

**From:** [Emma Guttman-Slater](#)  
**To:** [HBL Exhibits](#)  
**Subject:** Beneficial State Foundation supports public banks  
**Date:** Tuesday, June 4, 2019 10:16:17 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

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Good afternoon,

This has been prepared for the House Business and Labor Committee informational hearing this week.

As a nonprofit bank owner and organization whose mission is to change the banking system for good, we at Beneficial State Foundation support new models for banking that are aligned in the public interest, including the creation of public and municipal banks.

Our bank, Beneficial State Bank, is a triple-bottom-line community development bank, owned by a nonprofit foundation that is governed in the public interest. The bank was founded to change the way banking is done, which we know is a broken system – or, to put it another way: it has been working perfectly well for the few, while dragging a train of misery behind it, negatively impacting our low-income communities, communities of color, and our precious planet. So the banking rules of the game must change to take into account the public interest – not just profit. Public banks provide an alternative, like community development banks, that can strengthen local economies, increase access to credit, and allow cities and towns to move away from the extractive practices and fees of Wall Street banks.

Beneficial State Foundation supports efforts to create socially and environmentally responsible public banks that are governed in the public interest and work with the local, community bank and credit union infrastructure, which is already set up to serve low to moderate income communities. Public banks may rely on community financial institutions to provide services where they don't have the requisite skills or technology. In turn, public banks will provide community banks with opportunities for lending toward local priorities such as: rebuilding after natural disasters and investing in local infrastructure including roads, parks, schools and renewable energy projects, affordable housing, and small business lending. Through the contracting process, a municipal public bank may provide discipline of governance, quality employment, and procurement practices to commercial banks. That process can redirect services away from money center banks and toward community banks that demonstrate positive value to the local economy and environment. A public bank's decisions may consider the needs of the community and leverage public funds to meet those needs at a lower cost than the private sector – without threatening other local banks.

We are particularly supportive of a network of municipal banks that aggregate to the state level, which can support the municipal banking function at regional, county or city level in an efficient manner. Banking needs scale to be successful and a state bank can lend expertise to cities and counties as well as a supportive infrastructure. Municipal banks will help to pave the way for a future state bank.

By creating a public bank, taxpayer money will be held by an insured financial institution that measures its return on investment not only by profits, but also by its benefit to communities. Public banks are intended to align public deposits with public good. Keeping the benefit of locally-sourced funding actively focused on local needs, instead of diverting those deposits to a more economically profitable but out-of-area project of a money center bank, is a key argument in favor of developing a public bank.

Thank you,

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