

Public Options: Benefiting Communities by Increasing Access and Affordability of Essential Goods and Services

Public options provide essential services like healthcare, groceries, and internet access. These case studies show how communities have creatively implemented these for widespread benefit.

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INTRODUCTION

Public options are goods or services that the government provides and that are available to everyone alongside privately provided goods and services.¹ Public options aim to address market failures where private goods or services fail to provide people with sufficient, affordable, and high-quality access to essential items like healthcare, utilities, financial services, food, education, and more. By tackling these failures, public options create competition, increase affordability, and ensure that essential goods and services are available to all. Public options benefit everyone: even people who do not use them benefit when their neighbors are healthier, more educated, more prosperous, and live with greater security in their homes and communities.

To help decision-makers and communities understand public options and explore how to apply them to their own needs, we present four examples from diverse urban, rural, and regional settings that creatively addressed issues in access to high-speed internet, medicines, financial services, and groceries. These case studies demonstrate how forward-thinking communities can develop programs to benefit their constituents and provide inspiring lessons for local, state, and national leaders.

Chattanooga, TN, established a fast and reliable broadband network with public leadership and funding, becoming a national leader in internet speed and access, generating broad economic benefits. In **California**, the State has committed to providing millions of patients with a more affordable insulin alternative by partnering with a

¹ Sitaraman, Ganesh, and Alstott, Anne (eds.) [Politics, Policy and Public Options](#). Cambridge University Press, 2021.

private provider to manufacture lower-cost medicines. **Los Angeles, CA**, launched a program during the COVID-19 pandemic – which has since then been expanded – to enhance banking access for low-income residents, ensuring the effective distribution of benefits and longer-term financial

wellbeing. In **Baldwin, FL**, the mayor established a city-run grocery store to address limited and unhealthy food options for residents, providing a needed alternative in a city that risked becoming a food desert.

Case Study	Challenge	Solution	Impact
Broadband: Electric Power Board of Chattanooga High-Speed Internet Deployment Chattanooga, TN	A lack of market competition left a single, private internet service provider in the mid-2000s, resulting in an underdeveloped internet infrastructure and impairing the city’s economic development.	Chattanooga’s Electric Power Board (EPB), a municipally owned utility, developed a broadband service that provides fast internet at affordable prices and is available to all local residents.	EPB’s broadband service helped thousands connect, reduced costs by creating competition, sparked business and job creation, and made the area more resilient to weather and public health crises.
Health Care: CalRx Biosimilar Insulin Initiative Drug Cost Reduction California	In California, approximately 10.5% of the population lives with diabetes, with diabetes-related medical costs in California estimated at \$39.5 billion annually.	The California Affordable Drug Manufacturing Act created the CalRx Biosimilar Insulin program, a \$100 million State investment to manufacture and distribute affordable insulin products.	Once it becomes available to patients, CalRx Biosimilar Insulin could save individuals between 43% and 93% in costs for a total of up to \$5,000 per patient per year.
Financial Services: Angeleno Connect Facilitates Financial Inclusion Los Angeles, CA	Most banks require deposit minimums and charge account fees and overdrafts, making bank accounts costly for low-income people. This disparity became more pronounced during the COVID-19 pandemic.	Los Angeles introduced a fee-free debit card and banking service to provide easy access to public benefits for food and rent for unbanked and other eligible Angelenos.	In 2022, Angeleno Connect served approximately 38,000 households, which received a total amount of \$37 million with an average of 40% allocated to food and groceries.
Grocery Access: Baldwin Market, a Municipal Grocery Store Baldwin, FL	The closure of the only grocery store in Baldwin in 2018 left its 1,600 residents with no grocery options within a 10-mile radius.	The mayor and Town Council developed a business plan, secured financing, and identified suppliers to open a city-owned grocery store.	Baldwin Market exceeded sale projections in its first year of operations and continues to serve the Baldwin community. Residents report improved access to affordable produce.

In each case, leaders began by asking: can people in my community access this good or service with sufficient ease, quantity, quality, and affordability? After identifying the need, the next steps were to assess capacity to deliver a public option, develop the right solution and partnership structures, secure financing, and launch the program. The Government led the way in each instance, but not always alone: in several cases, it partnered with a nonprofit or private firm to jointly deliver the public option. This can allow the government to access external expertise and share risks.

Local and state leaders have the tools to confront their communities' biggest challenges. These public options help show how they can improve outcomes for all.

We would like to thank individuals at the following organizations who contributed their time to share their experience on the programs they manage:

- **Electric Power Board of Chattanooga High-Speed Internet Deployment:** Evann Freeman (Vice President of Government and Community Relations, EPB); Katie Espeseth (Vice President of New Products and Broadband Solutions, EPB); J. Ed Marston (Vice President of Strategic Communications and Marketing, EPB).
- **CalRx Biosimilar Insulin Initiative:** Vishaal Pegany (Deputy Director, Office of Health Care Access and Information); Robin Figueroa (CalRx Biosimilar Insulin Program Manager, Office of Health Care Access and Information).
- **Angeleno Connect:** Dawn Comer (Director of Technology Inclusion, LA City Mayor Office of Budget and Innovation); Samantha Sanchez (Community Engagement Manager, MoCaFi); Victor Pacheco (Relationship Manager for Angeleno Connect, MoCaFi).

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BROADBAND: ELECTRIC POWER BOARD OF CHATTANOOGA HIGH-SPEED INTERNET DEPLOYMENT

Chattanooga, TN

The Electric Power Board of Chattanooga (EPB), a municipally run utility, established a public option for high-speed internet in Chattanooga, TN, to solve the problems of limited competition, high costs, and subpar internet services in the city. This project helped bridge the digital divide, make the city more resilient to crises, and transform Chattanooga into a thriving economic and technology hub through robust fiber optic infrastructure.

Primary Government Lead	The Electric Power Board of Chattanooga.
Other Partners Involved	Local Government of Chattanooga and Hamilton County.
Governance Structure	EPB leads the project, with the Mayor's involvement on the EPB Board shaping its strategic direction.
Financial Investment	EPB invested approximately \$390 million in the project, funded through a mix of intra-utility loans, federal grants, local revenue bonds, and additional funding streams.
Impact	EPB's fiber infrastructure positioned Chattanooga as the nation's first city with gigabit internet speeds. It fostered market competition, reducing costs and extending network connectivity to rural areas. The implementation of the city's smart grid, thanks to the robust fiber infrastructure, has enabled the city to save up to \$60 million by reducing the length of outages.

PROBLEM: LACK OF COMPETITION LED TO POOR BROADBAND PERFORMANCE AND LOW ACCESS

Chattanooga, located in southeastern Tennessee, has a population of around 180,000. The median household income of residents is \$50,000, approximately 27% lower than the national median household income (\$69,000) in 2022. Until the mid-2000s, Comcast was the sole internet service provider in Chattanooga. The absence of market competition resulted in an underdeveloped internet infrastructure with average speeds below 6 megabits per second (Mbps), well below the federal broadband standard of 25 Mbps. Additionally, 85% of residential users and 89% of commercial users did not have a broadband connection.²

As a result, Chattanooga residents faced limited competition, higher costs, no rural connectivity, inadequate internet services, and poor customer service, hindering equitable access to digital resources and opportunities. As defined by the North Carolina Department of Information Technology, digital equity is “necessary for civic and cultural participation, employment, lifelong learning, and access to essential services.”³ A lack of affordable and reliable internet infrastructure greatly inhibits economic mobility: students with home internet access earned \$2 million more over their lifetimes than students without it.⁴

² Lobo, Bento. The Realized Value of Fiber Infrastructure in Hamilton County, Tennessee. 2015.

³ Huffman, Amy. “Digital Equity & Why is Broadband Important?” NC DIT.

⁴ Fairlie, Robert et.al., “Home Computers and Educational Outcomes: Evidence from the NLSY97 and CPS,” Economic Inquiry, 2010.

SOLUTION: DEVELOPING A MUNICIPALLY RUN INTERNET SERVICE PROVIDER

Chattanooga's Electric Power Board (EPB), a municipally owned utility created in 1935 and tasked with fostering a resilient electric grid for local economic growth, has been a leader in establishing and expanding Chattanooga's broadband network. In the 1990s, EPB began developing a smart grid that incorporated fiber optics for enhanced electric grid reliability. This laid the groundwork for EPB's decision in its 2007 comprehensive, 10-year plan to create a high-speed, Fiber-to-the-Home (FTTH) network. Following its initial analysis, EPB determined that investing in a smart grid system to improve electricity reliability as well as internet access for residents and businesses could generate significant savings and enhance the city's competitiveness.

EPB began offering internet, phone, and cable television services to customers in 2009 and increased mid-tier consumer internet speeds from 5.5 to 100 Mbps in the first year, providing faster service than private providers at similar prices. In 2010, EPB introduced the first one-gigabit-per-second (Gbps) service in the United States. As of 2022, EPB services a 600-square-mile area, including most of Hamilton County, with 130,000 total broadband customers out of 180,000 potential customers. Uniquely in the country, 45% of all fiber customers subscribe to service at gig-level speeds.

As a publicly owned enterprise, EPB operates under the oversight of a 5-member board appointed by Chattanooga's mayor. Despite functioning independently from the City, the mayor's involvement on the board has motivated EPB to explore innovative avenues for supporting the local community. This relationship of accountability, stemming from EPB's governance structure and its role in support of the mayor's vision, has been instrumental in the continuous expansion of EPB's operations, products, and services.⁵ EPB's broadband service was initially managed by a team of 25 people, not including the contractors that EPB hired to build the required physical infrastructure. Operations are separated from the electric division to prevent any cross-subsidization of the communication division, which is not legal. Approximately 125 employees run EPB's broadband service today.

Both EPB and the City funded this fiber infrastructure through a mix of intra-utility loans, federal grants, and debt, amounting to approximately \$390 million. EPB secured funding through a \$50 million loan in the planning phase, a \$112 million federal stimulus grant in 2009, and the issuance of \$229 million in local revenue bonds (at a 4.5% interest rate) to cover most of the fiber optic build-out. EPB financed needs that followed through additional debt, loans, and a line of credit.

While EPB has succeeded in expanding within the market and currently offers internet access to around 70% of its electricity users, state regulations limit its ability to extend broadband service to households outside of EPB's legally defined electricity service area. Along the way, EPB has also encountered challenges with other incumbent cable companies, who argue that its position as a public entity might provide an unfair competitive advantage in the market and that EPB was unlawfully using taxpayer dollars to subsidize the project. All legal challenges have been disregarded in court.

⁵ Interview with Evann Freman, EPB Vice President of Government and Community Relations. December 12th, 2023.

OUTCOMES: SUPPORTING ECONOMIC OPPORTUNITY THROUGH FASTER AND MORE AFFORDABLE BROADBAND

EPB's fiber infrastructure investment in Chattanooga has served as a catalyst for better services for residents and businesses, economic growth, and resilience to crises.

Benefits to consumers: EPB's goal has always been to provide competitive pricing while prioritizing the delivery of superior services.⁶ Its competition and market entry prompted industry improvements, with Comcast investing \$15 million in 2009 to launch Xfinity in response.

While consumers did benefit from price promotions by both EPB and Comcast, EPB emphasizes that the most significant transformation is the improvement in the quality and availability of services for Chattanooga residents. Many of these services might not have entered the market had EPB not decided to introduce internet alongside its smart grid solution.⁷ Furthermore, EPB's HCS (Hamilton County Schools) EdConnect program has played a crucial role in bridging the digital divide by ensuring uninterrupted internet access for remote learning to over 17,000 students (57% of the total eligible students) from economically challenged families in the last 5 years.⁸

Economic Benefits: According to an impact evaluation by the University of Tennessee at Chattanooga, the deployment of EPB's fiber optic network has played a pivotal role in maintaining a lower local unemployment rate.⁹ Since its inception, the network has been a driving force in sustaining economic stability, especially evident during the COVID-19 crisis, during which it facilitated the rapid transition of businesses to remote work. Data from the U.S. Bureau of Labor Statistics indicates that Hamilton County's unemployment rate of 5.0% in October 2020 was below both Tennessee's rate (6.0%) and the U.S. rate (6.7%). The same evaluation also highlights that the entrepreneurial landscape in Hamilton County has thrived, with entrepreneurs raising \$1.2 billion in equity investment and crowdfunding, attributing \$244 million of that to the support from the fiber optic infrastructure. Finally, EPB's substantial contribution to public finances, having paid a total of \$59.9 million in lieu of taxes to the local government between 2011 and 2020, has created additional opportunities to support local schools and provide public services to benefit local communities.

Resilience: Expanding upon the manifold benefits for both residents and businesses, the existence of a robust broadband network has played a significant role in amplifying EPB's smart grid introduced in the 1990s. The integration of over 170,000 new intelligent electric meters has strengthened EPB's capacity to monitor and respond in real-time to outages, emergencies, and electricity theft. Since the network has expanded, EPB has seen up to 60% reductions in the average power outage durations, resulting in savings that amount to between \$45 million to \$60 million for local businesses and residents.¹⁰

⁶ EPB's pricing strategy did not target having the lowest prices in the market, as it assessed that attempting to compete on that front would have exposed it to a price war with larger ISPs, a situation they could endure for longer than EPB.

⁷ Interview with Katie Espeseth, EPB General Vice President and J. Ed Marston, Vice President of Strategic Communications and Marketing. January 29th, 2024

⁸ [HCS EdConnect](#).

⁹ Lobo, Bento. Ten Years of Fiber Optic and Smart Grid Infrastructure in Hamilton County, Tennessee. 2020.

¹⁰ [The Executive Office of the President. Community-Based Broadband Solutions. 2016.](#)

TIMELINE¹¹

- **1990s:** Chattanooga initiates the development of its fiber optic network to monitor the municipal electric utility grid.
- **Early 2000s:** EPB expands the fiber network, providing telephone and broadband services to local businesses. Launched internet service for specific commercial clients in 2004.
- **2007:** EPB commits to a Fiber-to-the-Home (FTTH) network, launching a 10-year plan to cover its service area, backed by a loan from EPB's Electric Division.
- **2008:** EPB issued a \$229 million bond, initiating the broadband financing process.
- **2009 to 2010:** EPB introduces a "triple-play" package (TV, Internet, and telephone) to residents and businesses and connected its first residential customer. EPB officially launches the first 1 Gig internet in the United States.
- **2015 to 2022:** Service expansion, including achievements like launching 10 and 25 Gig Internet

¹¹ [McCarthy, Kevin. "Broadband Issues." OLR Research Report. 2012.](#)

HEALTH CARE: CALRX BIOSIMILAR INSULIN INITIATIVE DRUG COST REDUCTION

California

California, like the United States as a whole, faces an affordability crisis for essential drugs like insulin. To address this disparity, Governor Gavin Newsom signed SB 852 in 2020, introducing the California Affordable Drug Manufacturing Act. This legislation led to initiatives like the CalRx Biosimilar Insulin program, through which the State is investing over \$100 million and partnering with Civica Rx — a nonprofit drug manufacturer — to develop a public option for generic, affordable insulin products. The State seeks to cap prices at \$30 per vial, pricing the drug at what it costs to manufacture and distribute insulins, significantly reducing out-of-pocket expenses for patients. This initiative underscores California's commitment to addressing the root causes of unaffordable insulin.

Primary Government Lead	The California Department of Health Care Access and Information (HCAI).
Other Partners Involved	The State of California contracted with the nonprofit pharmaceutical company, Civica Rx, for the development of the insulin solution.
Governance Structure	CalRx operates with public funding, and the State entrusts Civica Rx with its implementation of the Biosimilar Insulin Initiative.
Financial Investment	HCAI has secured \$102.8 million from the General Fund for the CalRx Biosimilar Insulin Initiative. This is expected to cover product development, construction of a manufacturing facility, and State implementation operations.
Impact	When CalRx insulin becomes available in the coming years, the program is anticipated to save patients between 43% and 93%, translating to potential annual savings of up to \$5,000 per person. Upcoming challenges include establishing distribution channels, patient awareness, and acceptance of generic substitutes.

PROBLEM: EXORBITANT DRUG PRICING HINDERS PATIENTS' ACCESS TO ESSENTIAL TREATMENTS

Lowering the price of drugs, including insulin, is a critical priority for the State of California, with profound implications for both public welfare and economic vitality. In the state in 2021, 3.2 million people had a diabetes diagnosis — 10.5% of the population — and more than 270,000 are diagnosed annually, necessitating regular insulin use for patients managing their condition. The economic ramifications are staggering, with diabetes-related medical costs in California estimated at \$39.5 billion annually. Lowering drug prices not only ensures affordable access for the nearly 3.5 million Californians with diabetes but also alleviates the financial burden on the State. From an economic standpoint, the societal cost of productivity losses due to diabetes in California is estimated at \$12.5 billion annually.¹²

Since 2003, the price of insulin has surged by over 600%, leading patients to ration their doses.¹³ This industry is complex, including opaque rebate systems and drug pricing, causing inflated costs that harm both consumers and the State's health budgets. Competition alone has not resulted in price decreases,

¹² [American Diabetes Association. 2022.](#)

¹³ Hwang, Kristen. "[California has tried to cut the cost of insulin for years. Why it might finally succeed.](#)" Cal Matters. 2023.

suggesting a need for new, publicly led strategies that provide affordable medicines and reduce or eliminate high markups.

High prices compel many diabetic patients to opt for less-effective, older formulas covered by their insurance, contrary to their physicians' recommendations. Patients have expressed a sense of being "hostages" in their lives.¹⁴ Moreover, the burden of diabetes is not shared equally across all communities: vulnerable populations — such as older adults, Hispanic Americans, Black Americans, and Native Americans — have higher rates of diabetes, lower quality of prevention and treatment services, and higher overall costs to manage diabetes compared to the overall population.¹⁵

SOLUTION: PARTNERING WITH A NONPROFIT DRUG-MAKER TO PRODUCE AFFORDABLE INSULIN

To address the lack of affordability of prescription drugs, Governor Gavin Newsom signed SB 852 (California Affordable Drug Manufacturing Act) into law in September 2020. The law enables State agencies to partner with private entities to create generic prescription drugs that exist alongside existing private options to increase competition, reduce drug prices, and improve patient access. The CalRx Biosimilar Initiative aims to lower costs for uninsured and underinsured patients as well as for health plans by capping prices at \$30 per vial — what it costs to produce — and to prompt competitors to lower prices, which may occur gradually as CalRx reaches scale.

In 2022, California's Department of Health Care Access and Information (HCAI), the department managing CalRx, obtained \$102.8 million from the General Fund for the CalRx Biosimilar Insulin initiative: \$50 million to develop low-cost biosimilar insulin products, \$50 million to build a California-based insulin manufacturing facility, and \$2.8 million to fund the State's implementation operations over four years. HCAI sought private partners and chose Civica Rx, a nonprofit generic medicine manufacturer, due to its mission alignment with the State and nonprofit status; its ability to offer a single, low, transparent price; and because it was the only respondent who could manufacture all three biosimilar insulin products.

The contract requires Civica Rx to produce the drug, run clinical trials, and file Food and Drug Administration applications for one long-acting and two rapid-acting insulin products.¹⁶ This interchangeability would allow patients to transition to the CalRx product seamlessly without needing a new prescription or additional tests. Civica Rx will begin producing insulin in its new facility in Petersburg, Virginia, and will then identify suitable locations within California to establish and operate an in-state manufacturing facility. CalRx and Civica Rx meet quarterly on the drug development timeline and distribution strategy. The Secretary of California's Health and Human Services Agency sits on Civica Rx's board, providing additional coordination and accountability.

¹⁴ Prasad, Ritu. ["The human cost of insulin in America."](#) BBC. 2019.

¹⁵ Glantz, Namino, et al. ["Racial and Ethnic Disparities in the Burden and Cost of Diabetes for US Medicare Beneficiaries."](#) Health Equity. 2019; 3(1): 211–218.

¹⁶ Biosimilar versions of insulin glargine, lispro, and aspart in both vial and pen forms, expected to be interchangeable with reference products Lantus, Humalog, and Novolog, respectively.

HCAI anticipates providing initial patient access to CalRx Biosimilar Insulin within the next few years, dependent on Food and Drug Administration approvals.¹⁷ At that stage, the main implementation priorities will be around distribution and adoption. Providers and pharmacies will need to substitute the generic product and patients must learn of CalRx Biosimilar Insulin and be willing to accept the substitution. California is currently working with providers, health plans, pharmacy benefit managers, pharmacies, and others to create distribution channels, and is considering new channels via online pharmacies, community-based clinics, mail order, and more to reach patients. CalRx intends to work with a patient advisory council, consisting of diabetes advocates, to receive insights and feedback from consumers of insulin products and to create awareness of the CalRx insulin products once they are ready for distribution.

Pharmaceutical Research and Manufacturers of America, which lobbies on behalf of brand-name companies, argued against CalRx and blamed insurance companies and pharmacy benefit managers for high drug costs.¹⁸ The Association for Accessible Medicines, which represents generic drugmakers, argued that California should focus on addressing brand-name cost increases rather than adding a generic to the market since existing generics already save Californians money.¹⁹

OUTCOMES: SAVING PATIENTS MONEY

A volume analysis study conducted by HCAI forecasted that by the end of 2024, California would have 4 million people with diabetes and around 1 million individuals using insulin and estimated that between 166,000 to 344,000 patients annually – including both insured and uninsured people – might choose CalRx insulins.

The Drug Access and Affordability Initiative at Johns Hopkins University conducted an analysis of estimated cost savings associated with CalRx Biosimilar Insulin once it becomes available to patients, finding that it could save individuals between 43% and 93% in costs, depending on the patient's existing insurance and insulin variant required, for a total of up to \$5,000 per patient per year.²⁰ Reducing prescription costs will not only benefit Californians financially but also decrease the number of people who ration or miss out on treatment, leading to better public health outcomes and increased quality of life for people living with diabetes.

The insulin initiative will also provide a process that the State could follow for other drugs in the future that could benefit vulnerable populations. CalRx plans to expand to naloxone, a medication that can reverse opioid overdoses, to help address the opioid epidemic.²¹

¹⁷ [California SB 852, 2019-2020.](#)

¹⁸ [Hart, Angela. "California Picks Generic Drug Company Cívica to Produce Low-Cost Insulin." California Healthline. 2023.](#)

¹⁹ [Lin, Judy and Elizabeth Aguilera. "Gov. Gavin Newsom to propose that California manufacture its own generic drugs." Cal Matters. 2020.](#)

²⁰ ["CalRx Status Update: Initial Progress Under the California Affordable Drug Manufacturing Act." California Health and Human Services Agency. 2023.](#)

²¹ [Ibid.](#)

TIMELINE

- **2019:** In his first official act as Governor, Gavin Newsom signed the nation's first executive order establishing the largest single purchaser for prescription drugs through the State's Medicaid program. This executive order also led to establishing the CalRx initiative.
- **2020:** Governor Gavin Newsom signed SB 852 (California Affordable Drug Manufacturing Act) into law.
- **2022:**
 - o HCAI received \$102.8 million for the CalRx Biosimilar Insulin initiative from the State budget.
 - o In August 2022, HCAI released a Request for Information (RFI") to seek ideas about approaches for drug development and the capabilities of potential partners to support the development of insulin products.
- **2023:** The State and Civica Rx sign the first contract under the California Affordable Drug Manufacturing Act to produce biosimilar insulin products.

FINANCIAL SERVICES: ANGELENO CONNECT FACILITATES FINANCIAL INCLUSION

Los Angeles, CA

In April 2020, the City of Los Angeles launched the Angeleno Connect initiative to swiftly disburse pandemic-relief and poverty-alleviation funds. The Immediate Response Incentive Card (IRC), a fee-free banking service introduced with this initiative, provides easy access to monetary transfers and other benefits for unbanked and other eligible Angelenos. Starting in October 2020, in collaboration with financial services company MoCaFi, the city expanded the functionality of the initial card to distribute additional relief. This expansion also allowed Angelenos to deposit money, expanding financial services for many who are un- and underbanked. In December 2022, the City distributed the final round of monetary relief. Since then, MoCaFi has been issuing cards solely to enhance the number of Angelenos with access to banking services and the City is now in the process of evaluating a new contract, as the original partnership and subsequent extensions have concluded.

Primary Government Lead	City of Los Angeles, Office of the Deputy Mayor of Finance, Operations, and Innovation.
Other Partners Involved	The City hired MoCaFi, a New York-based financial services company, as the implementing partner.
Governance Structure	Angeleno Connect operates with public funding; MoCaFi serves as the implementation lead.
Financial Investment	Before signing the contract with MoCaFi, the City spent \$500,000 to launch the webpage and services for residents and facilitate inter-agency cooperation. The City's program operations obligation under the first contract with MoCaFi was set at \$1.1 million, with a total obligation over three years of up to \$2.5 million (this excludes benefits disbursed through the program).
Impact	Angeleno Connect received over 450,000 applications and assigned almost 38,000 cards to households, directly benefiting 105,000 individuals. The total funds disbursed amount to \$37 million, with an average of 40% allocated to food and groceries.

PROBLEM: INADEQUATE AND EXPENSIVE FINANCIAL SERVICES FAIL LOW-INCOME PEOPLE

Formal banks require deposit minimums and charge account maintenance fees and overdrafts, making holding a bank account costly for low-income people. Informal financial services, like check cashing and payday lenders, charge large amounts and target people with the lowest means. Identity and credit requirements also push people to less-formal services, increasing their money-management costs in time and money. These challenges affect many: more than 7% of Los Angeles' 3.9 million residents were unbanked in 2019.²² One in five Los Angeles County neighborhoods has no bank or credit union, affecting nearly 600,000 residents in 46 neighborhoods.²³

The COVID-19 pandemic exacerbated these challenges. Many people could no longer work or access any kind of formal or informal financial services in person, leading to an urgent need for monetary assistance. At

²² [Cutchin, James. "FDIC Report Points to Ongoing Unbanked Problem for LA." LA Business Journal. 2020.](#)

²³ [Lopez, Juan. "Banking Deserts in Los Angeles." Neighborhood Data for Social Change, USC Lusk Center for Real Estate.](#)

the same time, difficulties in receiving and using checks made it harder to use pandemic benefits to conduct essential transactions like purchasing groceries and paying for rent.

SOLUTION: PROVIDING AN EASY SOLUTION TO ACCESS BENEFITS AND CASH

Angeleno Connect aimed to address this and ensure that City-managed benefits were fully accessible to unbanked Angelenos. Officially introduced in 2020 by the Office of the Deputy Mayor of Finance, Operations, and Innovation for pandemic relief, Angeleno Connect's goal was to ensure that all City residents, visitors, and businesses could participate in the digital economy. The initiative has several features, with an emphasis on improving access to financial services for the unbanked, broadband access and digital literacy, particularly around accessing digital City services. Targeting financial inclusion specifically, Angeleno Connect facilitates direct monetary transfers from the City to residents, particularly low-income and unbanked people, while also enabling residents to access a fee-free debit card through the Angeleno Connect Immediate Response Incentive Card (IRC).

The Mayor's Office of Finance and Innovation designed Angeleno Connect around three features: a fee-free debit card that Angelenos could trust and use with ease in their daily lives; a benefits disbursement tool for city agencies, such as the rental assistance program; and collaborations with trusted messengers to promote the tool. The City issued a request for proposals and selected MoCaFi, a financial services and technology platform founded to serve people facing financial hardship. A separate option not linked to any public benefits, allows residents to open a free bank account and access a debit card.

The City and MoCaFi provide prepaid Mastercard debit cards with no customer fees and contactless, swipe, and online PIN purchase capability that can be used everywhere Mastercard is accepted. MoCaFi collaborated with the City to develop initial program features and then iterated on them, with the objective of facilitating users' ability to access cash easily — from selecting a shipping partner to deliver cards more rapidly to providing additional assistance around the holidays. MoCaFi and City agencies continue to meet weekly to manage the program; MoCaFi also meets with Mastercard, although the latter's role is limited.²⁴

To get a card with public benefits, Angelenos applied for the service either directly through the City or with the assistance of one of 16 community organizations located across Los Angeles that provide trusted services in multiple languages, thus reducing barriers for users. Once a user's application was approved, they received their City benefits directly on the cards. The City established parameters for how beneficiaries can use the funds. Once a user receives a card they can use it for regular banking functions and rely on MoCaFi for customer service. In the early stages of the program, the City conducted multiple focus groups that enabled it to understand residents' preferences, such as hesitancy to use mobile applications to manage their money.

OUTCOMES: VERSATILE AND INCLUSIVE FINANCIAL SERVICES

²⁴ Interview with MoCaFi, December 4th, 2023.

The City and MoCaFi evaluate program success through metrics like the number of beneficiaries, the speed with which participants can use their funds, and where they are spending their dollars. This has allowed the program to inform other initiatives: seeing that many Angelenos were using rental assistance benefits on groceries, the City developed and launched Basic Income Guaranteed: Los Angeles Economic Assistance Pilot to test new ways of assisting low-income households.²⁵

By the end of 2022, Angeleno Connect had received 450,000 applications and served approximately 38,000 households, in addition to 3,000 people enrolled in the free bank account service. These households received a total amount of \$37 million, with an average of 40% allocated to food and groceries.²⁶ The numbers have continued to increase throughout 2023.²⁷ The programs were designed with all those who live in Los Angeles in mind: enrollment does not require a credit history, applicants can use ITINs instead of Social Security Numbers, and use their own government-issued identification (for instance, identity documents issued by a foreign government). The program has also provided cards with aliases to protect the anonymity and safety of domestic violence survivors.²⁸

The original contract with MoCaFi and its extensions have concluded, so the City is currently evaluating new funding and contracting options. This is to ensure the ongoing effectiveness of the card in improving access to financial services and expediting the distribution of public relief from multiple City departments. The City aims to provide residents with a streamlined financial assistance approach, reducing reliance on paper checks, and mitigate check-cashing fees for the unbanked. The ultimate goal is to extend banking access to and enhance interaction with City services for every unbanked Angeleno.²⁹

TIMELINE

- **April 2020:** The Los Angeles Mayor's Office announced the launch of the "Angeleno Card" program, funded by the Mayor's Fund for Los Angeles, providing financial assistance in the form of prepaid debit cards to individuals and families facing increased financial stress from the effects of COVID-19.
- **August 2020:** Los Angeles Mayor Eric Garcetti issued Executive Directive 29, emphasizing a contactless and people-centered government approach. This directive led to the establishment of a task force responsible for the day-to-day implementation of creating contactless services through a universal account.
- **October 2020:** To address the continuing financial needs of Los Angeles residents impacted by COVID-19, the City contracted with MoCaFi to provide a consumer demand deposit account and a municipally branded debit card (Angeleno Card) to disburse relief.
- **2022 – 2023:** The City extended the contract with MoCaFi twice, for a total of three years, to address ongoing financial hardship due to COVID-19.

²⁵ ["Basic Income Guaranteed: Los Angeles Economic Assistance Pilot." City of Los Angeles.](#)

²⁶ ["Angeleno Card." Mayor's Fund for Los Angeles.](#)

²⁷ Interview with MoCaFi, December 4th, 2023.

²⁸ Interview with MoCaFi, December 4th, 2023.

²⁹ Interview with the City of Los Angeles, Broadband and Digital Inclusion Coordination, January 25th, 2024.

GROCERY ACCESS: BALDWIN MARKET, A MUNICIPAL GROCERY STORE

Baldwin, FL

To address the lack of grocery options for its 1,600 residents, the town of Baldwin, FL, established the Baldwin Market in 2019. The initiative aimed to provide food options for the community, which lacked access to affordable groceries within a 10-mile radius, especially impacting low-income and senior populations. The market reported over \$1 million in gross sales in its first full year of operations. The town prioritizes buying produce and meat from local farmers, contributing to the community's overall economy and wellbeing. Ongoing obstacles include equity concerns regarding higher prices and limited healthy options, highlighting the ongoing effort to balance economic viability with social impact, as well as financial sustainability challenges.

Primary Government Lead	Town of Baldwin Mayor's Office
Other Partners Involved	The project receives legislative and financial support from the Town Council
Governance Structure	Entirely government-run and administered program
Financial Investment	The Town invested \$150,000 to renovate the property and stock the market for opening. The Town used additional lines of credit to purchase inventory from suppliers directly, reducing dependence on intermediaries. The market pays for supplies and personnel primarily through its revenues.
Impact	Baldwin Market has positively influenced local food purchases, especially during the COVID-19 pandemic, underscoring its crucial role in times of crisis. The store's commitment to local sourcing and community engagement further enhances its impactful presence.

PROBLEM: A STORE CLOSURE LEFT BALDWIN A FOOD DESERT

Baldwin, a small, rural town east of Jacksonville, FL, struggled to attract grocers to serve its 1,600 residents. In 2002, local officials built a store on land the town already owned to make it easier to attract grocers. IGA, a grocery chain, opened and operated a store on the City's lot, but IGA closed the store in 2018. The town had a difficult time attracting another tenant: the 10,000-square-foot store was too small for a large retailer like Walmart and too big for a smaller, independent grocer.

Baldwin's median household income is \$45,600, below the state average of \$61,800. One in eight residents are below the poverty line and one in four are 60 or older.³⁰ The closure of IGA left residents with no grocery options within a 10-mile radius. Travelling for food to Macclenny or Jacksonville is not a choice for most residents since most households share a single car that they would have to use for the 20-mile return trip.³¹

³⁰ ["Baldwin, FL." Census Reporter. 2022.](#)

³¹ [USDA Economic Research Service: Food Access Research Atlas.](#)

SOLUTION: ESTABLISHING A MUNICIPALLY OWNED AND RUN STORE

Mayor Sean Lynch, a former restaurant owner, developed business plans and led negotiations with suppliers to explore the option of opening a city-owned grocery store in the vacant lot. After holding several workshops, the Town Council approved a \$150,000 loan from a reserve fund to develop the Baldwin Market. The plan faced bureaucratic, operational, and financial hurdles. Because there is no one owner of a city-owned grocery store, applying for permits, loans, and government resources faced unique challenges. For example, it was crucial that the store accept EBT/SNAP. The program's application form asks to identify a single "owner of the store." Mayor Lynch had to explain over the phone to officials that the Town owned the store. St. Paul, Kansas, launched a city-owned grocery store in 2013 and struggled with similar barriers due to a lack of precedent.³²

Operationally, the Town-run market struggles to compete on price and variety with larger chains. It has to offer some products, like milk, at prices higher than those at competitors, reducing affordability for residents. Despite its location, convenience is also a factor. Most Baldwin residents commute 30 minutes to work and rely on flexible store hours, and some have indicated in the market's Facebook page that limited store hours impacts their ability to take advantage of its proximity.

Financially, Baldwin Market has not yet broken even. It generated \$1.0 million in annual revenues against \$1.1 million in costs in 2020 and \$814,000 and \$985,000, respectively, in 2022. Operating losses have averaged \$175,000 in 2021 and 2022. Cost of goods sold (65%) and personnel (16%) are the largest costs. Management has been creative in funding operations, such as renting part of the market to an independent flower store in 2021 and securing a \$25,000 line of credit to purchase groceries from suppliers. However, Baldwin Market continues to rely on the Town's financial support.³³

OUTCOMES: GREATER ACCESS AND A BOON DURING COVID-19

In Baldwin Market's first month of business, sales exceeded the goal of \$3,500 in daily revenue.³⁴ Residents have noted that the grocery store has had an impact on their food purchases. Esther and Bill Atkins, who live just outside Baldwin's town limits, shopped at Baldwin Market during its opening weekend and reported being pleased with the offerings, including from local farmers, and with prices.³⁵

Baldwin Market stayed open during the COVID-19 pandemic when grocery store options in the area became even more limited.³⁶ The store performed best in 2020, with sales declining since, indicating the value of such an option during times of crisis.

³² Shamlian, Janet and Haste, Alicia. "[Rural residents rely on dwindling number of grocery stores.](#)" CBS. 2022.

³³ [Town of Baldwin, Florida Financial Statements. Office of Florida Auditor General. 2020.](#)

³⁴ Farzan, Antonia. "[When a deep red town's only grocery closed, city hall opened its own store. Just don't call it socialism.](#)" *The Washington Post*. 2019.

³⁵ Ibid.

³⁶ Pantazi, Andrew. "[Coronavirus: Baldwin's government-run grocery keeps town well-stocked.](#)" *The Florida Times-Union*. 2020.

Beyond its impact on food access, Baldwin Market prioritizes buying produce and meat from local farmers.³⁷ The Market maintains a Facebook page for the community where it regularly updates operating hours and new stock and receives community feedback and inquiries.

TIMELINE:

- **2018:** The closure of the sole grocery store in town made Baldwin a food desert, impacting 1,600 residents.
- **Early 2019:** The Town Council approved a \$150,000 loan from a reserve fund to develop Baldwin Market.
- **Mid 2019:** Baldwin Market opened in a building already owned by the Town.
- **2020:** Baldwin Market reported gross sales around \$1 million and expenses of \$1.1 million.
- **2021:** Baldwin Market reported gross sales around \$0.8 million against expenses of \$1.0 million.
- **2022:** Baldwin Market reported gross sales around \$0.8 million against expenses of around \$0.9 million.

³⁷ [Farzan 2019.](#)