NO BANKS – ALL CASH

Person A hid $25,000 all around his house because he didn't trust banks. Person B receives her Wal-Mart salary on a pre-paid debit card. Person C was homeless for most of the past decade in part because she had no place to save money.

There are plenty of reasons people still live all-cash lives, but the sheer number who do it might surprise you. At a time when the majority of Americans use online banking, and some even deposit checks using their cellphone cameras, roughly 8% of America's 115 million households don't have a checking or savings account, according to census data compiled by the FDIC.

The numbers are far higher among minorities: More than 20% of African-Americans and Hispanics are essentially left out of the American banking system.

Frozen in the cash-only past, they face situations where getting money costs money. Banks typically charge $6 to cash checks. Want to secure an apartment? Fee-based money orders are the only option. Without credit cards, they must turn to triple-digit interest rate payday loans for emergencies.

Who are the unbanked? Many are poor – 56% earn less than $15,000 annually. Some are homeless or undocumented workers, fearful of any system that might create a paper trail. But the majority of the unbanked have held checking accounts in the past, according to the FDIC, meaning their reasoning lies elsewhere. Ask them why they don't have a bank account, and one quarter will say they don't see the value in it. With savings account interest rates stuck at almost zero, that's hardly irrational.

Person B of Jackson, Miss., tries to avoid getting paid in checks, but when her state tax refund for $231 arrived recently, she had to pay $7 to cash it at a nearby convenience store.

Person B works at Wal-Mart. Her paychecks are deposited onto a prepaid debit card -- an improvement over old-fashioned paper paychecks, which led to high check-cashing fees. It's hardly a good substitute for direct deposit, however. One cash withdrawal per period is free, but others cost $2. She can avoid the fee by shopping at Wal-Mart and getting cash back at checkout.

She is among the 60% of unbanked American who previously had a checking account.

Person A made a fairly good living working for a tree removal company in Lumber Bridge, N.C., for about 10 years. But he was skeptical of banks, and when
he tried to open an account, he was surprised by the cost.

"Instead of making money, I would have to pay fees," he said, through a translator. "(So) we used to keep money in the house. We were always trying to look for ways to hide the money in the house and keep it safe."

At one time, Person A had $25,000 stashed in different places throughout the house – his Latino community had been plagued by house burglaries because neighbors did the same. When his wife got cancer, her treatments devoured all their savings. Down to their last $500, and before she passed away, she convinced him to open a bank account at Latino Community Credit Union, which was opened in part to help stem the burglary problem.

"She managed the money," and was disciplined enough to avoid spending it, said Person A, 37, who now raises five children alone. "(I) sometimes see something and I am tempted to buy it ... Now the money is in the bank."

Saving -- putting money out of temptation’s reach -- is the core concept of consumer banking. But the importance of participating in the financial system has stretched far beyond the quaint notion of interest, said Jennifer Tescher, CEO of the Center for Financial Services Innovation, who is generally regarded as the person responsible for popularizing the term unbanked.

"A bank account in a way has become like a passport or a driver's license," said Tesch. "It's a kind of access device."

Person B has recently been persuaded to open an account in a different way. Her 3-year-old twins’ day-care facility was recently visited by representatives of the Mississippi College Savings Account program, who helped her open a small account for the children. She then realized she needed her own savings account.

"I want to be a good role model for them, so they can learn about savings," she said. "I know I need to be better and show them about saving for the future."

Person C, 55, has been in and out of homelessness for several years. She now lives at a half-way house called Dove House in Durham, N.C., and figured she could never move into her own apartment unless she could stash away the money needed for a security deposit. Without a savings account, that was a challenge.

"Cash in hand is cash spent, my mother always said," she said.

Two years ago, she met Duke University student Janet Xiao, who was part of a group named the Community Empowerment Fund, which visited Dove House offering life skills training, including a class on personal finance where she nudged women to open a bank account. Person C was reluctant.

"It's really demoralizing to open up an account and have it sitting in there with no money in it," Xiao said. “I think most folks want to take one step at a time, and get a job first. Also, there is this fear of being charged fees you don't understand."

When Person C got a part-time job, she finally took up Xiao’s offer of help. The two set up an account with the Self-Help Credit Union on Xiao’s laptop right at the Dove House kitchen table.
“She even put the first $5 in there for me,” Person C said. After depositing her first paycheck in person at Self-Help, Xiao said, Person C did a little dance.

“Now whenever I get even $10 or $20, I go to the bank and deposit it,” Person C said. Within a few months, she put together enough to pay her security deposit and first’s month’s rent.

Self-Help is part of a growing set of financial companies called Community Development Financial Institutions (CDFIs). Supported by the U.S. Treasury Department, their mission is to help the unbanked get into the financial system.

“You make sure people are getting products and services they need,” said Mark Pinsky, CEO of the Opportunity Finance Network, which helps fund CDFIs. “Banks may be the best place, we don’t want to just leave them vulnerable to the predators out there.”

Healthy Food Financing Initiative

What is the Healthy Food Financing Initiative?

The Healthy Food Financing Initiative (HFFI) supports projects that increase access to healthy, affordable food in communities that currently lack these options. Through a range of programs at the U.S. Departments of Agriculture (USDA), Treasury, and Health and Human Services (HHS), HFFI will expand the availability of nutritious food, including developing and equipping grocery stores, small retailers, corner stores, and farmers markets selling healthy food. Residents of these communities, which are sometimes called “food deserts,” typically rely on fast food restaurants and convenience stores that offer little or no fresh food. Healthy food options are hard to find in these communities or are unaffordable.

What is a food desert? How do I locate one? Food deserts are communities, particularly low-income areas, in which residents do not live in close proximity to affordable and healthy food retailers.

Using the census tract as a unit of analysis for identifying food deserts, USDA, Treasury and HHS will give funding priority to projects and interventions that establish healthy retail outlets in HFFI defined food deserts. USDA, Treasury and HHS have defined a food desert as a census tract with a substantial share of residents who live in low-income areas that have low levels of access to a grocery store or healthy food retail outlet.

There are food deserts in all communities including urban, rural and Tribal. USDA’s Economic Research Service’s Food Atlas can be used to find county-level information about food choices, health and well-being, and community characteristics.

How is the federal government helping to solve the problems of food deserts? HFFI brings the expertise and resources of the USDA, Treasury and HHS together to give stakeholders a full range of tools to increase access to healthy foods. These three federal partners will make funding available through a shared set of goals and objectives.

How does HFFI define “healthy food?” HFFI seeks to increase access to whole foods such as fruits, vegetables, whole grains, fat free or
low-fat dairy, and lean meats that are perishable (fresh, refrigerated, or frozen) or canned as well as nutrient-dense foods and beverages encouraged by the 2010 Dietary Guidelines for Americans.

**Who can receive funding?** Many types of organizations are eligible for funding and/or technical assistance, including the following:

- Businesses
- Local and Tribal governments
- Non-profit organizations
- Cooperatives and universities
- State Department of Agriculture
- Colleges and Universities
- Treasury-certified Community Development Financial Institutions and Community Development Entities,
- Community Development Corporations

**HUNGER AND OBESITY MAY BE TWO SIDES OF THE SAME COIN.**

**Why do food deserts deserve focused attention?** As requested in the Food Conservation and Energy Act of 2008, USDA’s ERS, studied food deserts and issued their findings to Congress in the report “Access to Affordable and Nutritious Food: Measuring and Understanding their Consequences.” Area-based measures of access show that 23.5 million people live in low-income areas that are more than one mile from a supermarket. People living in these communities often lack access to healthy, affordable food.

The 2010 White House Task Force on Childhood Obesity found that limited access to healthy choices can lead to poor diets and higher levels of obesity and other diet-related diseases. In addition, limited access to affordable food choices can lead to higher levels of food insecurity, increasing the number of low- and moderate-income families without access to enough food to sustain a healthy and active life. There is a growing, though incomplete, body of research that finds an association between food insecurity and obesity, suggesting that hunger and obesity may be two sides of the same coin.

**ACTION:** Let your members of Congress know that sequestration is hurting people and our nation’s economy. It’s time to end sequestration and provide the funds necessary to restore our nation’s economic recovery and provide needed services to our nation’s people.

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