Luncheon Speaker: Maurice Jones, LISC

MR. MILLER: If I could ask everybody to take their seats, please.

Thanks, everybody. I figure while you're finishing your sandwiches, or your cookie, or getting a cup of coffee I thought we could start off with our program again.

Our luncheon speaker today is Maurice Jones, president and chief executive officer of the Local Initiatives Support Corporation, better known as LISC, one of the truly premier non-profit housing and community development organizations in the nation.

As I was preparing this introduction I realized that I've known Maurice now for close to 20 years since he worked first as counsel then as director of the Community Development Financial Institutions Fund.

Now is the point in time where Maurice is starting to get a little nervous, but I told him he's really got nothing to worry about.

Throughout that time Maurice has dedicated himself to serving the public interest, whether from the public sector, or the non-profit sector, or the government.

Maurice took the helm as the fourth president and CEO of LISC in September of 2016. Immediately prior to joining LISC he served as the Secretary of Commerce for the Commonwealth of Virginia where we are at this very moment.

There he managed 13 state agencies focused on the economic needs of people in the State of Virginia.

He served as the Deputy Secretary of the Department of Housing and Urban Development, a tough job I can say, overseeing that agency's day-to-day operations.

He was also general manager of the Virginia Pilot Newspaper in Norfolk, Virginia.

He also served then Governor now Senator Mark Warner as deputy chief of staff and as commissioner of Virginia's Department of Social Services.

Looking past his resume, as impressive as it is, the point I want to emphasize is that in whatever endeavor he has undertaken Maurice has shown a passion for expanding economic opportunity to all Americans along with the wisdom and the good judgment to advance this goal.

Please join me in welcoming Maurice Jones to the podium.

(Applause.)

MR. JONES: Good afternoon to everybody. Oh, come on we can do better than that. We're in the great Commonwealth of Virginia.

Good afternoon, everybody. Now we're talking business. I know this is the hardest job in the room, right? You've eaten and it's nap time. So I'm going to try to make sure I don't put you to sleep too soon.

I do want to thank Jonathan. I have to confess I had written down all these notes that I was going to use in rebuttal because I just knew he was going to talk about the fact that when we met 20 years ago I had an Afro. Wait, that wasn't a joke.

But anyway, I'm happy to be with you. I'm happy to be with you, Mr. Chairman.

I have somewhere in the room Matt Josephs is -- there he is. Matt does our policy work for LISC and I saw Donsia Strong Hill. Is she still here? She may be gone. Oh, there she is.

So I want to acknowledge the LISC team and thank them for putting up with me. Seven months on the job, they haven't kicked me out yet. So, that's all good stuff.

Well, it's nice to be with you. I want to thank -- I've seen bankers in the room that we do business with. I want to thank you all.

I see Buzz Roberts over there. Hey, Buzz, who is a longtime LISC-er, now onto the next chapter. Non-profits, obviously regulators and government folks. I want to thank everybody for the partnerships that we have with you.

This topic for us at LISC is one that we wrestle with every day. We wrestle with how we can add value to the strivings of the folks that we're trying to serve to get into the financial and economic mainstream, and frankly be even mobile from there.

And what I thought I'd share with you today is just some of the work we're doing in a particular area.

Those of who know LISC, you know we work in the housing space, in the health space. We work in the community facility space. We work in a number of other spaces.

Today I want to hone in on a particular thing that we're doing that is relevant to your topic today.

I start from this hypothesis for us, or what we think is the job to be done. Well, actually, let me start this way.

A 2013 FDIC survey I believe, and you may have already talked about this so forgive me if I repeat it, unearthed the data that follows - 1 in 5 Americans are unbanked. That is about -- at that time I think it was about 70 million people. I think it was 68 million.

Among the households -- second point -- that recently became unbanked over 34 percent experienced either a significant income loss or a job loss that they said contributed to the household becoming unbanked.

Third point, among the households that recently became banked at the time that the survey was done almost 20 percent reported that it was a new job that contributed to the opening of a bank account.

And then last point that jumped out at us was that a majority in this survey, over 57 percent actually of the unbanked households reported that not having enough money to keep in an account or meet a minimum balance was one reason that they did not have an account.

And slightly more than one-third, almost 36 percent of all the unbanked households reported that this was actually the main reason why they did not have an account.

So we stepped back from that and concluded that among other things one of the key places that we needed to do more work was in this area of helping individuals with income and jobs. Not rocket science.

But clearly an area that we needed to do more if we were going to have a chance of helping folks get into the economic and the financial mainstream.

Now, I should step back and tell you who we are typically working on behalf of.

So our clients, or our residents reported to us in one of the surveys that we've done that half of them had no checking accounts, two-thirds no savings account, and 60 percent had never had any checking account at any point in their lives.

Those who were unbanked at the time that we did the survey had median incomes of about $385 a month versus what was then $1,100 for those who had checking accounts.

And credit scores were below 500, somewhere in the 498 range versus 570 for those that we found having a checking account.

Let me drill a little deeper for you. We also found -- this is the new technology world so bear with me. If it shuts down I'm going to just make it up and you'll never know.

(Laughter.)

MR. JONES: Here we go. So, drilling down a little further. And this by the way, I should say this survey was specifically residents around the work that we were working on in Chicago.

Most were African-American or Latino. Most had only a high school diploma, or I should put it another way. Most had a high school diploma or a GED. Twenty-three percent actually had no diploma or any degree.

Half had not worked at all during the year prior to this survey, and about 83 percent had either no credit score, or a subprime score.

Let me drill just one more point which is even with respect to those that had high school degrees or GED equivalents we found after further homework that they were reading, they were performing numeracy or math literacy at about a sixth grade level.

So, we decided that we needed to do something that was multidisciplinary. And what we came up with was now what is known across our platform as our financial opportunity centers of which we have about 80 around the country right now. They're in a little over thirty some sites. None yet in a rural site, all right now in the urban areas though my hope is to be able to tell you by the end of the year that that's no longer the case. But we shall see.

Let me tell you the thought behind the financial opportunity centers. Thank you for your patience with me as I navigate this.

Here we go. So, our financial opportunity centers offer three kinds of services.

The first is they offer coaches for people around the question of budget and frankly improving the credit scores. Many of the coaches are former bankers or even existing bankers. But the goal is work on helping the individuals who come through the door prepare individual budgets, have a good grasp of their debts and their assets and their income, and work on in some cases improving a credit score so they can eventually move to becoming homeowners, for example, or in many cases for the first time obtaining a credit score.

The coaching model is come in, sit down, meet with me, tell me what your goals are, we will work on that together. So that's the first thing.

The second piece is a coach or counselor that connects the individual with benefits that they are eligible for that can enhance his or her income during this time that they're working with us.

It's the usual areas, right? Housing, or rent subsidies, childcare assistance, EITC, those kinds of things. It's working with the individual, making sure that that individual applies for and sees through hopefully to success receiving this help with the income.

The third area that we offer service in is workforce development, job placement. Helping the individual obtain skills to get into a job.

Now, where we have really made it intense we take that third area and get people or try to get people prepared for particular jobs in particular sectors. And so it's customized workforce development. It's preparing you for a medical technician in X hospital that we have a relationship with.

Or trying to get you on a track to get a coding certification for a particular job that an employer that we have a relationship is hiring for.

We try to do this in weeks or months, not years. But it depends on what the person brings to us, what the person's goals are. That's really what determines how long he or she stays with us.

We've been doing this now for quite some time and the results are in. We have found that you have -- we need people to take advantage of at least two of the three services to maximize their outcomes.

Just workforce development, or just financial coaching, or just getting linked with these benefits may have some positive effect, but it won't maximize the opportunity that the individual has to propel him or herself onto a pathway to the economic and financial mainstream.

What they need to do, it's usually workforce and something else. If we can get folks to take advantage of two of the three that the chances of success are really high.

In fact, I've got a few notes here on this.

Well, 2016 I can tell you some results. In 2016 we had -- as a result of these financial opportunity centers we had about a little over 5,000 people who found employment.

Fifty-five hundred of the folks that we served improved their net income. Over 4,200 net worth, and close to 5,000 improved their credit scores or obtained a credit score for the first time.

And we had -- and this for us is the proxy that I think is most encouraging -- 21,000 folks who actually did access at least two of the three services that we offer.

So we have 80 of these across the country. Honestly, 80 is a drop in the bucket compared to what the opportunity is to really impact people's lives through this multidisciplinary approach to trying to get folks into the financial and economic mainstream.

What we need, in some places like Chicago we have 8 to 10 of these. In other places like Toledo we have two or three.

And even the Chicago number is a low number compared to what the opportunity and the need is.

These are not expensive propositions to operate. The key, to be honest, is finding good local partners with the capacity to do the three things that I just outlined in an excellent fashion.

If we can do that then we can run a successful -- this is high-touch. I won't deny that. But we can run a successful financial opportunity center that is connecting folks, or at least putting them on a pathway to connecting to the financial mainstream in a pretty serious way.

That's what we're looking for partners to do. We really need to do more of this in more places, and we need partners with which to do the work.

I will stop at that and try to take any questions. But I want to say thank you. I'd be happy to try to take any questions, or any feedback, or advice.

But thank you for the time. I hope I didn't put you to sleep. I hope I've said something of interest to you, but I'd love your feedback, advice, questions, et cetera. Thank you.

(Applause.)

MR. JONES: There you go, kick us off, Bruce. Break the ice. Good afternoon.

PARTICIPANT: Maurice, could you talk a little bit about under your leadership how strategically LISC is beginning to refocus on a more forward-thinking reality that you have to deal with every day.

MR. JONES: So, I think there are -- let me answer that in a couple of ways.

There is first what I believe the job to be done in the neighborhoods we're trying to impact for the next decade or more, that requires more emphasis from us than we have given it. Building on work that we have done, but needing more emphasis.

And that's for lack of a better way of putting it inclusive economic development.

I really do think that the great opportunity for us in the field today is taking advantage of the fact that between now and 2024, 2025 depending on whose data you use the U.S. has to fill 16 million or so what we call middle skill jobs, jobs don't require a BA degree, don't require a BS degree -- they may require a BS degree, actually. You got that one, that's good, this is good. Even Matt is still awake back there and got that one.

But they do require K-12, GED plus some kind of certification in a trade or technical area.

We've got to fill 16 million of these jobs largely because we have a workforce that's retiring and an insufficient pipeline coming behind.

Well, this is a great opportunity for the folks that LISC attempts to serve every day in the neighborhoods where while Massachusetts may have a 2.8 percent unemployment rate, Roxbury has a 20 percent unemployment rate.

The question is how we get folks prepared for these jobs.

This is an area where we at LISC are leaning much harder into now than we have historically.

We've got some work going now in places. The FOCs are the stuff to build on for that.

But building more partnerships with businesses that have the jobs which in many cases is healthcare, higher ed, government, working on building the skill sets of the people that we're trying to be helpful to which means trying to help organizations including community colleges by the way scale and prepare more people for these middle skills jobs.

Using our financing tools to make the communities that we're trying to work in more attractive for job expansions, and job locations, and entrepreneurs, infrastructure, broadband in the rural areas.

Lending to entrepreneurs. Using our ability to both new markets tax credit and financing to do more in the quality job production piece.

These are the areas that we are looking to do much more in. We won't stop doing housing, don't get me wrong, but livable wage jobs for the people we serve.

If we don't do that one in a much more intensive way all the other stuff we're working on is just fragile. It's one car repair away from not being able to get it done. That's where we're going. That's the if you will repositioning that we're doing externally.

Internally there are plenty of other good things we're doing, but that I won't bore you with. Thank you. Yes, ma'am.

MS. LANGHOLZ: Hello, Krystal Langholz from First Nations Oweesta Corporation.

I was curious a little bit. You talked about your partners and that you're looking for additional partners on the local level for your centers.

I was just curious what kind of organizations you're partnering with and what those relationships normally look like as well as your efforts to expand -- if you could expand on your expansion efforts into the rural communities and how you're planning on approaching that. Thanks.

MR. JONES: So, our partners are wide-ranging for these financial opportunity centers.

We have organizations like in Chicago one of our financial opportunity centers is actually operated by the community college in the area.

Our hypothesis was that many of our clients would be community college students. It's turning out to be about 50/50.

In Jacksonville we're about to open a financial opportunity center. The host there will be a historically black college that's in the neighborhood that we're trying to serve.

United Way is a partner. Organizations that are focusing on the reentry population are partners. It is really community-based organizations all across the map.

You asked about rural. So, I think one of the biggest opportunities for us in the rural space is finding partners to help us work on getting more broadband in rural America.

So, there are two big challenges that I'm seeing in the rural parts of the country that are pretty consistent.

One is the quality and attractiveness of the workforce.

Two though is the lack of broadband. We sit in the 12th wealthiest state in the Union depending on which metric you use.

And 45 to 50 percent of rural Virginia is without access to high-speed internet in the 21st century in the greatest country in the world.

The internet is to business and to job growth just as oxygen is to living. You can't do it now.

And so we have got to find a way, public sector and private sector, non-profits and others to get internet access in the rural parts or our efforts around economic development and jobs, and poverty alleviation will just get kicked by that lack of infrastructure.

So, we want to find more partners to creatively pursue.

I don't have the answers, I just know what the problem to be solved is, so that's what we're looking for if that answers your query. Thank you for that, I appreciate it.

Yes, sir.

MR. MACDONALD: I'm Andrew MacDonald with ICF and I was just hoping you could speak a little bit about how you are recruiting clients to come in to your FOCs and whether you have any issues with attrition or resistance to doing things like opening a bank account and how you address that.

MR. JONES: So, the recruiting of clients depends on where we are. We are attempting to partner with neighborhood-based groups that have clients already coming through their doors for whatever reasons. So the community college was an example where we thought well, this is a built-in clientele that we think we can serve. So that's the recruitment.

Attrition interestingly, I don't have the recent data on attrition, but attrition is not our biggest issue.

Our biggest issue really is making sure that people subscribe to the coaching model and will stay with it.

If they do that the success is really high. But that's -- people come through the door and they want a job tomorrow.

So, the challenge is take two of the three and promise you you'll maximize your opportunity. That's the challenge. You had a third piece.

MR. MACDONALD: I was curious what strategies you've had that have been successful at reducing the attrition, and also if you encountered resistance to, for example, opening a bank account, or people with attitudinal barriers perhaps to that.

MR. JONES: So, let me tell you one thing we did.

The answer is there's a lot of distrust walking through the door. So are you familiar with Twin Accounts?

So we use Twin Accounts as one of the tools to improve people's credit scores. For those of you who don't know what they are, they really are credit-building vehicles.

You get a loan for -- we work with the CDFI. You get a loan for $300 that you have to pay back in 12 months. You pay $25 or $30 a month.

You pay on time and at the end you get back your $300 that you paid plus we match it with $300. That goes -- and by the way you're getting a credit score the whole time.

That has been resoundingly successful and has really led to folks getting connected with a bank.

We need to find more tools like that to overcome this distrust. I mean, that really is all about pay your bills on time and you'll be rewarded. That's simply what that's about. So more of those are what we need. Thank you. Yes, sir.

MR. COAXUM: Hi, my name is Wole Coaxum. I run a company, Mobility Capital Finance.

My question for you and I think you alluded to it a little bit earlier. How do you think about mobile in your offering?

And maybe it's built on getting the rural communities connected first. And that might be the priority. But I'm just curious how you think about mobile.

MR. JONES: So I think it is an area where we are behind the times. That's what I think.

And it's not just -- no question I think there's an opportunity with respect to rural.

So, we're looking at a mobile FOC for our first possible financial opportunity center in rural wherever. I have to be careful not to see rural Virginia. You'll see my bias.

But I think that the mobile platform is -- that's the next terrain that we need to figure out how to cross over.

We're not there yet as an entity, but I look up and I look at these fintech companies, for example, and I know what they're doing with technology.

I was visiting with a cousin in Durham, North Carolina this weekend and she was telling me about her mortgage.

And I said what is the bank telling you. And she said the bank? She said no, no, no, it's Quicken Loans.

We've got to get our act together to figure this one out. I think it does -- it will help us in rural America, but it's an opportunity in urban America as well. Yes, ma'am.

MS. BARRERA: Hi, Maurice. Janie Barrera with LiftFund. Congratulations on opening up your newest office in San Antonio.

MR. JONES: Thank you.

MS. BARRERA: And I thought maybe you'd like to talk about that, why a new office, new LISC. And also I think this would be a good opportunity to recruit for that executive director you're looking for.

MR. JONES: Well. I love you too, Janie.

So, we are opening a new office in San Antonio. We are looking for a new ED. In fact, if we don't find one I'm going to do it myself because I'm going to be in trouble if I don't.

But let me say this. We have 31 offices around the country at LISC which is -- we're proud of that kind of reach.

But we also know -- oh, I didn't see you there. You can correct everything I just told them that was wrong. But don't tell them everything.

We are in my mind embarrassingly underrepresented in the south and the southwest. The places frankly where poverty is growing -- Martin can tell you this -- growing the fastest around the country.

That's part of what's behind San Antonio.

But we're also looking at other places in the southeast and the southwest where we want to make a home and try to make a difference.

Now, we do need an ED in San Antonio. I'll be out there next month. I'll come see you, promise. Thanks.

I'm getting a note from Jonathan. Have a great day. Appreciate it.

(Applause.)

MR. MILLER: Let me just say I think Maurice hit a number of notes that we heard about in the morning panels, the importance of partnerships, the importance of reaching out and building trust in the community, the importance of well-designed products.

So again join me again please in thanking Maurice.

(Applause.)