



# **Increasing Economic Stability in Small Cities and Rural Communities**

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## **Preface**

RAISE Texas would like to thank Bank of America for having the financial commitment to support our work to expand asset-building activities into the non-metropolitan areas of Texas and to increase services provided in the small cities and rural counties.

We would also like to thank Entergy Texas for their financial support for our work in Southeast Texas.

RAISE Texas appreciates the dedicated work of the United Ways of Texas for helping us find potential local partners in phase 1 of this initiative, and for partnering in our efforts in the initial meetings.

We would like to recognize our rural partners around the state that have made amazing progress in their communities in moving their asset-building activity forward.

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## Executive Summary

RAISE Texas has been working on asset-building activities in Texas since 2002 when it was known as the Texas IDA Network. In 2007, RAISE Texas was approached by Bank of America to find ways to expand asset-building activities into rural markets served by the financial institution. Bank of America was interested in increasing financial mainstream products and programs, and to support asset-building efforts in these underserved markets. An initial grant was awarded to RAISE Texas to develop and test the creation of pilot asset-building programs in selected rural markets.

In **phase 1**, we partnered with Bank of America and United Ways of Texas to contact local united ways, nonprofit organizations and other potential partners to participate in an asset-building meeting in different rural areas. Five rural market partners expressed interest, and were chosen to host an introductory meeting on asset building. Each of the five partners were provided with a \$1,500 stipend to cover the costs of the meeting and additional expenses.

**Phase 2** began in the summer of 2007 when RAISE Texas sent an RFP to the five sites. The RFP asked interested participants to develop a plan for implementing or expanding an asset-building activity in their community. Those markets selected would receive small stipends, through a second grant from Bank of America, of \$3,000. It was our intention to see if asset-building activities could occur in these rural communities, if we provided a small private grant and offered technical assistance. Four of the five sites were selected.

Between the summer of 2007 and the spring of 2008, the four sites moved forward with their **phase 2** programs. The results were: two groups were able to actually implement a new asset-building activity in their rural area within the grant period of ten months (one started financial education and one a VITA site), one site began to expand its existing asset-building programs (VITA sites and financial education), and the fourth site completed the planning stage of the new activity (an IDA program). The \$3,000 private-sector grants offered in this second phase to the four rural pilot sites seemed to provide enough initial capital to allow the groups to move forward.

After analyzing the success of **phases 1 and 2**, RAISE Texas began a conversation about expanding the Rural Markets Initiative in **phases 3 and 4**. In the summer of 2009, **phase 3** began. We continued our support of the four original sites and added two new rural sites. For our original sites, new partnership agreements were signed with the groups to continue to expand their work in their communities. Two of the groups received another \$3,000 grant. The third group received a grant extension since the organization had only spent a portion of the original grant and wanted to continue work on the expansion of its programs. The fourth group decided to focus on setting up financial education classes as a precursor to an IDA program, so the organization did not request any additional funding at that time. RAISE Texas is still working with the fourth group in the implementation stage by providing technical assistance.

Simultaneously, we have already begun work on **phase 4** activities, which will focus on a wider approach to educating rural areas and counties about asset-building and researching ways to expand asset-building activities throughout Texas. This focus will include a cost analysis of these statewide asset-building efforts and reporting on specific actions and methods that can be used to expand asset-building activities into the rural markets. To begin these efforts, RAISE Texas is partnering with the Federal Reserve Bank of Dallas and Texas Rural Innovators to sponsor up to four regional conferences in the spring and summer of 2010 to educate attendees on asset-building and to help expand these economic stability activities into small cities and rural counties in Texas. Each of the conferences will be tailored to the region and the design of the agenda will be based on what currently exists in terms of activities and infrastructure. Based on the interest and success in each of the areas, potential follow up activities in a number of the local rural communities and counties will be developed. Our longer range goal is to attract the attention of local and state governmental agencies, economic development councils, and workforce centers, and to expand public and private dollars to support these cutting edge programs.



## **Increasing Economic Stability in Small Cities and Rural Communities**

### **I. Introduction**

RAISE Texas has been working on asset-building products, programs, and policies in Texas since 2002 when it was known as the Texas IDA Network. Through efforts by RAISE Texas and its members, a number of asset-building programs were launched and expanded throughout the state. Due to market conditions and other circumstances, these activities and programs occurred mostly in the urban areas.

In 2007, RAISE Texas was approached by Bank of America to find ways to expand asset-building activities into rural markets served by the financial institution. Bank of America was interested in finding ways to increase financial mainstream products and programs, and to support asset-building efforts in these underserved markets. Based on the initial discussion between RAISE Texas and the bank, a proposal was submitted to Bank of America to begin to explore ways to increase the number of products and programs that would help rural individuals, families, and communities become more financially secure. The initial grant request by RAISE Texas was approved by Bank of America. In the approved proposal, RAISE Texas planned to develop and test the creation of pilot asset-building programs in selected rural markets as its main goal.

### **II. Phase 1**

With this initial grant in 2007, RAISE Texas launched phase 1 of the Rural Markets Initiative which included the following five activities:

1. RAISE Texas partnered with Bank of America, United Ways of Texas (UWT), and other key stakeholders to invite 9-12 organizations, including local United Way agencies, nonprofit organizations, and other potential partners located in specific Bank of America rural markets to participate in the initial phase of this project.
2. Five rural market partners expressed interest in the project, and were chosen to host an introductory meeting on asset building. Each site was provided with a \$1,500 stipend to cover the costs of the recruitment, the meeting, and for any additional expenses to support their initial asset-building work.
3. The meetings were held in early 2008 in the rural areas of Pampa, Uvalde, Huntsville, Paris, and Kerrville. Over 100 participants attended these meetings and learned about asset-building products and programs and the wonderful opportunities they can provide in their communities. The attendance ranged from 10 to 40 for the five meetings. RAISE Texas, with assistance from

United Ways of Texas, developed similar agendas, materials, and presentations for each of the locations for these asset-building meetings. At these meetings, RAISE Texas provided background information on asset building and the different products and programs that are included in this growing field. We highlighted the role of Bank of America, who sponsored the meetings and this project, as one of our key partners for this rural initiative. In addition, we also let these rural markets know about RAISE Texas' website that provides information, resources, and an interactive database to locate asset-building programs throughout the state.

4. At the end of each meeting, we surveyed the participants to explore their willingness to develop a coalition to engage in an asset-building activity. The results of these oral surveys showed a high interest in creating or expanding an asset-building activity in their community, but they also raised concerns about the lack of resources necessary to move forward with any of these ideas.

5. The five rural markets involved in the initial phase were invited to attend the RAISE Texas Action Summit held on April 29-30, 2008 at the Federal Reserve Bank of Dallas, Houston Branch. Three of the sites attended using part of the \$1,500 stipend provided to them in the initial phase as scholarships. At this meeting, they learned what was happening throughout the state in the field of asset building, and were able to network with organizations and individuals that manage different asset-building programs.

### **III. Phase 2**

In 2008, RAISE Texas received a second grant from Bank of America to help move some of these pilot efforts forward. Based on the interest of these rural sites, RAISE Texas began to develop a simple RFP for the second phase of this program. The RFP was sent out to the five markets that had hosted the asset-building meetings in phase one. The RFP asked interested participants to develop a plan for implementing or expanding an asset-building program or product in their community. Those markets selected would receive small stipends, through the second grant from Bank of America, of \$3,000. It was our intention to see if asset-building activities could occur in these rural communities, if we provided a small private grant and offered technical assistance. From the completed RFPs submitted, RAISE Texas selected four rural markets to receive the grants to begin the second phase of their work plan. Initially, we had only \$10,000 for these planning and implementation grants from Bank of America. We approached Entergy Texas, who works with one of our rural participants in Southeast Texas, and they agreed to provide a \$2,000 grant to cover the additional costs for the fourth site. The four sites selected were: United Way of Lamar County (Paris), Families & Literacy, Inc. (Kerrville), Middle Rio Grande Development Foundation (Uvalde), and Walker County United Way (Huntsville).

RAISE Texas worked with each of these four selected organizations providing the grants and technical assistance to help each of these sites move forward with their work.

### **IV. Implementation Results**

The RFP developed by RAISE Texas for phase 2 of the Rural Markets Initiative was very easy

and straightforward. RAISE Texas asked the groups to put together a preliminary plan on how they would design and implement an asset-building activity in their area. The RFP also outlined the requirements and guidelines for the grant period covering August 1, 2008 - May 1, 2009. The requirements included: an interim report to be submitted by December 31, 2008; a final report due by May 1, 2009; and participation in up to four conference calls hosted by RAISE Texas throughout the grant period. The following chart describes in detail the information provided by each applicant throughout the grant period.

RURAL MARKET	KERRVILLE	PARIS	UVALDE	HUNTSVILLE
<b>Information from the RFP</b>				
<b>Asset-building Activity</b>	Financial Education for Adults	VITA site and financial education classes	Expand asset-building activities and financial education in the region	IDA program
<b>Initial Plans</b>	Develop the curriculum, and advertise the classes	Set up tax office from February 7 <sup>th</sup> to April 15 <sup>th</sup> in Lamar County	Network existing financial education opportunities and expand promotion of asset building	Set up infrastructure for the program (media, staff, etc.)
<b>Other Support</b>	Made lots of helpful contacts at RAISE Texas Action Summit	Partnership with church to host VITA site	Bank partnerships and additional funding for each coalition	Partnership with existing IDA program
<b>Grant Uses</b>	Projector, brochures, etc.	Office supplies, advertising and salary	Asset-building brochure, radio spots, newspaper ads	Media, printing materials, public conference
<b>Interim Report</b>				
<b>Progress</b>	Scheduled and set up classes in February, March and April	VITA location determined and approved by IRS; Community volunteers moving forward toward certification; Two banking institutions offered to teach financial education	Began financial education classes, and met with the four coalitions to discuss ideas to take the place of the brochure	Put key partnerships into place, and started advertising the program to those partners
<b>Challenges</b>	Change in staff at organization	Not knowing how many volunteers will be needed at the site. Deciding on a curriculum for the financial education courses.	Scheduling classes with professionals to teach them. Getting the word out in rural areas. Having people attend consistently.	Hurricane Ike took a lot of time and resources which delayed the start of the IDA program.
<b>Successes</b>	Forming partnership with Bank of America and combining the classes with GED program.	Finding a church that would provide the location for the site, and finding a core group of dedicated volunteers.	One coalition formed an active core of volunteers to push asset building. The grant focused the coalitions on asset building in their communities.	The partnerships formed with other IDA programs, funders, and supportive community organizations.

RURAL MARKET	KERRVILLE	PARIS	UVALDE	HUNTSVILLE
<b>Final Report</b>				
<b>Progress</b>	Provided classes for 19 current clients and 10 individuals from the public.	Prepared over 60 completed tax returns, and created a financial education curriculum	Tax preparers in all four coalitions counseled customers on the advantage of asset building. Very successful financial education camp for youth was held, and the same partner started teaching first-time homebuyer education as well. Another financial partner provided MoneySmart classes to more than 20 customers region-wide.	Engaged local groups and individuals to help find qualified candidates for the proposed IDA program. Provided applications to qualified candidates, and partnered with local community leaders to help with financial education.
<b>Challenges</b>	Getting people to sign up for the classes	Getting the word out that the VITA site was open, and getting the participants to take the financial education seminar.	Convincing people that financial education has value, and maintaining a schedule of classes with financial institution volunteers. Couldn't get a complete list of asset-building activities in the area, so regional marketing plan fell through.	Outside events (i.e. Hurricane Ike, economic downturn, office renovation, etc.) changed the original timeline to get the program up and running
<b>Successes</b>	Good exposure in the community with lots of press on the classes.	Plan to open the VITA site again next year, and have already collected suggestions on how to improve.	Strengthened partnerships and began discussion of asset building in the communities.	Gained support in the community for the program, and staff from the United Way joined the Board of a newly formed CDC organization which will be a good partnership for the project.
<b>Lessons Learned</b>	Start publicizing early. Partner with organizations in the community to find students. Offer classes once a week instead of twice. Don't use the name Financial Literacy.	Look into the interest in financial education before scheduling another seminar. Start training VITA volunteers as soon as possible and set a firm date for certification.	Strong leadership is needed to carry out plans. Need a champion in the community to help push asset-building activity.	Made sure all major players were in place before proceeding with the program.

The data in the chart shows that the groups progressed relatively well in a short amount of time, and most were actually able to implement the activity in their community. Based on the information provided from the organizations, all of the groups were planning to continue their



asset-building activity in the future. One group was already making changes to better its activity next tax season, while another group implemented the financial education component into its core curriculum for its agency, which focuses on education and literacy. Overall, the data results showed that asset-building activities can be implemented in rural areas with the help of small private grants and technical assistance.

**V. Accomplishments and Findings from the Rural Markets Initiative Phases 1 and 2**

Based on the observations and assistance provided through the Rural Markets Initiative phases 1 and 2, RAISE Texas notes the following accomplishments and findings.

- Two of the four groups selected for this project were able to actually implement a new asset-building activity in their rural area within the grant period of ten months.
- Media coverage of the new or existing asset-building activity was very thorough and impressive throughout the grant period. All of the groups talked about positive press coverage, including newspaper articles, radio spots, and lots of community support.
- Two of the sites chose to implement or expand VITA programs in their area. Paris started the VITA site to cover Lamar County, while Uvalde expanded their VITA efforts throughout five counties. The two sites had the following results.

<b>Site</b>	<b>VITA Year</b>	<b>Total # of Tax Returns</b>	<b>Total Amount of Earned Income Credits</b>	<b>Total Amount of Child Tax Credits</b>	<b>Total Amount of Refunds to clients</b>
Paris	1 <sup>st</sup> Year	63	\$14,908	\$8,000	\$53,706
Uvalde	6 <sup>th</sup> Year	2,694	\$1,945,358	\$581,585	\$4,249,308

- Over 60 adults and youth were able to take advantage of new financial education programs hosted by two of the rural sites.
- Bank partners in the rural areas are ready and willing to partner in asset-building activities, if asked. Most of the groups had more than one financial institution partner to support their efforts. Given the conversation on the conference calls, it sounded like Bank of America staff members in the rural areas were especially interested in participating in the financial education classes.
- Partnerships within the community are the key to having a successful asset-building activity or program. All of the groups commented about how important partnerships are throughout the process, whether it is financial institutions helping to teach financial

education, or established IDA programs helping to set up the processing of clients for a new IDA program. Having a support system in the community is very important. In fact, in reading the group reports and listening to the conversation on the conference calls, different groups seemed disappointed in the number of individuals that took advantage of their classes or programs. Partnerships can help remedy this situation by helping to market and recruit for the classes, especially the other community organizations that serve the target population. This will provide a bigger client base for the asset-building activity.

- Curriculum for financial education classes was one of the most challenging topics that seemed to face our rural constituents. All of them commented about having to pick a financial education curriculum and needing to be sure that it covers all of the needed topics on a level that people in the community can understand.
- Having a staff, whether it is actual paid staff or volunteer staff such as supporting board members, seems to be very important in the success of the implementation of the asset-building activity. The staff needs to have the asset-building activity listed as a high priority or else it does not seem to be very successful. Those groups that had a lot of board and community support and at least one staff person working on the project seemed to be able to not only reach their goals but exceed their expectations.
- Marketing is probably the biggest challenge facing the rural markets. The majority of groups mentioned repeatedly in their reports that it was difficult to get the word out to the people, and specifically to the clients that would take advantage of the programs. A statewide asset-building campaign or marketing materials could possibly help in this area.
- Smaller city-wide or county-wide programs seemed to be easier to implement than having larger regional programs.
- The \$3,000 private-sector grants offered in this second phase to the four rural pilot sites seemed to provide enough initial capital to allow the groups to move forward whether it was for purchasing necessary items and/or to pay staff to successfully implement the activity. This will be something important to explore for both expanding to other rural markets and for funding needs in year 2 and subsequent years. It will also be interesting to see if the groups can leverage additional private and public funds to help support future efforts.
- The conference calls should be topical, and provide a variety of information on all of the asset-building activities that the groups are involved in or trying to implement. The groups seemed to appreciate having professionals in the different fields present and available to answer questions on the calls.

## **VI. Progress Leads to Phases 3 and 4**

After analyzing the success of phases 1 and 2, RAISE Texas began a conversation about expanding the Rural Markets Initiative into phases 3 and 4. On July 1, 2009, we began work on phase three by continuing our support of the four original sites and adding two new rural sites from West Texas. With our original sites, new partnership agreements were signed to continue and expand their work in their communities. Kerrville and Paris each received another \$3,000 grant to help expand their asset-building activity into year 2. The group in Uvalde received a grant extension since they had only spent a portion of the original grant. The Huntsville group decided to focus on setting up financial education classes as a precursor to the IDA program. They were successful with creating and holding financial education classes in their community, and they found a lot of interest in the IDA program. RAISE Texas is still working with them in the implementation stage of the Rural Markets Initiative, so no new funding has been awarded yet. Instead, technical assistance is the main component that this rural site needs at this stage.

The two new groups from West Texas are the Midland Asset Building Coalition and Odessa Affordable Housing, Inc. Both groups have signed agreements that provide technical assistance to move their asset-building activities forward, but without any implementation grants. This was decided since these groups have already made a great deal of progress in implementing and supporting asset building in their areas, so RAISE Texas has offered to assist them in their current efforts. Phase 3 is currently in progress and runs until April 30, 2010.

Simultaneously, we have already begun work on phase 4 activities. Phase four will focus primarily on research and figuring out ways to expand asset-building programs and products into all of the rural markets in Texas. This research will include infrastructure suggestions, and cost assessments based on the findings from our work over the next year or so across the state.

To begin our work on phase 4, on November 16, 2009, preceding the RAISE Texas Action Summit, a rural advisory meeting was held to discuss ways to expand asset-building activities into more small cities and rural communities in Texas. A number of groups from small cities and new rural areas were invited from across the state to listen to our overview of the initial work in phases 1 and 2 of this initiative, and to provide feedback and suggestions for activities.

Based on this November advisory meeting, RAISE Texas has partnered with the Federal Reserve Bank of Dallas and Texas Rural Innovators to begin planning for the first part of phase 4 in the spring and summer of 2010. These plans include sponsoring up to four regional conferences to educate attendees on asset building and to help expand these family economic stability activities into small cities and rural communities and counties throughout Texas. These potential events will be held in Southeast, Northeast, West, and the Coastal Bend areas of Texas. Each of the conferences will be tailored to the region and the design of the agenda will be based on what

currently exists in terms of activities and infrastructure. Based on the interest and success in each of the areas, potential follow up activities in a number of the local rural communities and counties will be developed. Our longer range goal is to attract the attention of local and state governmental agencies, economic development councils, and workforce centers, and to expand public and private dollars to support these cutting edge programs.

The ideas and events that come out of these regional conferences, along with the work from our first three phases of this project, will provide key information for RAISE Texas to publish a report on ways to implement asset-building activities in small cities and rural areas throughout Texas and in rural areas around the country.