

# STRENGTHENING RURAL FAMILIES

## P-3 Community Foundation: Building a community coalition

## to advance rural family economic success

THE ANNIE E. CASEY FOUNDATION

After years of counseling financially struggling families at a crisis center in a small rural town in northeast Florida, Nita Schmellick was frustrated. Instead of helping families put out fires, she wanted to help them prevent fires.

To do this, she started a community foundation that would attract more financial and public support. Then the foundation teamed up with community partners to launch a “family economic success” initiative to help low-income working families meet their immediate and future financial needs.

“I really wanted to be able to fund programs that made a difference for families long-term,” says Schmellick, president and chief executive officer of P-3 Community Foundation Inc. in DeLand, Florida, which serves families in Volusia, Flagler and Putnam Counties. “What appealed to me about family economic success is that it offers tools that help families change their ways and get above the daily struggles. If you give people the tools, the majority are going to be able to use them and they won’t go into crisis.”

Schmellick learned about the Annie E. Casey Foundation’s Rural Family Economic Success (RuFES) approach during a gathering of

community foundations that she attended in Wye River, Maryland, in 2003. At this “peer-learning institute,” people from across the country working with low-income families listened and learned from each other.

She also learned that to successfully start a RuFES effort, she needed to build a community coalition. “We’re a very small foundation,” says Schmellick. “We really had no resources. To get anything done, we had to partner with other people.”

Inspired and determined, Schmellick returned to Florida, enlisted community partners and together they created their own version of RuFES in Volusia County. The resulting program, dubbed the Campaign for Working Families, helps build financial security by providing free financial education and tax return preparation assistance.

The partners include United Way of Volusia/Flagler Counties, the DeLand Housing Authority, SunTrust Banks Inc., and The Workforce Development Board



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of Flagler and Volusia Counties Inc., which oversees One-Stop Career Systems.

“No way in a million years could I have done it without them. It’s just too big of a project,” says Schmellick. “You need the community partners to make it happen.”

By contributing brain power, time and energy for the planning and implementation, clout that bolstered the Campaign’s credibility and resources—from donated office space and supplies to volunteers—the partners helped make Schmellick’s vision real, moving it from an idea to an offering that reached many people.

“It’s exciting when you start something from nothing—from just thoughts and ideas,” says John Holcomb, the United Way’s administrative director. Holcomb volunteered to set up three Volunteer Income Tax Assistance (VITA) sites, enlisting help from groups including a local community college. He also prepared taxes at two of the sites.

“Nita got it rolling,” Holcomb noted. “I’m not sure there was any one organization or force that was more important. Everyone who came in brought something to move it forward.”

In the fall of 2004, the Campaign began by offering “Money Smart” classes covering basics on budgeting, banking, borrowing and saving. Then, during the 2005 tax season, it started an Earned Income Tax Credit (EITC) Campaign, designed to help working poor families claim their earned income and tax credits.

“This is a wonderful community-building tool, to be able to engage a population that is underserved,” says Ray Salazar, president of the United Way. “It not only puts dollars in their hands but gives them hope for the future.”



**The Campaign began by offering “Money Smart” classes covering basics on budgeting, banking, borrowing and saving.**

Over 500 people in Volusia County sought free help from volunteer tax preparers working at the three VITA program sites. The net result was \$685,592 in tax refunds—including \$258,512 in EITC and \$132,725 in Child Tax Credit.

“We had no idea how successful we could be,” says Schmellick. “We were happy when we saw the numbers. Each dollar you bring in has a multiplier of two or more. So it really had a financial impact not only for the people who got the money but (with) the ripple effect, that’s money being spent in our community.”

Although Schmellick’s community includes booming coastal towns like Daytona Beach, it also is home to many residents with few skills and little education who work low-wage tourism jobs or do seasonal farm work in the fern and potato-growing region to the west. With soaring home prices and little mass transit, finding affordable housing and transportation can be difficult. Rates of poverty, teen pregnancy and suicide are among Florida’s highest.

Schmellick found ways to tackle some of these challenges during the Wye River gathering, which was led by the Aspen Institute of Washington D.C. and funded by the Annie E. Casey Foundation. “We had identified the needs before we went. But it focused us more on the ways to address the poverty and long-term economic development issues,” says Schmellick.

“We really went in-depth about family economic success. The speakers gave us the nuts and bolts of the

different pieces. We learned how different communities were able to leverage small amounts of money and through collaborating with other agencies, make a very viable campaign. When I saw the results other communities had with their prosperity campaigns, I thought ‘We really need something like that.’”

The Campaign for Working Families was born soon after.

“From that, they created the rest,” says Miriam Shark, a senior associate at the Casey Foundation who oversees its rural agenda. “These convenings—and the shared learning opportunities they offer—are an example of how large national foundations through their knowledge resources can help mobilize, focus and improve the impact of the philanthropic efforts of others around the country. These non-grant strategies allow us to be helpful in the most important ways.”

The RuFES framework, which was developed and is being promoted by the Casey Foundation, has three components:

- **“Earn It”** focuses on job readiness, good jobs with benefits and helping families fill gaps by taking advantage of supports like tax credits.
- **“Keep It”** focuses on expanding affordable options for transportation, child care, housing, health care and goods and services; building financial literacy; and combating predatory financial practices.
- **“Grow It”** emphasizes helping people save and accumulate assets; attracting business to communities and supporting entrepreneurs; improving community amenities; and promoting economic development strategies linked to the regional economy.



P-3’s work also dovetails with the guiding principle of the Casey Foundation’s work on behalf of vulnerable children: **Children do well when their families do well and families do better when they live in supportive communities.**

In addition to paying for P-3 leaders to attend the Wye River gathering, the Casey Foundation gave the community foundation a \$10,000 mini-grant to get started on some of the RuFES concepts.

Community partners also pitched in. SunTrust staff joined the Campaign’s steering committee. The bank also contributed about \$1,000 to pay for Money Smart materials printed in English and Spanish. The Workforce Development Board paid for advertising and assigned a staff member to the Campaign. United Way mailed almost 1,000 letters about the Campaign to its business partners and agencies, plus donated the use of its toll-free number.

“Nita and her community partners parlayed the learning opportunities at this gathering and a tiny bit of financial encouragement into a robust and effective family economic success initiative that helps low-income families acquire financial literacy and accumulate assets,” says Shark.

“The earned income tax credit is something people earn by working—they access it not by filling out an application for benefits or services, but by filing a tax return. The Campaign for Working Families reinforces the hard work of rural people and helps them get ahead.”

**Over 500 people sought the free tax assistance offered by VITA; the net result was \$685,592 in tax refunds.**

## P-3: The Power of People and Philanthropy

### BIRTHING A RURAL COMMUNITY FOUNDATION

Starting a community foundation was a plunge into the unknown for Schmellick, who launched P-3 in 2000 along with two other women who also worked in budget-strapped social service agencies.

“We really had no clue how to do this,” admits Schmellick, with a laugh.

What they knew is that other communities—bigger, more urban ones—successfully used community foundations to better fund and focus their philanthropic work. By building an endowment that serves as a savings account, of sorts, Schmellick and her colleagues hoped to create a more secure source of funding to sustain programs that would provide long-term solutions for struggling families.

“Other community foundations were creative in leveraging funds and applying them to specific problems in a way that made a huge impact. That’s what I wanted to see here,” says Schmellick.

With financial support from national foundations, P-3 leaders were able to attend several peer-learning gatherings that not only helped them find an initiative to launch but offered basics about how to operate a foundation.

“At the beginning, we needed knowledge more than we needed money. During the start-up phase, the knowledge is worth more than ten grants. If we had gotten just the money without the knowledge we would not be doing anything like we’re doing today,” says Schmellick.

“Sometimes people get the money before they need it. Just the knowledge and the information-sharing that I’ve been able to experience made us a better

**Starting a community foundation was a plunge into the unknown. But site visits to other community foundations and peer-learning gatherings helped to solidify the P-3 board’s commitment and partnership.**

foundation. And when we get the money now, we’re able to use it more effectively.”

Two years after Schmellick started the foundation, she and a P-3 board member received a “knowledge grant” to attend a Washington D.C. gathering entitled *Building Rural Livelihood: Using Community Foundation Programs and Grant-making to Improve Rural Economies and Economic Development Outcomes*. It was sponsored by the Aspen Institute’s Rural Development Philanthropy Network, with funding from the Ford Foundation.

P-3 leaders gained valuable information about just what the gathering’s title promised and some practical advice. “Someone looked at me and said ‘Your name’s all wrong,’” recalls Schmellick. Soon after, P-3 Ventures became P-3 Community Foundation (“P-3” is shorthand for “The Power of People and Philanthropy” and the foundation’s three-county target area).

The next year, in addition to the Wye River event, Schmellick attended a larger peer exchange gathering of community foundations held at the Casey Foundation’s Baltimore headquarters entitled *Margins to Mainstream: Community Foundations Advancing Family Economic Success*.

P-3 also used part of its \$10,000 mini-grant to send a board member and community volunteer to visit two sites with interesting RuFES initiatives. The site visits, in Minnesota and North Carolina, were illuminating and galvanizing. “They solidified my board’s commitment



to RuFES and helped build that partnership for the EITC campaign,” says Schmellick.

Particularly as a philanthropy working in a relatively small community, P-3 welcomed the chance to connect with others doing similar work. “We’re not in New York or Chicago. A lot of foundations pick big cities to do their big projects. People out in the hinterland don’t hear about those,” says Schmellick.

“The Casey Foundation gave me an opportunity to sit with people involved in those projects and learn how they changed people’s lives. It opened my eyes to see that there were different ways to try to attack some problems I see. I came away saying ‘There is hope.’”

During one gathering, for example, Schmellick learned about Bonnie CLAC (formerly Fannie CLAC), a non-profit organization in Lebanon, New Hampshire, created to make car ownership more available and affordable for working-poor families by helping them obtain loans and budget counseling.

“It gave them the tools. It wasn’t a handout. It was an organized way to (get) their first reliable transportation,” says Schmellick. “That was out-of-the-box thinking. For someone to come up with this, to see people change and blossom in their lives, was a really neat thing.”

P-3 leaders also forged helpful relationships with more veteran community foundation leaders. After one meeting, Schmellick emailed people she’d met for advice on how to rewrite P-3’s bylaws, receiving several replies. “I had experienced people I could call on if I needed more information,” she says. “That networking really helps when you’re starting something new.”

Interest from national foundations and the mini-grant were also welcomed. “It’s hard to get people to invest in the rural smaller areas where you don’t see as big a bang for your buck,” says Schmellick. “But we have the same needs and sometimes it’s even harder to work in areas where the resources are less and the people are more spread out. A small amount of (grant) money can mean a lot.”

Janet Topolsky, who leads peer-learning gatherings across the country, notes that they can be especially valuable for rural people who feel isolated in their work, as they provide fresh ideas and moral support.

“They don’t have as much chance to exchange with peers as people in metro areas. The distance and time barriers are very hard to cross, not to mention just the knowledge of who’s doing what,” says Topolsky, director of the Aspen Institute’s Community Strategies Group.

“Rural (groups) tend to think ‘We’re the only ones facing these challenges.’ When they sit in a room with other folks who are telling stories similar to theirs, they lose that sense of isolation. When they see that those folks are trying and succeeding, it inspires them.”

And, she adds, it “inspires them in a way that simply getting a grant cannot. Consistently across all of our work, when we get evaluations, people say ‘Getting grants to do the work is important. But the thing that’s most important is the opportunity to learn from our peers how to do this work.’”

## Step by step to self-sufficiency

### P-3 OFFERS FAMILIES FINANCIAL EDUCATION, AN EITC CAMPAIGN, AND IDAs

As a volunteer Money Smart instructor and VITA site tax preparer, Eloisa Ortiz got to witness the progress of participants including a 26-year-old father of two children. Using his new financial literacy skills and a \$3,000 tax return, he started a masonry company.

“He was working for someone else. Now he has his own business,” says Ortiz, who taught the Money Smart class in Spanish at her church in Pierson, Fla., which is attended by Hispanic farm working families. “And his enthusiasm! A lot of people told him that it was really hard and he would never be able to do it. But he did.”

Volunteers participating in the Campaign for Working Families also recall the single mother of three children who broke into tears when she learned she’d get a \$6,000 tax refund. And the man who arrived at a class not knowing how to write checks, although he had a checking account. He used what he learned to open a bookstore.

“There were people coming in with three, four, five children. They were able to walk out knowing they would get anything from \$2,000 to \$4,000,” says Linda Callaghan, a VITA site coordinator who works for One-Stop Career Systems, which operates career centers offering services to job-seekers.

“One person was going to use the \$3,500 he got as a downpayment on a house. That’s exactly

what we want them to do—to use it for whatever will help them become self-sufficient and increase their means of living.”

The Campaign’s early success is a testament to the willingness of local leaders and volunteers to not only donate their time but to learn new methods for helping disadvantaged families—and apply that learning at home.

At the Wye River gathering, Nita Schmellick latched onto three RuFES ideas—financial education, an EITC campaign and Individual Development Accounts (IDAs), matched savings accounts used for homeownership, post-secondary education and small business development.

“It was ingrained in my mind—that’s what a perfect initiative looks like,” she says. “I came back with a determination that I wanted all three.”

Equipped with knowledge from the peer-learning events and the \$10,000 mini-grant, P-3 convened a gathering of community groups in May 2004 to share RuFES ideas. Several became partners, as did the IRS and the Federal Reserve Bank of Atlanta, contributing the local talent, resources, time and energy necessary to turn Schmellick’s seed of an idea into a living, growing plant.

“We got involved because a large portion of our clientele are low-income people who need (tax preparation) assistance but don’t necessarily have money to pay someone to help with taxes or the wherewithal to do it themselves. It was a natural fit,” says Rick Fraser,

president of The Workforce Development Board of Flagler and Volusia Counties Inc., which oversees the One-Stop Career Centers.

The financial education piece was also appealing. “It’s one thing to help people save some money or get some tax



**The Campaign’s early success is a testament to the willingness of local leaders and volunteers like Eloisa Ortiz—who taught Money Smart classes in Spanish at her church in Pierson—to donate time and learn new methods for helping disadvantaged families.**

returns,” says Fraser. “But a big part is helping them understand how they can sustain and manage their money and finances so their quality of life improves.”

While several community partners provided staff to help run the Campaign, other volunteers were workers from the national service program AmeriCorps VISTA and Spanish-speaking high school students.

“We were all surprised by how hard it was to find volunteers. We beat the bushes,” says Callaghan. “People think ‘Oh my gosh, I’m going to be doing other people’s taxes. I might mess up.’ It was new for all of us so it was very scary. But I think we did very well.”

Volunteers did receive training. The Federal Deposit Insurance Corporation led an eight-hour training session to teach 23 volunteers how to teach Money Smart classes. The IRS, which designed the VITA program, led a two-day 16-hour class to train Volusia County VITA volunteers.

During the fall of 2004, 20 people attended Money Smart classes held in three Volusia County towns. The class Eloisa Ortiz taught at her church was given in two four-hour segments, each held on a Saturday morning to accommodate farm workers’ schedules. The two other classes—targeted to people leaving public assistance for work—were held at One-Stop Career Centers and offered in four two-hour segments. Another 20 people attended classes at a Putnam County church serving primarily African-American, rural families.

“The class teaches people not to spend their money as soon as they get it but to think about how best to spend it and budget,” says Callaghan. “It teaches about credit. And there’s a whole part about putting money aside to do major things in your life (such as) to put a downpayment on a house.”



**VITA sites were launched in three low-income areas, including a social service agency serving farm workers, to reach different parts of the segmented community.**

In the winter of 2005, the VITA sites opened in three low-income areas: at a One-Stop

Career Center in a racially mixed neighborhood with tourism industry workers; a community center in an African-American neighborhood; and a social service agency serving farm workers. Throughout the 14-week tax season, each site was open once or twice a week.

Some people who came to the VITA sites had never filed a return or weren’t familiar with the tax credits available. Some had, in years past, paid up to \$200 to have their taxes prepared by companies that then convinced them to obtain a high-interest Refund Anticipation Loan (RAL).

Thanks to the EITC campaign, people not only saved money by getting their taxes prepared free—and relatively quickly via electronic filing (offered, in part, to better compete with paid tax preparers.) They saved because RALs weren’t an option. Plus they got refunds including an average EITC payment of \$1,539. Many people also claimed prior EITCs for years they hadn’t filed.

The goal, says Schmellick, is “to make sure that working families retain all the money they deserve and put it back into their family household.”

Farm workers in the country without documentation also found assistance filing the paperwork needed to pay taxes. This starts “that paperwork trail that helps them prove they’re productive and contributing” should they seek citizenship, says Schmellick.

Soon after the tax season, the Campaign for Working Families evaluated its work and started preparing for its second season—seeking new peer-learning opportunities, training new volunteers, planning more Money Smart classes and VITA sites.

“I’m very, very pleased,” says Ray Salazar, of the United Way. “This is going to continue to grow. We have populations here that have never really been reached, especially Hispanic, migrant workers who may or may not be eligible. This opportunity will be a gigantic boost.”

In September 2005, the Casey Foundation made it possible for two VITA site coordinators to attend the National Tax Coalition’s annual conference in Chicago. They learned about EITC campaigns with expanded VITA site offerings, some that enable people to open a checking account on site or find out if they qualify for social service programs. Others offer on-site credit counseling and home-buying advice. “It gives us ideas for when we’re a little bit further along,” says Schmellick.

Also that fall, 12 additional volunteers were trained to teach Money Smart classes which the Campaign hopes to offer at least once a month in Volusia County throughout 2006. Classes also will be offered for the first time in Flagler County.

And to reach a larger, more diverse group, classes will be held in new locations including a homeless shelter, a tran-

sitional housing agency, a church-based outreach ministry and a Boys & Girls Club, where the class will be offered to middle and high school students. “A lot of these kids don’t have examples of people who manage their money so well. We hope to change that,” says Schmellick.

During the 2006 tax season, the Campaign will add three VITA sites—including its first in Flagler County. To reach more people, the site for the Hispanic farm working community will be located in an elementary school rather than the social service agency. The sites also will be open at varying times, again to get a wider audience.

“Farm worker communities are very segmented. Workers and growers don’t go to the same places,” explains Schmellick. “It has been challenging to find a place where you could get the whole community to come.”

There remains much untapped potential. To date the Campaign has reached only a small percentage of the people eligible to receive the EITC. It also wants to offer IDAs but first must amass a pool of money to provide matching funds. To really move forward, the foundation is seeking a grant to hire a full-time director for the Campaign so it doesn’t have to rely on Schmellick, now P-3’s lone staff member.

“We’ve come a long way,” says Schmellick. “I’m pleased with where we have been able to get with very little resources. But we’ve got a long way to go.”

**The Annie E. Casey Foundation** is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today’s vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation’s website at [www.aecf.org](http://www.aecf.org).

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