

ASSEMBLY BILL 857 (CHIU & SANTIAGO)

PUBLIC BANKING ACT – HOW IT SUPPORTS UNION JOBS

Public banks will be **J O B C R E A T O R S** in California, a much-needed alternative to the Wall Street banks who extract public money to pay shareholders and their executives

Public banks will create jobs by complementing the lending power of local banks and governments

Public banks will enhance local economy lending and address pressing issues of housing, infrastructure, agriculture, wildfire relief, and education. Enabling public banks in California will strengthen local economies by supporting local businesses and the creation of jobs. Public banks will partner with community banks and credit unions that lend responsibly to localities (and do not cause harm) to increase the availability of credit in communities that Wall Street banks are not serving. These activities create direct economic growth and jobs for Californians.

Public banks will increase local control and accountability, which has suffered as Californians have lost 75% of our local banks in 25 years.

Wall Street Banks have proven that their interests are not aligned with California's communities

Recent years have shown that the mega-banks' priorities are not only disconnected from but also are actively harming California's communities and engines of unionized job opportunities.

- Since 2008, the largest banks have paid \$321 billion in fines in response to bad banking practices.
- In the two years since the Paris Agreement, big banks have financed risky, dead-end fossil fuel investments with \$1.9 trillion.
- Big banks have provided \$3.4 billion in financing to the two leading private prison companies
- Since 2007, as a result of the crisis, nine million jobs were lost, and nearly ten million families lost their homes to foreclosure as the result of mortgages rooted in unscrupulous banking practices, destroying their credit and leaving many without a place to live. Low-income areas and communities of color were disproportionately affected by these practices. Black homeowners were more than 70% more likely than white homeowners to lose their homes to foreclosure between 2007 and 2009.

Despite this litany of abuses, mega-banks have little incentive to change, knowing that local governments are essentially a captive market.

AB 857 will allow local governments to disentangle from Wall Street, while re-investing in local communities and local jobs.

The Federal Reserve Bank of San Francisco found that the financial crisis cost every single American \$70,000 on average in lifetime income, or \$20 TRILLION in lost GDP. Big banks show over and over again the immense level of political interference they exhibit in conducting business.

Public banks as envisioned by AB857 will be subject to the same stringent requirements of all US banks.

In order to be approved by the DBO, a public bank's business plan must show how the directors/officers of the bank are separate and insulated from political interference from the elected officials. Public banks will be transparent, accountable, and subject to the DBO's regulatory approval. For instance, the DBO's 7th decision criterion is "Whether the bank is free from abusive insider transactions and apparent conflicts of interest."

The bottom line: a public bank would be mandated to do its lending in areas that support local businesses, create jobs, and respond to pressing local issues.

AB 857 Labor Support: California Labor Federation, AFL-CIO, SEIU California, American Postal Workers Union, California Nurses Association (CNA), National Nurses United (NNU), United Food and Commercial Workers Union (UFCW), North Bay Labor Council, AFL-CIO, Western States Council, UFCW Local 5, AFSCME Council 57.



California Public Banking Alliance
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