrant financial integration. Tangible products include: project website and whitepaper.

**BUDGET SUMMARY:** HPL is applying for a 3-year national leadership implementation grant with an estimated IMLS ask of \$548,293 (Y1: \$188,399; Y2: \$191,536; Y3: \$168,358). Requested funds are allocated as follows: Salaries & Wages: \$190,218; Fringe Benefits: \$98,685; Supplies/Materials/Equipment: \$15,000; Contracts/Subawards: \$173,000; Other Costs: \$19,500; Indirect Costs \$51,890 (10% for non-negotiated rates). The Library will allocate \$548,300 to meet the required 1:1 match of funds: Salaries & Wages: \$200,000; Fringe Benefits: \$103,760; Travel: \$5,000; Supplies/Materials/Equipment: \$30,000; Contracts/ Subawards: \$165,000; Other Costs: \$44,540.