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How the Shrinking of the Labor Force Might Impact Your Community

By Andrew A. Pack

One trend that will continue to affect the future of economic and workforce development in the United States at a local, state and national level in the coming years is the status—continued decline or possible increase—of the labor force participation rate. This rate impacts the vitality of local and state economies and has many national implications as it continues to fluctuate. Many experts debate the future of this rate. As baby boomers retire, many expect the rate to continue to decline. But with the likelihood of better economic times and improved job prospects ahead, more people may re-enter the labor force.

Throughout the Great Recession, the labor force participation rate declined. In July 2014, the rate was at 62.9 percent. To put this into perspective, the last time the rate was this low was in March 1978, when it stood at 62.8 percent. From January to April 2000, the rate peaked at 67.3 percent. The lowest recorded rate was in December 1954, when only 58.1

percent of Americans were considered to be in the labor force. From 2000 to July 2014, the rate dropped by 4.4 percent. If the American labor force shrinks by the same rate in the next decade, the U.S. will be back to a rate equivalent to the 1950s. (See Figure 1.) Given the demographic changes to the labor force in the past 50 to 60 years, it is almost unimaginable that the U.S. could see labor force rates equivalent to the years following World War II.

Why Are People Leaving the Labor Force?

According to the Federal Reserve Bank of Atlanta, there are many factors that influence whether a person aged 16 years or older is in the labor force at any given time. One of the biggest reasons is retirement. Others may include being in school, having a disability or illness, taking care of someone with an illness, or giving up on looking for a job. Figure 2 provides estimates for the percentage of people out of the labor force for each of these reasons from 2007-2013.²

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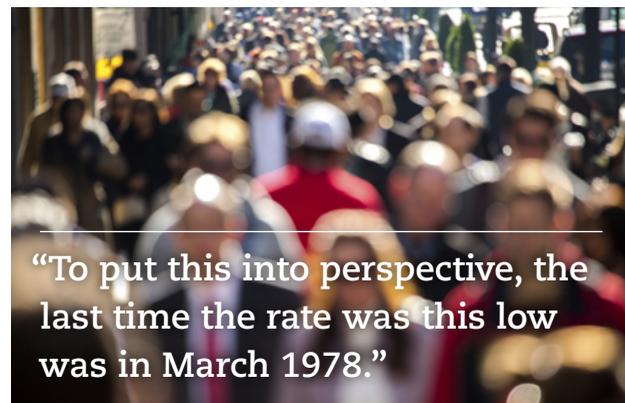
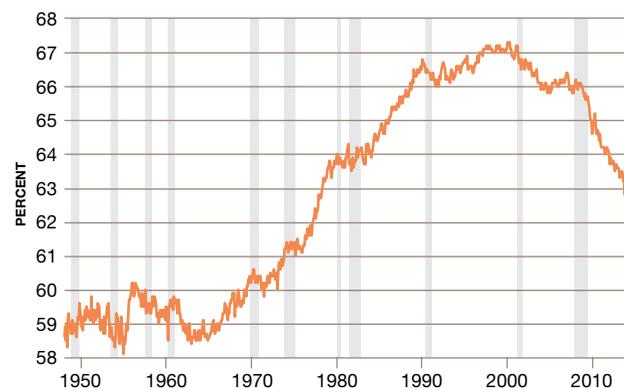


FIGURE 1
Civilian Labor Force Participation Rate



SOURCE: Bureau of Labor Statistics, U.S. Department of Labor
NOTE: Shaded areas indicate U.S. recessions

Bridges is a quarterly publication of the Community Development Office of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

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Calendar

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- 8 **In the Shadow of the Great Recession: Experiences and Perspectives of Young Workers Connecting Communities® Webinar**
Sponsor: Federal Reserve System
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- 22-23 **Real Estate Development & Reuse Training**
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- 25-27 **Gateways to Economic Competitiveness: IEDC Leadership Summit**
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- 29 **Release of CFED 2015 Assets & Opportunity Scorecard Webinar**
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- 29 **From Indicators to Action: Spurring Community Engagement through Data**
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- 29 **14th Annual New Partners for Smart Growth Conference**
Baltimore, Md.
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FEBRUARY

- 6 **EARLY-BIRD RATE EXPIRES! 2015 Federal Reserve System Community Development Research Conference**
See April 2-3 entry below for conference details

MARCH

- 13-15 **Rural Development Conference 2015**
Bangkok, Thailand
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<http://cdvca.org/programs/events/annual-conference/>
- 23-27 **Community Development Academy: Building Communities from the Grassroots; Empowering Communities for the Future**
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APRIL

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Shrinking of the Labor Force

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The labor participation rate could continue to drop as many people who are aging in the workforce retire and more adults are enrolled in higher education, which keeps them out of the workforce. But the positive data is that approximately 32 percent of people who are not currently in the workforce would like to be, as shown in Figure 2.² As the economy improves, so may the number of people working, which should have more of an impact on economic growth. The more people work and spend money, the better the economy.

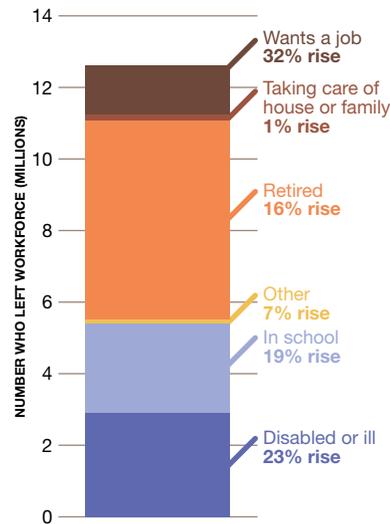
State- and Community-Level Impact

Lack of participation in the labor force has an impact on the local economy, tax base and workforce. Much attention is focused on the current levels of unemployment, which have continued to decline in most regions. But more attention focused on boosting a region's workforce may be imperative for the future of many areas, especially those that continue to see outmigration. Workforce development initiatives that focus on continually upgrading workers' skills to keep them relevant in the workforce, creating incentives for dislocated workers to re-enter the workforce and increasing collaboration with businesses will become even more imperative to local economic development if the labor force participation rate continues to decline.

One factor that contributes to the number of workers in the labor force is the overall population of an area. Figures 3¹ and 4¹ show the civilian labor force by state and county in 2013. As the maps indicate, many of the less-populated areas have a lower number of people in the labor force. Tables 1-4

FIGURE 2

Contributions to Change in Not in the Labor Force, Q4 2007–Q4 2013, by Reason



SOURCE: Terry, Ellen. What Accounts for the Decrease in the Labor Force Participation Rate? January 17, 2014. <http://macroblog.typepad.com/>.

list the 10 states and counties with the greatest and least number of people in the labor force in 2013.

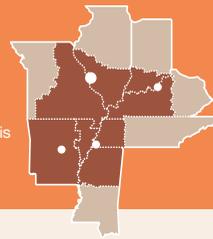
What may be more compelling is the change in the labor force from 2012 to 2013. Which states and counties are gaining workers and which are losing them? Figures 4¹ and 5¹ show the percentage change in the workforce from 2012 to 2013 throughout the U.S. Tables 5-8 show the states and counties with the greatest percentage of increase and decrease in the labor force from 2012 to 2013.

As the data in the maps show, labor force participation is not equal throughout the U.S. or even within a particular state, as evidenced by the state of Texas. While Texas has the second-highest number of workers in the labor force, the third-highest increase in labor force participation, and five of the top 10 counties with

>> continued on Page 4

SPANNING the Region

The region served by the Federal Reserve Bank of St. Louis encompasses all of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.



AT THE FEDERAL RESERVE BANK OF ST. LOUIS

St. Louis Fed's *Inside the Economy*™ Museum Is Open

The St. Louis Fed celebrated a historic milestone as the new *Inside the Economy*™ Museum opened its doors to the public in September. The museum is designed to be a one-of-a-kind, immersive experience that explains the economy—and everyone's role in it—in a fun and interactive way. Visitors will engage in a hands-on journey through nearly 100 exhibits that are brought to life through displays, games, sculptures and videos. The museum also includes a multipurpose classroom for educational groups.

Walk-in visitors as well as groups are welcome. Hours are from 10 a.m. to 3 p.m., Monday through Friday, excluding Bank holidays. The museum is free of charge to all visitors. For more information, visit the museum's new website, www.stlouisfed.org/economymuseum.

Louisville CIZ Receives National Arts Grant

IDEAS 40203 and YouthBuild Louisville have received a \$250,000 national arts grant to develop a unique Creative Innovation Zone (CIZ) in the Smoke-town neighborhood. The grant will help fund economic, educational and environmental infrastructure development in Smoketown led by artists and entrepreneurs. Smoketown was Louisville's first established African-American neighborhood.

The Louisville CIZ was one of 55 grants selected by ArtPlace America out of 1,300 applications. It will focus on education—especially in digital literacy and green-space development—with an emphasis on public art, and business development, pioneering new ways for artist/innovators and community to work together to create new opportunities in education, environmental design and entrepreneurial activity leading to jobs.

Shrinking of the Labor Force

>> continued from Page 3

the largest increase in labor force participation, the state also has four of the counties with the top 10 largest decrease in labor force participation in 2013. These variances show how complex it is to improve the labor force participation rates in the United States. Each state, county and community is likely to be dealing with very different issues, requiring tailored solutions.

Businesses depend on skilled labor to make decisions regarding growth and location. If an area is lacking in the number of people who are in the labor force, many of the local economic development initiatives will not be met due to its low labor participation rate. As unemployment rates decline in many areas, community and economic developers must still pay attention to other rates, including the labor force participation rate,

to improve the economic conditions in their regions. If the labor force participation rate continues to decline, attracting workers will become an even greater issue for economic competitiveness.

In August 2014, Fed Chair Janet Yellen spoke about labor market dynamics and monetary policy.³ She said, “As an accounting matter, the drop in the participation rate since 2008 can be attributed to increases

FIGURE 3
2013 Civilian Labor Force by State (thousands of persons)

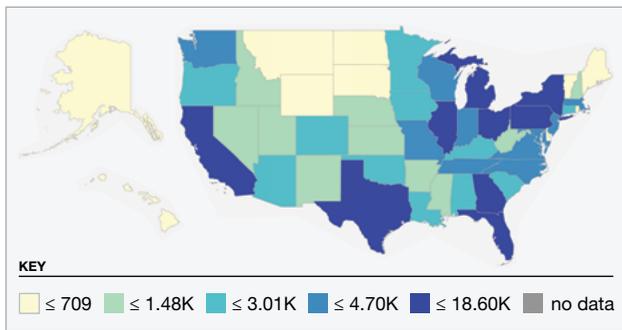


TABLE 1
States with the Highest Number of People in the Workforce, 2013 (seasonally adjusted)

State	Persons in workforce (thousands)
California	18,596.0
Texas	12,818.1
New York	9,635.8
Florida	9,431.5
Illinois	6,552.5
Pennsylvania	6,459.8
Ohio	5,764.9
Georgia	4,767.0
Michigan	4,706.2
North Carolina	4,695.0

TABLE 2
States with the Lowest Number of People in the Workforce, 2013 (seasonally adjusted)

State	Persons in workforce (thousands)
Wyoming	306.3
Vermont	351.4
Alaska	364.2
District of Columbia	370.4
North Dakota	400.6
Delaware	443.0
South Dakota	448.4
Montana	513.6
Rhode Island	555.6
Hawaii	648.8

FIGURE 4
2013 Civilian Labor Force by County (thousands of persons)

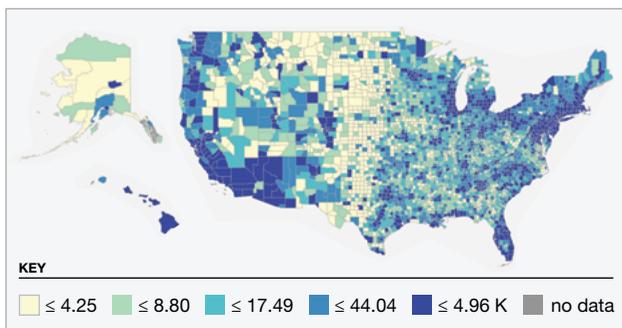


TABLE 3
Counties with the Highest Number of People in the Workforce, 2013 (not seasonally adjusted)

County	Persons in workforce (thousands)
Los Angeles, CA	4,960.325
Cook, IL	2,615.198
Harris, TX	2,136.254
Maricopa, AZ	1,903.174
Orange, CA	1,610.934
San Diego, CA	1,590.037
Miami-Dade, FL	1,287.348
Dallas, TX	1,200.709
Kings, NY	1,155.343
Queens, NY	1,147.536

TABLE 4
Counties with the Lowest Number of People in the Workforce, 2013 (not seasonally adjusted)

County	Persons in workforce (thousands)
Loving, TX	0.046
King, TX	0.153
Petroleum, MT	0.226
Arthur, NE	0.262
Kenedy, TX	0.273
Blaine, NE	0.276
Yakutat, AK	0.285
McPherson, NE	0.303
Harding, NM	0.380
Terrell, TX	0.403

in four factors: retirement, disability, school enrollment, and other reasons, including worker discouragement. Of these, greater worker discouragement is most directly the result of a weak labor market, so we could reasonably expect further increases in labor demand to pull a sizable share of discouraged workers back into the workforce.”

Labor force participation rates have a significant impact on a region’s economic vitality. Although many areas of the country are seeing growth, not

all are experiencing the same growth, as evidenced by the differing labor force participation rates in different markets. But as the national economy improves and workers return to the labor force, we can create a more robust future workforce in our states and counties.

Andrew A. Pack is a senior community development specialist at the Little Rock Branch of the Federal Reserve Bank of St. Louis.

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FIGURE 5
Percent Change in Civilian Labor Force by State, 2012–2013

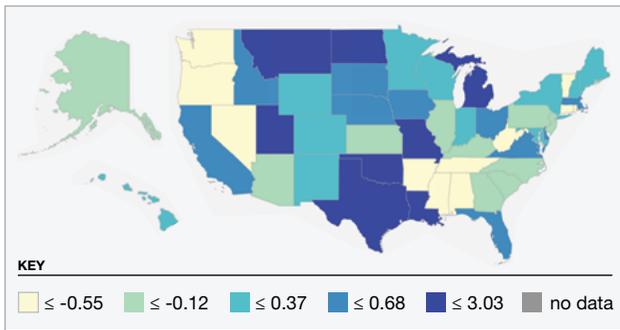
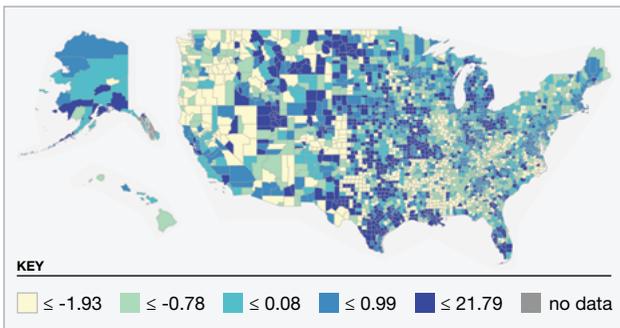


FIGURE 6
Percent Change in Civilian Labor Force by County, 2012–2013



SOURCE FOR MAPS AND TABLES: Geographical Economic Data, Federal Reserve Bank of St. Louis

TABLE 5
States with the Greatest Percentage Increase in Labor Force, 2012–2013 (seasonally adjusted)

State	Change from 2012–2013
Utah	3.0%
District of Columbia	1.6%
Texas	1.5%
North Dakota	1.4%
Oklahoma	1.3%
Montana	1.2%
Louisiana	1.0%
Michigan	0.8%
Missouri	0.7%
Florida	0.7%

TABLE 7
Counties with the Greatest Percentage Increase in Labor Force, 2012–2013 (not seasonally adjusted)

County	Change from 2012–2013
McMullen, TX	21.787%
McKenzie, ND	21.081%
Donley, TX	16.503%
Dimmit, TX	15.302%
Stevens, KS	14.823%
Shannon, MO	13.370%
La Salle, TX	13.287%
Dewey, OK	12.968%
Dunn, ND	11.296%
Karnes, TX	11.036%

TABLE 6
States with the Greatest Percentage Decrease in Labor Force, 2012–2013 (seasonally adjusted)

State	Change from 2012–2013
Mississippi	-2.0%
Connecticut	-1.4%
Arkansas	-1.3%
West Virginia	-1.3%
Oregon	-1.3%
Vermont	-1.2%
Alabama	-1.2%
Tennessee	-0.9%
Nevada	-0.8%
Washington	-0.7%

TABLE 8
Counties with the Greatest Percentage Decrease in Labor Force, 2012–2013 (not seasonally adjusted)

County	Change from 2012–2013
Claiborne, MS	-14.770%
Petroleum, MT	-12.741%
San Juan, CO	-12.356%
Roger Mills, OK	-12.204%
Gilliam, OR	-10.941%
Cottle, TX	-10.724%
Baylor, TX	-10.473%
Jackson, KY	-10.446%
Brewster, TX	-10.379%
Oldham, TX	-9.946%

St. Louis Initiative Increases Youth Labor Force Participation

By Michael Eggleston

According to the Heritage Foundation, the labor force participation rate among youth (ages 16-24) decreased from 59.4 percent in 2007 to 54.9 percent in 2013.¹ As Andrew Pack has highlighted in his article in this issue, one of the reasons for this decline is because youth are staying in school. This represents both a positive and a negative.

On one hand, more people than ever are graduating from high school. In 2013, the national average of freshmen who graduated from high school in four years was 81 percent, the first time ever that it has topped 80 percent.²

However, a high school degree is increasingly insufficient. According to Georgetown University's Center on Education and the Workforce, by 2020 nearly two out of every

three jobs will require postsecondary education and training beyond high school.³ While community colleges, in particular, are increasingly aligning their curriculum to meet the needs of local employers, labor force participation rates among youth remain stubbornly low. This is partially explained by people delaying retirement and professionals who lost jobs during the Great Recession and are now underemployed, working jobs that youth typically occupy in retail and leisure/hospitality industries.

For youth who are not in the workforce, this often means delayed acquisition of soft skills and professional network (or social capital) building—two ingredients, in addition to technical skills, that are essential to securing longer-term employment that pays livable wages.

The competition for high-wage jobs is ever intensifying, particularly in cities such as St. Louis, where nine out of 10 jobs created between 2009 and 2013 were “low-wage.”

One initiative in St. Louis that aims to prepare youth to thrive in the labor market is *STL Youth Jobs*, a collaborative effort between the Incarnate Word Foundation, the Greater St. Louis Community Foundation, Mers/Goodwill and several financial institutions. For the last two years, STL Youth Jobs has provided summer employment opportunities for youth who live in the city of St. Louis. Mers/Goodwill has supplied individualized job coaching and mentoring, while banks and credit unions have delivered financial advice and guidance for youth in the program. The initiative served 200 youth in its first year and nearly 400 in the second year. It is poised to continue this growth in the summer of 2015.

Bill Emmons, assistant vice president at the St. Louis Fed, has noted, “There’s simply a larger pool of detached youth, and because the

“For youth who are not in the workforce, this often means delayed acquisition of soft skills and professional network (or social capital) building.”

STL YOUTH JOBS

Logo and image courtesy stlyouthjobs.org



city has struggled, the region has had slow growth. So, anything that could contribute to a productive workforce would obviously have big returns.”

While it's too early to know what the long-term impact will be for the St. Louis region, it is known that youth involved with the initiative are not only gaining confidence in their ability to secure employment once their summer job has ended, but are in fact finding jobs easier to come by given their work experience and their expanded professional network. Furthermore, more than half of the youth acknowledge that without this initiative, they likely would not have found employment.

There is increasing evidence to show that social capital, or what is developed by having a robust social

network, correlates strongly with future earnings.⁴ STL Youth Jobs and other similar initiatives provide a gateway for youth to build social capital while also developing the soft and technical skills that are required to be successful in any job. This is especially important for youth from low- and moderate-income backgrounds, given their relative lack of professional connections compared with their middle- and upper-income peers.

To ensure that our workforce is prepared for today's jobs and those of the future, it is critical that youth not only possess the required postsecondary education and training, but also develop the skills and social capital that come with participation in the labor market.

Michael Eggleston is a community development specialist at the Federal Reserve Bank of St. Louis.

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Broad Avenue's New Face

By Pat Brown

A decade ago, filmmaker Ira Sachs was filming his Sundance-winning film, “Forty Shades of Blue,” set in Memphis, Tenn. Sachs wanted a desolate street for the film's heroine to take a final walk; he chose Broad Avenue (Figure 1).

In 2010, the residents and business owners of [Broad Avenue](#) decided desolation was not in their best interest. In conjunction with [Livable Memphis](#) and other community partners, they staged a two-day experiment in tactical urbanism—A New Face for an Old Broad (New Face). (See Figure 2.)

The success of the initiative is undeniable. In just over three years, the initial investment to stage the event (\$25,000, plus tremendous volunteer support) has triggered \$20

million in property renovations and 27 new businesses. In addition, the Broad Avenue corridor has strengthened the livability and vibrancy of the Binghampton community where it is located. The momentum from that weekend in November 2010 has been truly exceptional.

The Catalyst—Tactical Urbanism

“Tactical urbanism” can be defined as incremental, small-scale improvements meant to inspire more substantial investments.

In a 2012 article in the Memphis Business Journal, Memphis Mayor A C Wharton, Jr., said, “Too often, cities only look to big-budget projects to revitalize a neighborhood. There are simply not enough of those projects to go around. We want to encourage

small, low-risk, community-driven improvement...that can add up to larger, long-term change.”

When the New Face event was reported in the St. Louis Fed's publication, *Bridges* (Winter 2010-2011 issue), the term “tactical urbanism” was not mainstream. On Broad Avenue, the event was viewed as theater—providing demonstrations of what could be. For this production, the street was the stage, temporary businesses moving into vacant buildings were the actors and the 13,000 Memphians who attended were the audience.

With the blessing of the city's engineering department, Broad Avenue was narrowed by adding dedicated bike lanes using house

>> continued on Page 8



FIGURE 1



FIGURE 2



FIGURE 3

FIGURE 1: 2535 Broad Avenue prior to New Face. Photo by Pat Brown.
 FIGURE 2: 2535 Broad Avenue during New Face. Also see Figure 5. Photo by David Nester.
 FIGURE 3. Photo simulation of the Hampline along Broad Avenue. Image courtesy of Fuss & O'Neill, Inc.

Broad Avenue's New Face

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paint. Buildings that had been vacant for more than a decade were activated with permission of the property owners. Volunteers spent two weekends cleaning up the buildings, the local union donated electrical work and vendors joined in. The local media helped promote the event.

Today, tactical urbanism has become a very popular urban revitalization tactic. In Memphis, it has become an annual event. Livable Memphis, in conjunction with the [Mayor's Innovation Delivery Team \(MIDT\)](#), has staged four additional events, which are now branded “MEMfix” and continue to reflect how neighborhoods can leverage small investments to jump-start revitalization. For each of the subsequent events, the street that becomes the stage has been redesigned to support the needs of pedestrians and bike riders in addition to automobile traffic. Vacant buildings are activated for the day and crowds continue to come in support.

Broad Avenue Today

New Face brought temporary improvements to three critical needs—street infrastructure, building activation and visitors/traffic. In the time since the initial event, local business owners—plus a few very valuable community partners—have continued to concentrate efforts to achieve permanent improvements.

Street Infrastructure—It took three years to develop the engineering plans and funding to make Broad Avenue's bike lanes permanent. Construction on the Hampline, a combined on- and off-street bikeway, began this year and will be completed by mid-2015. The unique design is considered state-of-the-art—a two-way

cycle track on a two-way street, but physically separated from automobile traffic. Cost to design and build the Hampline is projected to top \$4 million, the majority of which came from federal grants and local foundations. However, the final \$75,000 was raised from the public via a crowdfunding campaign. [View a video of the progress on the Hampline here.](#)

Excitement regarding the Hampline (Figure 3) has triggered 10 public art installations. From murals to sculptures, the street has become an outdoor gallery featuring works by local, national and international artists. (See Figure 4.)

Activation of Buildings—The Broad Avenue vacancy rate today is less than 10 percent, compared with more than 50 percent at the time of New Face. Two key partnerships have led to the activation of the vacant buildings.

Broad Avenue's buildings and storefronts are all independently owned. Traditional issues such as underfunded property owners have hindered the renovation that would attract sustainable businesses to the area. Initiatives developed by the MIDT and [Community LIFT](#) provided the boost to activate the storefronts.

In April 2013, MIDT launched [MEMshop on Broad](#), recruiting six new retail businesses to the street and providing funding for capital improvements to the buildings. (See Figure 5.) Previously, attracting viable retail to the street had been a struggle. This initiative recognizes the difficulties inherent in launching a small retail business, as well as the cost barriers to capital improvements for independent property owners. Four of the six businesses launched in 2013 have converted to long-term leases. One entrepreneur used the process to decide not

In just over three years, the initial investment to stage the event...has triggered \$20 million in property renovations and 27 new businesses.

to operate due to the structured hours required for success. The sixth retailer has restructured its business model and merged with one of the other MEMshop establishments. [View a video about MEMshop here.](#)

To complement these efforts, Community LIFT invested in Broad Avenue by approving its first business-development loan to Wiseacre Brewery, Memphis' first taproom for craft beer. This investment and the subsequent opening of the brewery were more "tipping points," introducing additional visitors to the area.

Traffic/Programming—To increase visitors to Broad Avenue, area businesses organize a biannual Art Walk in the spring and fall. Drawing an average of 3,000 visitors to the street, this event generates sales for the businesses during the event, with an even greater benefit from return business. In addition, the Art Walks generate a social media push, further promoting the area as a place to shop, eat and create.

In 2013, ArtPlace America awarded a \$350,000 grant to the commercial district to transform part of a 225,000-square-foot warehouse on the north side of Broad Avenue. The 1945 warehouse loading dock (still active on weekdays) and its surrounding outdoor space have been creatively adapted into the Water Tower Pavilion, a place for the community, by the community. An adaptive, dual-use initiative, the Pavilion is considered to be the first example in the United States of the partnering of

an industrial, active warehouse with art performance space.

In keeping with Broad Avenue's spirit, the focus of the Pavilion is to:

- support the growth of community-based performing groups by providing access to a professional-quality stage and opportunity to gain performance expertise, and
- celebrate community and art with events that encourage participation.

In May 2014, the first event at the Pavilion—Dance on Broad—was launched ([see video](#)). For eight weekends, dance was celebrated via performances and community dance classes. (See Figure 6.) The festival exceeded expectations for attendance and drew a diverse crowd in terms of ethnicity, age and socioeconomic status. Attendees gave the event rave reviews:

- "The community vibe of happiness and harmony is so great." (Afrohouse attendee)
- "Race, age, gender, whatever...it doesn't matter. Everybody is having fun." (Swing attendee)
- "Best gathering of people from college students to grandmas to babies." (Bollywood Attendee)

For the remainder of the year, the Pavilion is hosting events every Saturday, focusing on performances from community groups. A plan for sustainability of the Pavilion is in active development.

Pat Brown is co-owner of the T Clifton Art Gallery on Broad Avenue in Memphis, Tenn.



FIGURE 4



FIGURE 5



FIGURE 6

FIGURE 4: Mural by French graphic artist Guillaume Alby. Created in 2011 to honor Broad Avenue's grassroots spirit. Funded by Loeb Properties. Photo by Pat Brown.

FIGURE 5: 2535 Broad Avenue on the eve of opening via the MEMshop initiative. Also see Figures 1 and 2. Photo by Michael Equis.

FIGURE 6: Line dancing during Dance on Broad at the Water Tower Pavilion, May 2014. Photo by Pat Brown.



Ben Joergens is Vice President, Financial Empowerment Officer at Old National Bank (ONB). He is responsible for enhancing ONB's financial literacy initiatives by partnering with schools, colleges, universities, businesses, nonprofits and government agencies to address community needs and implement financial empowerment

programs based on sound money-management skills.

Joergens joined ONB in 1999 and has served in a variety of roles, most recently as Commercial Relationship Manager in the Henderson, Ky., market. He earned the bank's 2011 Wayne Henning Volunteer of the Year Award and was both the 2010 and 2012 Henderson, Ky., Chamber Ambassador of the Year.

Joergens is an active community volunteer and holds leadership positions with the Tri-State MS Association and Kyle L. Parker Memorial Golf Scramble. He is also active with the United Way, Junior Achievement, Bank on Evansville, Bank on Henderson and Big Brothers Big Sisters of the Ohio Valley, and serves as a certified VITA tax preparer with his local United Way agencies.

Joergens graduated from the University of Southern Indiana with a degree in marketing. He earned Omega Certification in financial accounting for lenders and commercial loans to small business. He is also a Henderson Leadership Initiative graduate and serves as a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the District's Community Development staff and suggest ways that the Bank might support local efforts. A list of current members is available at www.stlouisfed.org/community_development/advisory_council.cfm.

CDAC SPOTLIGHT

Hands-On Commitment to Financial Education

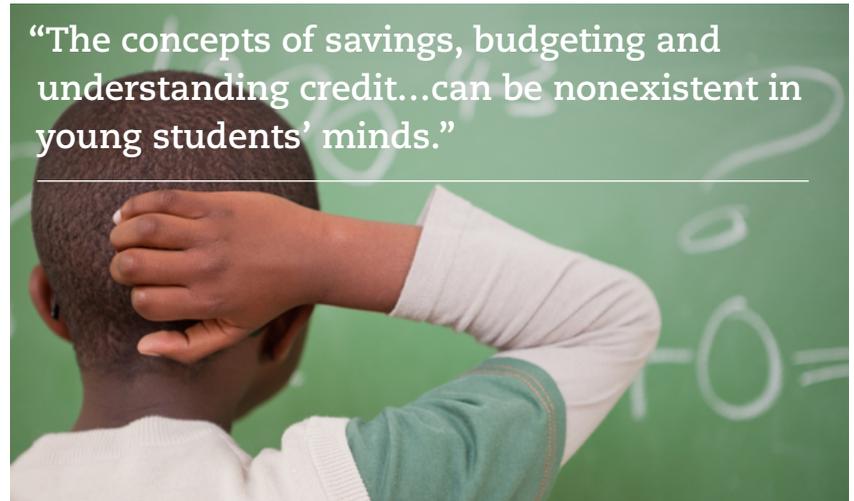
By Ben Joergens

You're never too old or too young to learn. This is certainly the case when it comes to financial education. This area is a significant focus for Old National Bank's (ONB) community engagement efforts, and we are now beginning to see numerous financial institutions devote more time and talent to help raise financial education efforts in the communities we serve.

With my role as ONB's Financial Empowerment Officer, education is

their curriculum. Banks continue to work with state legislators to encourage the addition of personal finance as a required course in school systems, especially in high school. Students continue to make choices that are detrimental to their credit score before their "adult life" even begins. The concepts of savings, budgeting and understanding credit, unless taught by parents, can be nonexistent in young students' minds. That's why it's so important to partner with

"The concepts of savings, budgeting and understanding credit...can be nonexistent in young students' minds."



a daily focus as we attempt to help as many people as possible become more financially literate. In my particular role, I work daily to cultivate partnerships, research and develop curricula, and teach classes on personal financial management to children and adults of all ages.

Unfortunately, personal finance is a subject most schools aren't fitting into

organizations like Junior Achievement, Girl Scouts and others to bring programs to students that introduce them to money management as well as global economics.

Recently, ONB partnered with a local detention center to bring a financial literacy program to female inmates who have been incarcerated for substance abuse-related crimes.

The program encompasses a variety of important personal finance topics, including the basics of banking, understanding and rebuilding credit, creating a budget, slashing expenses, identity theft and much more.

The goal of the detention center's program is to rehabilitate the whole person, and financial education is an important component of that goal. This program helps these women learn about money management in a comfortable and safe environment. Learning and understanding the basics brings them hope and empowers them to break the cycle.

In this 12-week program, participants meet weekly for an hour and a half. At the end of the program, a post-test is administered, consisting of 60+ questions related to the topics that have been covered. The inmates are asked a variety of questions, including calculating compound interest and determining how long it will take their money to grow, based on how much interest they are earning.

When this program began, the inmates were not extremely interested and were unsure of how it would benefit them. As we got deeper into the program, we built up a great amount of trust, shared personal examples, and coached participants on how to empower others to help solve financial issues that may come up. By the end of the 12 weeks, those women who completed the program in its entirety had an average test score above 80 percent, and 6 inmates scored above 90 percent!

While the test results were better than expected, more exciting still were some of the participants' personal stories. One inmate took what she learned during class, pulled her credit and found out that someone

had stolen her identity while she was incarcerated. Using the lessons she learned in class, she was able to call those companies where credit was opened, explain what happened and place fraud alerts on her account. Now, when her sentence has been served and she is released, she will have a much better start on improving her financial situation.

Another inmate who completed the program and was just released from jail called me recently. She had such an enlightening tone to her voice that day; I will never forget this call. She shared that since she was released from jail, she reunited with her daughter and had already accomplished many things. She opened a second-chance bank account. She landed a new job, found out where her previous 401(k) plan was located and rolled it over into her new plan. Last but not least, she established a 529 Child Savings Account (CSA) for her daughter and committed to an automatic transfer from her checking account into the CSA so she wouldn't miss the money coming out of her paycheck. She quoted something she learned from one of the classes in the program: "When you don't see it, you don't miss it!"

It's stories like these that reinforce the positive impact that financial institutions can have if they take their employees' expertise and share the knowledge with those less fortunate who haven't been introduced to financial education. Working together with community partners, schools and other organizations, we can all make a difference in people's lives, and encourage them to empower others around them!

HAVE YOU Heard?



Maria Hampton Retires

Maria Hampton, vice president and regional executive of the Louisville Branch of the St. Louis Fed, will retire after 10 years of service, effective Dec. 31, 2014. Before joining the Bank, Hampton served a distinguished career as president of The Housing Partnership and as executive vice president of Liberty National Bank. St. Louis Fed President Jim Bullard and First Vice President Dave Sapenaro praised Hampton's "outstanding leadership and significant contributions to the success of the Louisville Branch and the district."

FDIC Survey of Unbanked and Underbanked Available

The FDIC has released its [2013 National Survey of Unbanked and Underbanked Households](#), a third in the series of reports that collects data on the number, demographic characteristics and reasons that some U.S. households remain unbanked or underbanked. Previous studies were published in 2011 and 2009. According to the latest findings, 7.7 percent of households in the U.S. (or one in 13) were unbanked in 2013. Additionally, 20 percent of U.S. households (one in five) were underbanked in 2013, meaning that they had a bank account but also used alternative financial services outside of the banking system. In St. Louis, the report reflects a sharp decline in the percentage of black households that were unbanked. Once ranked the highest in the nation at 31 percent, the number fell to 13.3 percent in 2013.



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Register Now for the Fed's 2015 Community Development Research Conference

Registration is now open for the ninth Federal Reserve community development research conference on April 2-3, 2015, in Washington, D.C. This event will feature high-quality, emerging research to advance our understanding about how people and communities get ahead, where impediments exist, how factors such as inequality play a role and what has changed over time. Visit www.stlouisfed.org/economicmobility2015 for more information and to register.



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Resources

New Informational Podcasts

8 From the Eighth Audio Podcasts

8 *From the Eighth* is a podcast series from the Community Development department at the St. Louis Fed. Through interviews with experts (consisting of eight questions), listeners learn about current community development challenges—and successes—in the Eighth District, helping them to understand both the problems and the solutions. Podcasts cover a variety of topics, including innovative strategies and emerging trends related to community development.

- **Arnett Muldrow & Associates**

www.stlouisfed.org/arnett

Ben Muldrow, partner at Arnett Muldrow & Associates—a small business in Greenville, S.C., that specializes in downtown revitalization, economic development, community branding and historic preservation—discusses the impact of technology on our communities.

- **Clarifi**

www.stlouisfed.org/clarifi

Scott Karol, vice president of counseling and program evaluation at Clarifi—previously

known as Consumer Credit Counseling Service (CCCS)—discusses how the organization has successfully incorporated behavioral economics principles that make it more likely their clients will follow through on their goals.

- **Invest Outcomes**

www.stlouisfed.org/outcomes

Steve Rothschild, president and founder of Invest Outcomes, explains the pay-for-success financing model and how it is being used to address the funding of discretionary services, often human services.

Economic Development Podcasts

Experts from industry and academia provide their thoughts on workforce development, entrepreneurship and employee training in these podcasts.

- **Connecting People to Work: Lessons Learned in Sectoral Approaches**

<https://www.frbatlanta.org/podcasts/transcripts/economicdevelopment/141124-connecting-people-to-work-lessons-learned-in-sectoral-approaches.aspx>

How are sector-based approaches to workforce development benefiting both job seekers and employers?

- **Looking Around the Corner: The Future of Economic Development?**

<https://frbatlanta.org/podcasts/transcripts/economicdevelopment/141027-looking-around-corner-future-economic-development.aspx>

How can local economic development strategies evolve to address demographic changes, technological innovation, and increasing global competitiveness?

- **Microenterprises Raise the Floor and Build a Ladder**

https://www.frbatlanta.org/podcasts/transcripts/economicdevelopment/140929_klein_gomez.aspx

Some 31 million people are employed in U.S. microenterprises, businesses with five or fewer employees. Do these companies create good jobs with potential career advancement?

To view transcripts or play the audio MP3 files, visit www.frbatlanta.org/podcasts/.