

7 STEPS TO COMMUNITY CASH

Designing & Implementing a Public Worker-Supported Investment in Our Local Economy

SEIU Florida Public Services Union

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Hard times continue in our country, and effective solutions to the long-running economic crisis are difficult to come by. Many people can't find jobs, and those who are employed often face reduced wages and benefits. Local and state governments keep cutting vital public services as their budgets keep shrinking. Small businesses close their doors as public infrastructure crumbles, and as people struggle to find any cash to spend on their goods and services.

Here in the City of St. Petersburg, FPSU has proposed a small pilot program meant to address all of these problems at once in a new and innovative way. It won't be a panacea, but it just might provide us with a new model that helps to invigorate our local economy and community.

Our program is intended to funnel money through city workers directly into the local economy. Under the program, the City would provide a bonus to each of its employees. Instead of paying in U.S. Dollars, however, the City would hand out vouchers which can only be spent at a network of small, locally owned and operated businesses. The participating businesses can redeem any vouchers they receive with the City for U.S. Dollars. In this way, the "community cash" bonus helps alleviate some of the pain of stagnant wages for City workers while at the same time creating new demand for local businesses, thus encouraging local hiring and ensuring the important "multiplier effect" of local dollars being re-spent in the local economy. A successful pilot program could even demonstrate the potential for measurable expansion of the tax base, making the City's investment in local economic development truly sustainable.

We don't have all the answers yet, but we don't think that starting up the "community cash" program needs to be difficult. In fact, once the Union and the City have worked together to define a few key parameters, putting the program into action would be quite simple. Following is our outline of the steps required.

1. Assess the Budget During the Fiscal Year to Determine Availability of Funds.

FPSU's pilot program is a bonus, not a raise, so the City would not be committing to a recurring expense. A bonus of \$500 per employee—probably the minimum to have any noticeable effect on workers or local businesses—would equate to a one-time cost to the City of approximately \$1 million. The City has recently adopted its budget for the new fiscal year and has expressed concern that there is no obvious source for this money in that budget. That's not the end of the story, however. The City is always understandably cautious in adopting its initial balanced budget, trying to ensure that it does not run out of funds in the middle of the fiscal year. However, it routinely revisits the budget during the year to re-assess actual revenues and expenditures and re-allocate any extra cash. Based on past experience, we think it's likely that the City will find that it has enough money for the "community cash" program when it considers these routine budget amendments—and we think the program should be a priority for spending at that time.

2. Determine Criteria for Eligibility and Enlist Businesses to Participate.

The concept of "community cash" requires that businesses be both small and locally owned to be eligible for participation. We suggest that the size of businesses be limited to 30 employees, and that all or a majority of owners or board members be required to reside in the City of St Petersburg or immediately surrounding areas of Pinellas County. Of businesses meeting these criteria, a target number of participants should be established within each City Council district (to ensure geographic diversity) and within each of a number of sectors (e.g., groceries, gas, etc.). A maximum overall

number of participants (perhaps around 200 businesses) should be set to keep logistical costs under control and increase the ability to accurately measure results. However, the details are by no means settled, and we are open to collaboration with the City and input from other interested stakeholders.

Once the criteria are clearly defined, the City and the Union will reach out to a diverse array of eligible businesses to enlist their participation. The 30-employee threshold we suggest may help in this regard, as this is the same limit the City already imposes as the maximum number of employees covered under the base rate of its Business Tax. Therefore, the City should be able to identify most eligible businesses from records it already possesses. Of those eligible businesses which turn out to be interested in the program and which meet criteria of geographic and sector diversity, participants could be selected via lottery.

3. Choose a Distribution and Transaction System and Allocate Any Logistical Costs.

There are many logistical options available for implementing a “community cash” system, from issuing vouchers in a paper currency-like form to storing voucher data on individual smart cards and providing readers to participating businesses. Regardless of the system, logistical costs should be a very small part of the cost of the program—even the most expensive option, implementing an entirely new smart card system, including purchasing all new cards and readers, could likely be accomplished for under \$15,000. The Union is ready to negotiate with the City regarding allocation of these costs, with the goal of minimizing or eliminating any cost to participating businesses.

4. Decide on a Name and Logo.

Superficial as it may seem, branding the project is important. It requires both a catchy name which can be used in casual conversation and a logo which can be posted prominently by participating businesses. We suggest naming the “community cash” after the city itself, after the union, or after a prominent local figure dedicated to improving the community and economy.

5. Initiate the Pilot Program.

Once the initial decisions have been made, initiating the pilot program will be as simple as issuing the vouchers (physical or electronic) and lists of participating businesses to City workers, and creating a simple protocol for exchanging spent vouchers returned by businesses for cash. Details will depend on the distribution and transaction system selected.

6. Measure the Results.

Since the initial “community cash” program is a pilot, it will be critical to keep records and assess the challenges encountered and the successes achieved. The City will of course keep records of which participating businesses cashed in vouchers, for how much money, and when; and undoubtedly lessons will be learned on how to ensure smooth operation of the system. Furthermore, at the end of six months or a year, all participating business owners should at a minimum be interviewed by the City or the Union on the impact of the program. However, we hope to accomplish a more thorough, precise, and impartial assessment of the broader effects of the program on the local economy by enlisting third party experts such as USF economists to study the results using standard professional protocols.

7. Learn from Challenges and Expand on Successes.

We anticipate and hope that the “community cash” program will be a success from the point of view of the City, its employees, and local businesses. If so, it may be appropriate to expand the program either through future employee compensation programs or through broader use of vouchers in other venues (emulating a true local currency). The lessons learned through the pilot program will be invaluable in any such future endeavors.