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# Building the Financial Security of Working Families: State Asset Policy

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## **Opportunities for Working Families: A Leadership Forum for State Lawmakers**

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# What are assets and why do they matter?

- Financial assets – cash savings, stocks, bonds, home, business and real estate equity
- Income enables families to get by. Assets enable them to:
  - Weather financial crises
  - Invest in their children and their community
  - Plan for a secure retirement
  - Pass resources on to future generations



# Challenge: Asset Poverty

- One out of five households owes more than it owns
- One out of four households is asset poor
- Two out of five children are being raised in asset-poor households including:
  - 1 out of every 2 Latino and African American children
  - 1 out of 4 white children
- The poorest 60% of families own less than 5% of the nation's household wealth

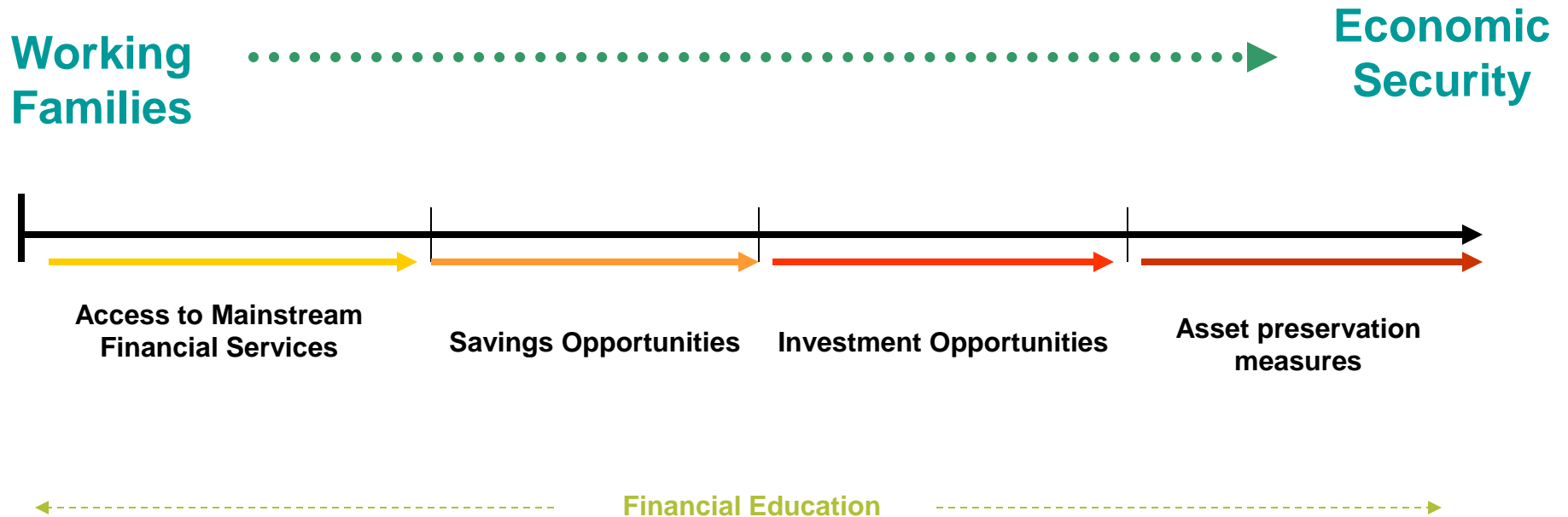


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# Challenge: Public Policy

- America has a long history of successful asset-building policies
  - Of the over \$360 billion in federal tax expenditures supporting families to save and invest—the bottom 60% of families receives less than 3% of the benefits
  - Benefits are inaccessible to working families who:
    - Can't afford to purchase a home
    - Work in low-wage jobs without employer-based retirement and health plans
    - Don't earn enough to access the full benefits of tax credits and deductions, unless they're refundable
  - Asset limits discouraging poorest families from saving
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# Continuum of Asset-Building Opportunities



# State Policy Solutions

- New asset policy dialogue in states across the country
- Led by legislators, governors and asset-building advocates
- Learning about the causes and effects of asset poverty
- Exploring policy and practical solutions



# State Asset Policy Initiatives

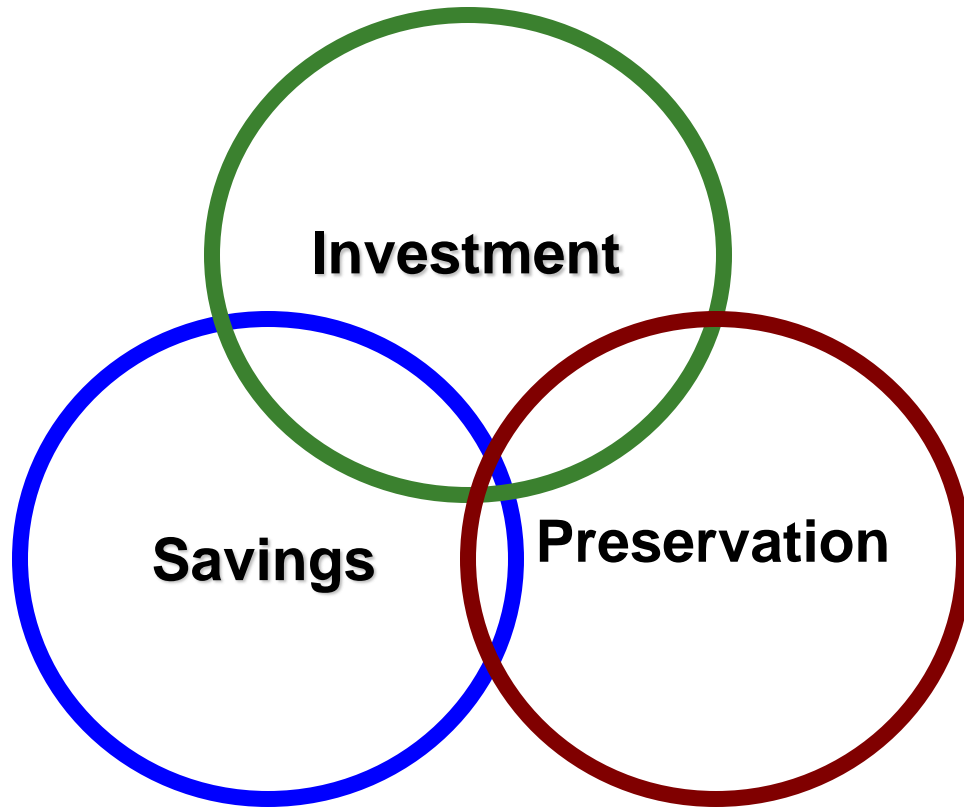
## Examples:

- **Arkansas** – Arkansas Assets Coalition
- **California** – Asset Policy Initiative of California
- **Delaware** – Gov. Task Force for Financial Independence
- **Hawaii** – Hawai'i Asset Policy Initiative/Asset Building Taskforce
- **Illinois** – Illinois Asset Building Group
- **North Carolina** – N. Carolina Asset Building Policy Task Force
- **Massachusetts** – Massachusetts Asset Policy Initiative/Asset Development Commission
- **Michigan** – Michigan Asset Building Coalition
- **Missouri** – Missouri Asset Development Coalition
- **Pennsylvania** – Governor's Task Force for Working Families
- **Texas** – RAISE Texas
- **Washington** – Washington Asset Building Coalition



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# Common Goals





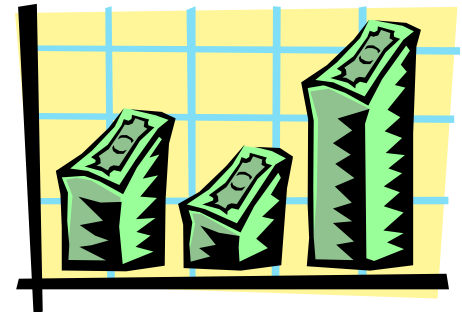
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# **Common Policy Priorities**

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# Savings/Asset Accumulation

- **Financial education** – Improve and expand access to financial education in schools, the workplace and communities
- **Financial services** – Connect families to mainstream financial services; support alternative banking institutions
- **Asset limits** – Raise or eliminate asset limits in public benefit programs; exclude certain assets from limits
- **Matched Savings Opportunities** – Support matched savings opportunities through Individual Development Accounts, 529 accounts and other strategies



# Savings/Asset Accumulation

- **Earned Income Tax Credit –**  
Capture federal EITC and/or create state EITC
- **Higher Education –**  
Support families to save for higher education
- **Retirement savings –**  
Expand access to retirement savings opportunities
- **Children's Savings Accounts –**  
Support children's savings opportunities



# Investment/Asset Leveraging

- **Homeownership** – Supporting strategies that are safe and affordable
- **Business ownership** – Support low-wealth entrepreneurs to build business equity



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# Protection/Asset Preservation

- **Foreclosure prevention** –  
Help families avoid foreclosure
- **Predatory mortgage lending** –  
Curb abusive lending practices
- **Payday lending** –  
Curb abusive lending practices
- **Health insurance** –  
Maintain or expand health insurance coverage



# Asset Policies Passed in Multiple States

Examples:

- Foreclosure prevention
- Housing trust funds
- Predatory lending laws
- State support for IDA programs
- State EITC
- Financial education in K-12
- Payday lending restrictions
- Support for CDFIs
- Lifeline banking legislation
- State match to 529 accounts
- State employer-assisted housing programs
- Excluding certain assets from limits
- Raising or eliminating asset limits

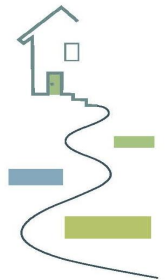


# Why Now?

## Opportunities for State Leaders

- Leverage new federal resources
- Maximize use of federal tax credits
- Advance low- or no-cost policies
- Leverage local public, private and nonprofit sector resources

*Resource: "What States Should Do," by Jennifer Brooks/CFED, March 09*



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# State Asset Policy Resources

- **NCSL ([www.ncsl.org](http://www.ncsl.org))**
    - Staff and reports
  - **CFED ([www.cfed.org](http://www.cfed.org))**
    - Assets and Opportunities Institute and Scorecard - Sept 2009
    - “State Asset Policy Coalitions – State of the Field,” Jan 09
  - **The Finance Project ([www.financeproject.org](http://www.financeproject.org))**
    - “Making the Most of the American Recovery and Reinvestment Act of 2009: A Guide for Asset-Building Leaders,” May 2009
  - **Institute for Assets and Social Policy ([www.iasp.brandeis.edu](http://www.iasp.brandeis.edu))**
    - “State and City Asset Building Initiatives,” February 2008
  - **New America Foundation ([www.newamerica.net/www.assetbuilding.org](http://www.newamerica.net/www.assetbuilding.org))**
    - “State Policy Options for Building Assets,” June 2006
  - **Washington University/Center for Social Development ([csd.wustl.edu](http://csd.wustl.edu))**
    - State Assets Policy Project
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