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February 20, 2024

Natalia V. Li
Director
Office of Consumer Policy
Department of Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

Re: Notice and Request for Information on Financial Inclusion; Docket No. 2023-28263

Dear Ms. Li:

Please find below the comments of the Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute (HOPE) in response to the Notice and Request for Information (RFI) on Financial Inclusion, Docket No. 2023-28263.

HOPE, (Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute) is a Black and women owned credit union, a non-profit loan fund, and a policy and advocacy organization. Since 1994, HOPE has worked to increase financial inclusion among the most vulnerable populations throughout the Deep South states of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee – a region that is home to more than a third of the nation's persistent poverty counties, most of which are rural. From Hurricane Katrina, to the Great Recession/Housing Crisis and the current COVID19/social justice and economic crisis, HOPE has worked with community, business, philanthropy and government leaders to forge policies and practices that address conditions that limit opportunity for historically underserved people and places.

HOPE draws data and expertise from its work to increase access to affordable financial services for communities that are often underserved and over-looked. HOPE branches are located in areas with less public, private and philanthropic investment, with 86% of its branches located in counties where the majority of the residents are Black. A third of HOPE's 24 branches are located in persistent poverty counties, and one out of five are located in towns situated in the Mississippi Delta – three of which that have no other depository institution. Of HOPE's nearly 40,000 credit union members, 69% have household incomes below $45,000, eight out of 10 members are people of color, and nearly half did not have a bank account upon joining the institution. Nearly, 120,000 people live in households reached by HOPE every day. Many of HOPE members live in communities that lack high quality affordable housing, and critical community infrastructure. Since inception, this approach has generated over $3.9 billion in financing that has benefitted upwards of 2.7 million people. Even with these outcomes, increased and sustained investment from the federal government is needed.

A. Defining Financial Inclusion
How do you or your organization define financial inclusion? Some definitions of financial inclusion include considerations of access, safety, usefulness, appropriateness, and affordability of financial products and services, among others. What are the key elements of your definition and why do you include them?

At HOPE, we examine financial inclusion through the lens of access to and use of affordable financial services. The Federal Deposit Insurance Corporation (FDIC) collects data on the percentage of households that are unbanked, that have no relationship with a mainstream financial institution, and households that are underbanked, that have a relationship with mainstream financial institution but still rely on high cost alternative financial service providers to meet their financial needs.

The FDIC finds the use of nonbank credit products or services such as payday lenders, pawn shops, and auto title loan lenders is higher for unbanked households (9.5%) than banked households (4.2%).[1] Payday lenders charge, for example, exorbitant fees and entrap consumers in recurring debt circles that undermine financial stability which disproportionately affect households of color. In four out of the five Deep South States of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee, lenders can legally charge 410% or more on a typical $400 single payday loan. Through these exorbitant fees and interest rates, payday and car title lenders extract over $400 million from consumers.[2] High-cost lenders strategically position themselves along racial and class lines in the Deep South. In Memphis, Tennessee, payday lenders are more likely to be located in predominately Black and Brown neighborhoods and charge upwards of 400% on small dollar loans.[3]

Banking access is unequal. Households of colors national and regionally in the Deep South are more likely to be unbanked and underbanked (Table 1).

Table 1: Household Characteristics by Banking Status of the Deep South

Deep South	Unbanked	Underbanked	Unbanked / Underbanked	Fully banked
White	2.3%	11.3%	13.6%	86.3%
Non-White	14.4%	26.3%	40.7%	59.4%
Nation	4.5%	14.1%	18.6%	81.4%
White	2.1%	9.3%	11.4%	88.6%
Non-White	8.9%	23.0%	31.9%	68.1%

Source: FDIC (2021) "National Survey of Unbanked and Underbanked Households".

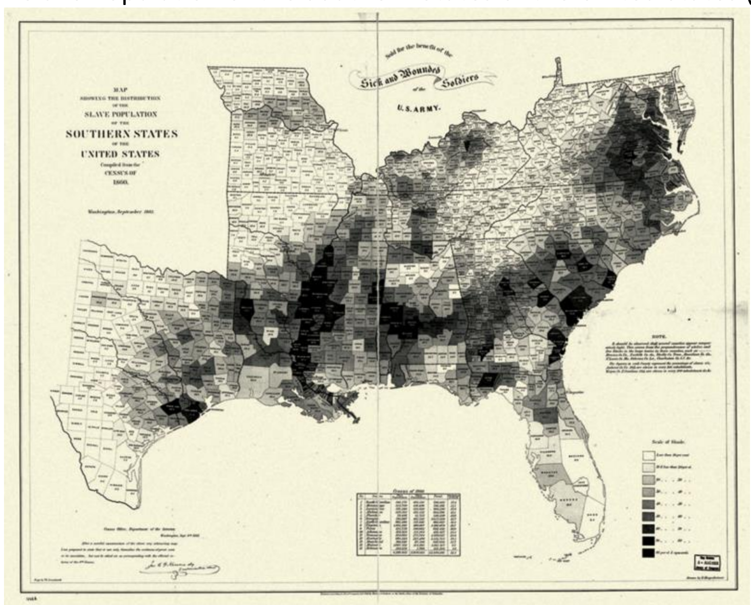
The vast majority of these consumers are low income and experience affordability challenges with banking services. Nearly 40% of households making less than $15,000 a year, and just under a third those making between $15,000 and $30,000 a year, are either unbanked or underbanked.

B. Barriers to Financial Inclusion
What barriers do underserved communities in particular experience in accessing, using, and benefiting from financial products and services?

Rural Regions of Persistent Poverty More Likely to be Banking Deserts and Suffer Underinvestment, Particularly Areas Home to Populations Where the Majority of People Are People of Color
Records from the U.S. Census Bureau show the highest concentration of slave holding was in the Mississippi, Arkansas and Louisiana Delta and the Black Belt counties of the Southeast. The 1860 map

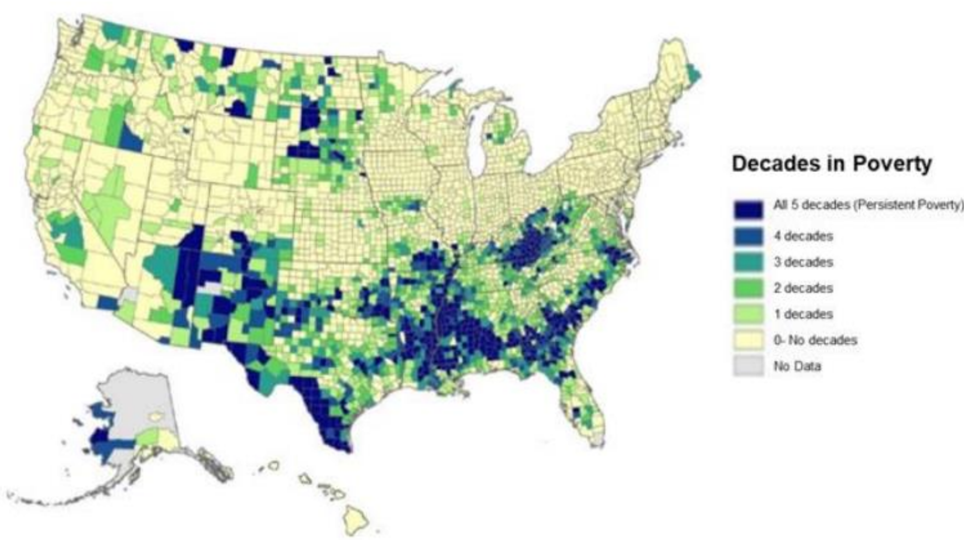
remains relevant today. When compared to a map that examines the length of time over which counties have had a poverty rate of over 20%, the definition of persistent poverty, it is clear that race, place, and poverty are inextricably linked (Maps 1 and 2). One third of the nation's persistent poverty counties are located in the Deep South.

Map 1: Slave Population of the Southern States of the United States (1860)



Source: Hergesheimer, E. (1861). "Map showing the distribution of the slave population of the southern states of the United States Compiled from the Census of 1860". Washington, Henry S. Graham. Map. Retrieved from the Library of Congress, https://www.loc.gov/item/99447026/.

Map 2: Counties with Poverty Rates over 20% by Number of Consecutive Decades



Source: Rural Policy Research Institute Center for Applied Research and Environmental Studies Persistent poverty is predominantly rural.
https://rupri.org/wpcontent/uploads/Poverty_MillerWeber_July2014.pdf

Of the country's 377 persistent poverty counties, where the rate of poverty has exceeded 20% for thirty years in a row, eight out of ten counties and parishes are non-metro.[4] Persistent poverty counties are also home to a diverse cross-section of people. In fact, the majority (60%) of people living in these places are people of color. Four out of ten persistent poverty counties are places where the majority of people who reside in the counties are people of color.[5] Additionally, the Housing Assistance Council finds that 1.7 million people experience poverty in rural persistent poverty areas.[6]

Challenges persist in the banking system as well. Three-quarters of the 158 counties nationwide that have household unbanked/underbanked rates at 1.5 times the national average are persistent poverty counties.[7] Nowhere is this more prevalent than in the rural Black Belt counties in the Deep South. For example, of the 20 largest banks in the Southeast, the Federal Reserve Bank of Atlanta, found that only one bank has branches in the Mississippi Delta.[8] Bank branch access matters. Absent a physical location in the community, a bank has no obligation to lend or invest there. This means communities in banking deserts, such as those in the Deep South Black Belt, have a harder time attracting the resources needed to finance community needs such as homeownership, affordable housing, community infrastructure or other job-creating activities. Borrowers in the rural south experience fewer bank branches per person, higher unbanked and underbanked rates, and uneven access to credit opportunities as compared to the rest of the country.[9] Rural communities also bear the heaviest burden of bank closures which are most likely to occur in communities with a higher share of Black residents.[10]

Even though nationally, the unbanked rate is the lowest it has been since the Great Recession (4.5%), households led by persons of color are more likely to be unbanked in the Deep South (14.4%). More specifically, less than a quarter (22%) of Black households in Mississippi are unbanked which is approximately five times greater than that the national rate.[11] Likewise, for rural communities, the Deep South rate (8.7%) is higher than rates nationally (Table 2). Notably, 30% of the population in rural counties in the Deep South are people of color.[12]

Table 2: 2021 Unbanked Rates for Deep South States by Race and Rural Households

	White Households	Households of Color	Rural Households
AL	1.8%	10.8%	7.3%
AR	1.3%	10.0%	2.1%
LA	3.3%	15.2%	9.3%
MS	3.5%	22.1%	15.1%
TN	2.3%	13.5%	7.2%
Deep South	2.3%	14.4%	8.7%
Nation	2.1%	9.3%	6.2%

Source: FDIC (2021). "National Survey of Unbanked and Underbanked Households". https://household-survey.fdic.gov/custom-data

For rural communities, particularly communities of color, the dearth of financial institutions presents a significant barrier to homeownership and broader economic opportunity. For these communities, the opportunities to become first time homeowners, access capital for home improvements, or refinancing are simply not available through mainstream financial institutions. Conversely, as the availability of bank branches increases, the cost of mortgages decreases meaning that communities with access to banking have access to not only mortgage products but affordable mortgage products.[13]

Homeownership Drives Wealth, Yet Access to Financing is Uneven

Homeownership is critical for wealth generation. Each additional year of homeownership increases a household's total net worth an average of $13,700.[14] The median wealth of homeowners ($254,900) is more than 40 times greater than that of renters ($6,270). The median wealth gap between homeowners and renters is even starker among households of color. The median wealth of Black homeowners ($113,130) is 60 times greater than that of Black renters ($1,830).[15] Homeownership is a proven wealth acquisition instrument with research showing that even after the Great Recession, the financial returns of homeownership outperformed stocks and bonds.[16]

The wealth gap remains a significant contributor to the homeownership gap. The median wealth of a White household is $285,000 or six times greater than the median wealth of a Black household at $44,900. [17] Due to historic patterns of discrimination and exclusion in housing opportunities the racial homeownership gap remains acute. Over three-quarters of white households are homeowners while less than half (49%) of Black households are homeowners. This disparity persists at the national level and for each state within the Deep South. See Table 3.

Table 3: Homeownership Rates in the Deep South by Race

Deep South State	Black Homeownership Rate	White Homeownership Rate	Homeownership Gap
AL	52.50%	77.10%	26.7
AR	44.60%	73.10%	25.2
LA	48.70%	78.00%	28.5
MS	53.80%	79.90%	26.1
TN	44.10%	73.90%	29.8
Deep South Region	49.30%	76.00%	26.7
Nation	44.0%	72.6%	28.6%

Source: FDIC (2021). "National Survey of Unbanked and Underbanked Households". https://household-survey.fdic.gov/custom-data

One major contributor to the gap in homeownership includes uneven access to mortgage loans. Loan denial rates illustrate the failure of financial institutions to ensure fair lending. In 2021, the percent of loan originations for Black borrowers in Deep South states substantially trailed the percent of population represented. The denial rate for black borrowers in the Deep South earning more than $150,000 was higher than for white families earning between $30-$50,000. Black Households in Mississippi have the highest mortgage loan denial rate in the country (40%).[18] This is more than twice the rate of white households. Statewide, 17% of all mortgage originations were to Black borrowers (in a state that is 36% Black); in contrast, 70% went to white households.[19] Closing gaps in mortgage lending is critical to closing homeownership gaps. Eliminating racial disparities in rates of homeownership is a critical strategy for narrowing the racial wealth gap. In fact, if policy changes resulted in equalizing homeownership rates between Black and white households in the Southeast, the wealth gap would shrink by 38 percentage points.[20]

High Rates of Incarceration Complicate Financial Inclusion Efforts

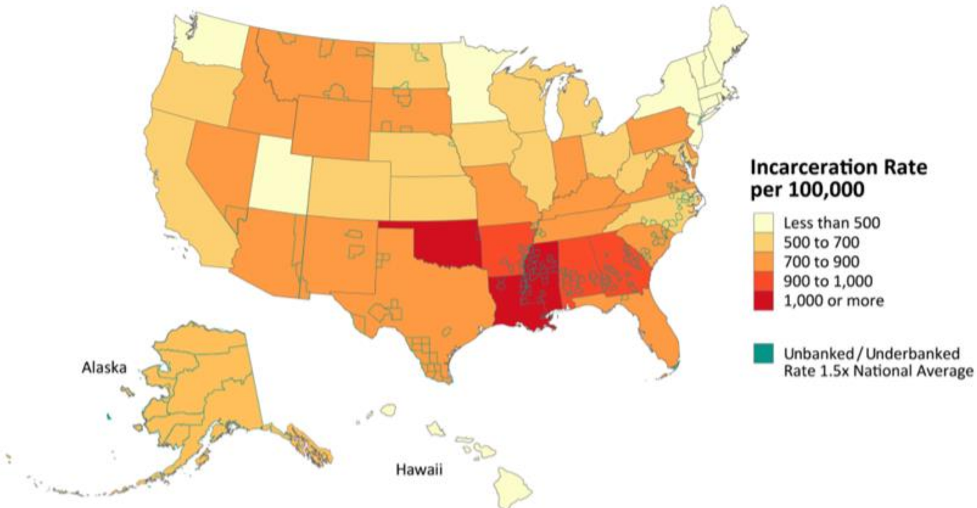
Involvement in the criminal justice system creates economic barriers that contribute to high levels of persistent poverty and inequality, afflicting households and communities for generations. Formerly incarcerated persons are often bogged down with debt even before they are released. They carry the burden of paying legal fees, fines, and other debts that result in limited access to housing, employment, and government assistance. Consequently, formerly incarcerated people have trouble accessing credit and financial products like low-interest loans and low-cost accounts, making it hard to gain financial stability or build wealth for the future. The Consumer Financial Protection Bureau (CFPB) finds that justice involved individuals often use high cost services to transfer money; managing finances while incarcerated results in increased debt loads, delinquencies, and lower credit scores; and negative credit scores inhibit housing, employment, and financial access opportunities.[21] Incarceration may also increase the chances of identity theft.

As formerly incarcerated people struggle to find solid ground after their release, they are met with diminished economic opportunities and difficulty accessing reentry services while working to manage mounting costs imposed by the justice system itself.[22] The inability of formerly incarcerated people to pay the debts associated with criminal justice monetary sanctions often leads to re-incarceration. In fact, in Mississippi, there were four restitution centers across the state serving as debtor's prisons as formerly incarcerated individuals work to earn money to pay off court-ordered debts.[23] Though half of the people housed at the centers owed less than $3,500 in debt, they stayed four months, on average, and sometimes years working to satisfy debts. Often the families of people who are incarcerated take on the primary task of preventing re-incarceration by bridging the gap where housing services, employment opportunities, and government assistance fall short. This task carries an extra burden for the families in financially distressed communities.

There is a long, costly history that binds criminal and economic injustice. The costs and impacts are highly concentrated in communities in the Deep South, a region disproportionately affected by mass incarceration and persistent poverty.[24] For example, data shows that Deep South communities were burdened by more than $4 billion in debt related to the federal criminal justice system.[25] Formerly incarcerated individuals pay their debts to society twice, once by serving out their sentences and again by paying debts upon release. These debts are used to revoke state driver's licenses, re-incarcerate people, prevent people from voting, and create significant barriers to achieving financial security.

HOPE is located in four of the 10 states with the highest incarceration rates in the country (See Map 3).[26] HOPE serves communities with high rates of removal and return of incarcerated persons that increase the economic disadvantages these communities already face. For example, many of these same communities already experience high rates of unbanked and underbanked households, and people living in the region frequently find themselves trapped in predatory financial products, such as payday or car title loans. HOPE's location in a region with high incarceration rates and its mission, places HOPE in the pivotal role of easing access to banking, credit, and financial mobility for incarcerated persons, their families, and communities.

Map 3: State Incarceration Rates and County Un/Underbanked Household Rate



Banking Deserts Affects Small Business Access to Capital
In the Deep South states of Alabama, Arkansas, Mississippi, Louisiana, and Tennessee, one in three businesses are owned by people of color and nearly 40% are owned by women.[27] In Mississippi and Louisiana, more than 20% of businesses in each state are Black-owned.[28] Majority (96%) of businesses of color in Deep South are non-employers.[29] They are integral to the fabric of our communities and economies, but yet do not receive equal access to capital as other businesses. Black (79%) and Hispanic (72%) owned businesses are more likely to rely on personal savings or funds from family and friends than white business owners (56%).[30] Black business owners were least likely (20%) to be fully approved for capital in contrast to over half for white business owners.[31] Half of Black-owned firms reported unmet funding needs, compared to 45% of Asian owned firms, 44% of Hispanic-owned firms, and 34% of white-owned businesses.[32] Ensuring fair lending for these businesses is necessary for the economic prosperity of the region.

A banking relationship is important for accessing small business capital. The Paycheck Protection Program (PPP) underscores the importance of banking relationship, particularly for businesses of color. PPP's inequitable distribution was facilitated not just by program design, but also preexisting racial inequities within the financial system. Notably, the experiences of many businesses served by HOPE and other mission-based lenders reflect the realities of large swaths of small businesses that are neglected or underserved by traditional financial institutions.

Several Black-owned HOPE PPP borrowers expressed frustration with mainstream financial institutions offering PPP loans, including those with whom they already had a banking relationship. For example, a Black dentist reached out to a bank with whom she had an existing relationship, but the bank never called to check on the application and the PPP request was never originated, much less funded. The dentist applied with HOPE which approved her $12,000 PPP loan. HOPE also approved a $7,200 loan for a 27-year-old Black-owned barbershop in New Orleans after the owner received no help from his bank of 31 years. Notably, the bank is one of the largest in the country and has major obligations under the Community Reinvestment Act. A Black female entrepreneur in Memphis, Tennessee recounted, "I'm sitting in my own bank's drive-through and the employee working the window told me to go to Hope Credit Union because he'd heard HOPE would make it easy for me to apply."[33] Such stories were constant throughout the PPP lending process — an unfortunate reflection of a banking system that has historically failed people of color and low-income communities.

In 2020 and 2021, HOPE partnered with 60decibels, an impact evaluation firm, to survey a representative sample of HOPE's Round 1 PPP borrowers and non-PPP borrowers, to understand their experiences and future capital needs. The survey of HOPE PPP borrowers revealed that 36 % decided to take a HOPE PPP loan because they lacked another option or were declined by another bank. As one person described, "I'm a member [of a bank], and initially they weren't gonna do it and then my account management app said they gave me PPP. Then they changed their mind. HOPE was the only community institution that really embraced PPP. I attempted, but [the bank] is the fourth-largest bank in the world, so that didn't fit their corporate mission." Another person said, "We tried to get it through other avenues and other banks, but they didn't give us the time of day. HOPE was the only one to assist us with the matter. I didn't even know how to fill it out; they just had an online form, and I uploaded the tax form and then we just winged it, but HOPE called after and fixed it." Importantly, 86% of PPP loan recipients in 2020 were new to HOPE, reflecting a significant population of small businesses unserved or underserved by other financial institutions.

D. Actions to Promote Financial Inclusion
Please describe examples of existing programs, initiatives, products, or services successful in promoting financial inclusion. Why were these effective and what are promising practices or other lessons learned?

Banks and credit unions must offer products that meet the unique needs of people living in rural persistent poverty communities – and the secondary market must support them

HOPE offers an in-house mortgage product, the Affordable Housing Program (AHP), designed to address systemic obstacles for potential homebuyers lacking a down payment. Through the AHP, mortgages are manually underwritten, and nontraditional indicators of credit repayment history are considered. The product also discounts deferred student debt, does not require mortgage insurance, and accepts credit scores as low as 580.[34] The credit score is of significance. Borrowers in rural areas are much less likely to have the credit scores typically required from banks to qualify for affordable mortgages than their counterparts in urban areas.[35] Also, of critical importance, the AHP allows for a loan-to-value (LTV) of 100% - eliminating down payment barriers.

Closing the Racial Homeownership Gap through Secondary Market
Since 2018, HOPE has closed 916 mortgages for $147 million. Of those mortgages, 703 for $90.6 million were originated through HOPE's Affordable Housing Program (AHP). Of the 749 AHP mortgages originated from 2018-2023:

- 80% were to Black borrowers;
- 59% were to women headed households;
- 91% were to first time homebuyers.

Other characteristics of these mortgages include a median credit score of 652 and a median debt to income ratio of 36.9%. Over the last five years, the annual net charge off rate for HOPE's mortgage portfolio has never risen above 67 basis points and the charge off rate for 2022 was less than 0.20%. Despite this success in expanding homeownership among Black borrowers, the Government Service Enterprises (GSE's) do not purchase a mortgage with characteristics similar to the AHP. The unwillingness to offer such a product or to create a secondary market for it limits the GSE's effectiveness in playing a meaningful role in closing the racial wealth gap.

Nationally, the GSE record of lending to Black borrowers falls short. In 2022, seven percent of total home loans facilitated by both Fannie Mae and Freddie Mac were to Black households, even as Black Americans comprise 13.6 percent of the US population.

A key strategy for funding the mortgage market includes a process whereby lenders originate a mortgage, sell it to Fannie Mae and Freddie Mac, and then use the proceeds of the sale to fund another mortgage. This is known as the secondary market. Scaling AHP-type loans across the mortgage lending system requires an active secondary market and by extension, federal housing agencies to buy these loans. Such actions would create the same cycle enjoyed by the conventional mortgage market that has served a segment of the American economy so well.

Unfortunately, this model does not reliably work with products like HOPE's AHP. The GSEs use a risk-based pricing structure that increases the costs to originate loans with characteristics, such as lower credit scores and higher loan-to-value ratios, that Black households are more likely to have. Also, the GSE's require private mortgage insurance and prohibit 100% financing, other critical loan characteristics that make housing less affordable.

In the absence of dependable secondary market access through the GSEs, private entities like large banks, investment banks and REITs can purchase mortgage loans in bundles, or on a flow basis. Again, given the characterization of risk for AHP and similar loans, the purchasing entities often seek to buy loans at a substantial discount. The borrower would need to pay an interest rate to account for this discount for the transaction to be economically viable for the loan originator.

HOPE and lenders with similar products are locked out of the secondary market as it is currently structured. Consequently, we hold these loans on our balance sheets which limits our ability to increase loan volume given that no financial institution has unlimited balance sheet capacity. Hundreds of potential homebuyers of color are locked out of homeownership due to a risk-based pricing structure that penalizes borrower characteristics that the GSEs helped to create.

CDFI Provide Financial Inclusion for Re-Entry
HOPE helps members who were formerly incarcerated avoid costly debt traps by offering financial education pre-release at state correctional facilities, partnering with re-entry programs and using nontraditional forms of credit in its lending practices. As one example, HOPE works with a Memphis, Tennessee, partner to teach financial education classes and offer formerly incarcerated people the opportunity to open checking or savings accounts.

In another example of supporting economic opportunity for formerly incarcerated individuals, HOPE's small business lending supports second-chance employers. Recently, HOPE closed a loan with a minority owned janitorial and landscaping company in Mississippi. Owned by a father and son team, it operates as a second-chance employer, providing job opportunities to people who were formerly incarcerated. HOPE was able to help the borrower escape a high-interest predatory small business loan with a 55% annual percentage rate (APR) and replace it with a small business loan with an 8% APR. This saves the small business $3,900 a month in loan payments, money that is now free to support and expand the business.

Finally, while the intent of federal banking regulations is to ensure financial institutions operate safely, the regulations can create structural barriers for formerly incarcerated individuals looking to move along a path towards financial security through the opening of a savings or checking account. Most credit unions and banks will require one or more forms of picture identification to open a new account. If the ID does not meet the institutions' guidelines, the account cannot be opened. HOPE works within the boundaries of federal regulations for financial institutions by accepting alternatives to federal identification, such as municipal IDs. Formerly incarcerated individuals deserve a chance at economic mobility and financial stability for themselves and their families, and HOPE, through its daily work as a CDFI, is committed to providing those chances.

Invest in CDFIs and Minority Depositories with Long Track Records of Reaching People of Color

Partnerships with CDFIs with long track records of reaching underserved communities and communities of color will ensure federal resources reach people and places most in need. CDFIs, long on the front lines of meeting the financial needs of underserved communities, continue to serve as important drivers of economic mobility in rural economies and among people of color. For decades, CDFIs in some of the most economically distressed regions of the country have been addressing the employment and housing, banking and infrastructure needs of local people and places. They also model solutions that work and can be brought to scale with either increased investment or replication by other actors in the financial system.

Despite evidence of success by CDFIs located in and reaching the most economically distressed communities, resource gaps exist. For example, even though minority-led CDFIs have performed better in reaching minority communities, which often have the greatest need for financial services, these CDFIs have historically had the least resources to do this work. Over the last 15 years, white-led CDFIs have had a median asset size of twice that of minority-led CDFIs. In some years, it has been three times as high.[36] While CDFIs are mandated to serve low-income communities, this alone has not been sufficient to ensure CDFI lending reaches into communities of color.

Stark examples of this deficiency are evident in Mississippi, where so much of the state qualifies geographically as low-income, and nearly 40% of Mississippi's population is Black. Using 2020 HMDA mortgage lending data, HOPE found that among the 21 CDFI banks in Mississippi engaged in mortgage lending in the state, 69% of mortgage loans went to white borrowers while only 11% went to Black borrowers. This is lower than the statewide rate of mortgage originations in 2020 to Black borrowers at 16%. By contrast, Hope Credit Union made 80% of its mortgage loans to Black borrowers. Notably, many of Mississippi's CDFI banks engaged in mortgage lending include rural persistent poverty counties in their Target Markets. Similarly in Louisiana, collectively all 14 CDFI Banks reporting HMDA information made 15% of their mortgage loans to Black borrowers in 2019. However, when Liberty Bank, a minority depository institution which made 76% of its mortgage loans to Black borrowers, is excluded from the analysis, the percentage of mortgage loans to Black borrowers by CDFI Banks in Louisiana drops to 9%.

The U.S. Treasury's Emergency Capital Investment Program (ECIP), created to leverage the reach of CDFIs and Minority Depository Institutions to support small businesses, homeowners and consumers living in low-income communities, represents some of the best new thinking around the targeting of federal community development resources. First, the program was structured to foster inclusion by a range of institutions. Approximately 20% of the ECIP awards were designated for CDFIs and MDIs with fewer than $500 million in assets. The reservation of funding for smaller institutions was of particular importance for including MDIs in the program. Nationwide there are fewer than ten Black banks and credit unions with assets over the $500 million threshold. Second, the structure of the program incentivized lending to people of color. ECIP recipients pay dividends or interest to the U.S. Treasury in exchange for the long-term capital infusion. Recipients can achieve reductions in dividend or interest payments by meeting deployment goals. ECIP recipients receive double credit for the origination of mortgages to people of color and persistent poverty counties. Robust data collection and publication requirements are integrated into the program – allowing for the tracking and evaluation of the program's effectiveness in directing investment to people and places most in need. To the extent the program's outcomes align with its intended design – lessons should be learned and replicated across other federal community development grant making.

Critical Community Infrastructure and Institutions Need Investments

Many small rural towns throughout the Deep South are ill positioned to access federal programs. Federal programs are often designed with matching and reimbursement requirements which present challenges for small towns with revenue that is often solely generated from property taxes and utility payments. In cases where federal programs are more readily accessible, significant technical assistance is needed for compliance. HOPE, and other CDFIs, work alongside rural municipalities to ensure federal funds are accessible. HOPE works with seven small towns throughout the MS Delta to increase access to critical resources for community infrastructure. Currently, HOPE has assisted the town of Shaw, MS with strategic planning to identify opportunities to renovate its water infrastructure. As a result of this work, Shaw has secured $1.3 million through the American Rescue Plan Act and the Mississippi Municipality and County Water Infrastructure grant program, and approximately $2 million in federal funds to improve its community infrastructure.

Expand Resources for HBCUs

Historically Black Colleges and Universities (HBCUs) are critical community anchor institutions. Researchers using the Opportunity Insights data found that the rate of students who move from the bottom two quintiles to the top two income quintiles was twice as high at HBCUs relative to Predominantly White Institutions (PWIs).[37] Though HBCUs represent fewer than 3 percent of American colleges and universities, they enroll 10 percent of all African American students and produce 17 percent of all African American graduates while disproportionately enrolling low-income, first-generation and academically underprepared colleges students.[38] HBCUs also continue to serve as critical anchors of employment. In Mississippi, for example, HBCUs contributed $774 million in total economic impact through direct spending by faculty, employees, academic programs, operations, and students. Additionally, HBCUs employed 7,775 individuals. For each job created by an HBCU, 1.2 jobs were created in the community due to HBCU-related spending.[39] Despite their outsized impact, HBCUs remain in need of adequate funding. Historically Black land grant colleges have been underfunded by $13 billion and consequently suffer extensive deferred maintenance which has affected enrollment.[40] HOPE is currently working with HBCUs across the Deep South to assess infrastructure needs and support resource acquisition through federal grant, loan and tax credit programs. Similar to work with municipalities, HOPE works alongside HBCUs to identify and import resources to better serve students and local people by reinvesting in facilities and in the surrounding communities.

Thank you for the opportunity to share HOPE's experience and recommendations for advancing financial inclusion in the Deep South. If any questions arise in response to the RFI, please contact Kiyadh Burt, Director, Hope Policy Institute, at Kiyadh.Burt@hopecu.org.

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