

## **RESOLUTION NO.**

**WHEREAS**, in December 2009, the Federal Deposit Insurance Corporation (FDIC) estimated that more than 20% of households (146,000 households) in the Austin-Round Rock Metropolitan Statistical Area (MSA) are “underbanked” and rely on alternative financial services, including non-bank money orders, non-bank check cashing, payday lending, or pawn shop lending; and

**WHEREAS**, racial and ethnic minorities, as well as lower-income households, were significantly more likely to be underbanked, according to the 2009 FDIC study; and

**WHEREAS**, the 2006-2008 American Community Survey 3-year Estimates found 13% of the total MSA population lived in poverty, and 22.8% of African Americans and 19.2% of Hispanics in the MSA lived in poverty; and

**WHEREAS**, a 2008 report by the Center for Financial Services Innovation estimated that 38% of the underbanked borrow to pay basic living expenses; and

**WHEREAS**, in 2008 the country’s largest publicly-traded payday lending institution, QC Holdings, reported that its average loan over 2005-2008 was close to \$360 with a term of 16 days and a fee of approximately \$53 – a 400% annual percentage rate; and

**WHEREAS**, according to the Corporation for Enterprise Development, substantial research evidence indicates that building a household's assets "increases economic security, encourages initiative and risk-taking, increases economic confidence, increases home and business ownership, increases financial skills, strengthens families and communities, and improves the prospects of future generations"; and

**WHEREAS**, United Way Capital Area and PeopleFund launched the Bank on Central Texas program in June 2010 to create public awareness of the importance of being banked, promote access to financial products tailored for the underbanked or unbanked, and provide financial education and capacity building for the underbanked and unbanked; and

**WHEREAS**, a 2009 Center for Financial Services Innovation report indicated that workers enrolling in a direct deposit program can reduce transaction costs associated with converting paychecks into cash or money orders, can increase personal safety by not carrying large amounts of cash, and can build savings opportunities through their interactions with financial institutions; and

**WHEREAS**, on average 90% of City of Austin workforce is paid through direct deposit; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Council accepts the invitation of the United Way Capital Area and PeopleFund to become a community partner and leader in the Bank on

Central Texas (BOCT) effort. The City Manager will designate a liaison from the city staff to collaborate on BOCT programs.

**BE IT FURTHER RESOLVED:**

The City Council directs the City of Austin to participate in the BOCT Employer Campaign, a program designed to highlight the commitments to and successes of financial empowerment programs of the largest employers in Central Texas.

As its first public commitment, the City Council directs the City Manager to use all necessary effort consistent with legal requirements to achieve a 98% electronic wage payment rate by September 30, 2011. Among these efforts, the City Manager should work with employees receiving paper checks to identify their individual barriers to receiving an electronic wage payment, and where appropriate:

1. Offer financial coaching to the employee, either through the City's Human Resources Department or in conjunction with existing programs offered by community organizations; and
2. Identify financial products through the BOCT program that may benefit the employee, whether they are BOCT accounts, prepaid card accounts, or more traditional bank or credit union accounts.

The City Manager should also develop procedures to encourage new employees to enroll in electronic wage payment.

The City Manager will present the interim results of this initiative to Council by April 30, 2011 and the final results of the year-long effort by October 15, 2011.

**BE IT FURTHER RESOLVED:**

Over the course of Fiscal Year 2010-2011, the City Manager will work with BOCT leaders to help identify solutions to bring the electronic wage payment rate as close to 100% as is legitimately possible consistent with legal requirements within a reasonable but accelerated timeline.

**BE IT FURTHER RESOLVED:**

The City Manager will work with BOCT to create other Employer Campaign programs that can be offered to city employees and which serve as a leadership model for other Central Texas employers. These programs should be presented to the City Council for its review by April 30, 2011.

**ADOPTED:**\_\_\_\_\_, 2010    **ATTEST:**\_\_\_\_\_

Shirley A. Gentry  
City Clerk