



Hiring Employees From LMI Communities

by [Steve Brown](#) Topics: [human resources](#), [strategic planning](#)

Summary: Community banks may want to consider relying on nonprofits to help boost the training and hiring of employees from low or moderate income (LMI) communities. We explain how.

In case you were wondering when or if a recession might eventually come and what the impact might be on the loan portfolio, we have some good news. Ellie Mae reports the loans it sees still have FICO scores at the highest levels in 2Ys, and the FICO score is one data point bankers often use. Now these consumers may not own businesses per se, but it does show underlying credit quality remains decent from this single metric.

A metric of another sort that community banks may be monitoring could relate to the percentage of nonprofit deposit customers as a percentage of the bank's total deposits. After all, community banks have strong ties to their communities. So, it makes sense to work with nonprofits in a variety of ways, including inexpensive funding sources.

To get involved beyond deposits though, community banks could rely on nonprofits to help boost the training and hiring of employees from low or moderate income (LMI) communities. Today, we thought we would share some ways to do this.

One route is to hire people directly from LMI communities that have been trained already by nonprofits supporting workforce development. Sources can include the Boys & Girls Clubs of America, Year Up, or Urban Alliance, for instance. This is something Bank of America is already doing with its pledge to hire and further train 10k workers within its Pathways career program.

Taking a closer look at one of these organizations, Year Up, we find young adults ages 18-24Ys with either a high school diploma or the equivalent are being trained. They can get six months of training in the basic skills needed for the IT and financial service industries. Year Up partners with companies such as Bank of America, which provide six-month internships to program participants who can transition into full-time employment.

As of April, [Bank of America had hired 4,700 workers](#) this way and says it will likely exceed its overall goal. The bank has also committed to additional "targeted and personalized" training for these new hires throughout their career.

Another route is to work with nonprofits like Wallin Education Partners. They partner with companies like Associated Bank to support college students from LMI communities. Associated Bank not only donates money to help with students' tuition costs, but also matches them with employee mentors. Those mentors work with students to help shepherd them through potential minefields, both academically and socially, that can sabotage success. Graduates then have the chance to become full-time employees.

Interested community banks may also want to take pointers on how to ensure the long-term success of workers from LMI communities from United Way. Its ALICE Project works to mitigate the challenges of "asset-limited, income-constrained, employed" workers who are "one small emergency away from a major financial crisis." United Way recommends that employers support ALICE workers by not only offering them full-time opportunities, but also giving them a regular work schedule, paid days off and transportation assistance.

There are many ways community banks can support interns and gain employees with the help of a variety of nonprofits. We hope these examples have given you some good ideas to start.

ECONOMY & RATES

Rates As Of: 07/24/2019 11:42AM (PDT)

| Treasury | Yields | MTD Chg | YTD Chg |
|-----------|-----------|----------|---------|
| 3M | 2.08 | 0.00 | -0.27 |
| 6M | 2.07 | -0.02 | -0.40 |
| 1Y | 1.96 | 0.04 | -0.63 |
| 2Y | 1.82 | 0.07 | -0.67 |
| 5Y | 1.82 | 0.05 | -0.69 |
| 10Y | 2.05 | 0.05 | -0.63 |
| 30Y | 2.58 | 0.05 | -0.43 |
| FF Market | FF Target | Fed Disc | |
| 2.40 | 2.50 | 3.00 | |
| SOFR | Prime | Unemp | |
| 2.40 | 5.50 | 3.70 | |

[More Market Rates](#)

BANK NEWS

M&A

1) AIMBank (\$1.4B, TX) will acquire FNB New Mexico (\$256mm, NM) for an undisclosed sum. 2) Corporate America Family CU (\$616mm, IL) will acquire Ben Franklin Bank of Illinois (\$93mm, IL) for an undisclosed sum in cash (100%).

Biz Warning

The Financial Crimes Enforcement Network (FinCEN) is warning bankers that scammers are targeting businesses and their funds transfers. FinCEN said the nature of business email compromise schemes is evolving with schemes involving the impersonation of a CEO or other high-ranking official dropping, while those using fake vendor or client invoices rising. Banks should remind teams to follow all callback procedures without exception.

Foreign Buying

The National Association of Realtors (NAR) reports foreign buyers bought fewer US homes from Apr 2018 to Mar 2019. Non-resident foreign buyer activity was down 37%, while purchases by resident foreign buyers (recent immigrants) declined 34% from this period vs. the prior 12 month period. China ranked #1 in terms of purchases (but was down 56%), followed by Canada and India. By state, FL saw the most foreign investment at 20% of all activity, followed by CA (12%) and TX (10%).

OUTSOURCED PROFITABILITY SOLUTION FOR YOU

Profitability FIT is an [outsourced relationship profitability solution](#) that combines a powerful pricing model with full-time advisory support. Contact us today for more information.

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.