

North Carolina Asset Building Policy Task Force

As a nation, we subscribe to the ideals that all children should have an equal opportunity to reach their potential and that each generation can achieve a better quality of life than the last. However, the increasing costs of education, housing, and health care, lagging wages, and growing disparities in the distribution of wealth make the achievement of these ideals increasingly unattainable for many families. At the same time, the national rate of savings has dropped to zero, with many families across the income spectrum encumbered with growing levels of debt. This lack of savings poses challenges for the next generation of children and for the economy as a whole.

In response, policymakers across the country have called for renewed efforts to help all Americans save and build assets. Assets – a home, a small business, savings for college, a retirement account – provide both a safety net for hard times and the means to build a more stable economic future. Dating back to the Homestead Act and the GI Bill, public policies have long promoted asset development. A worthwhile public investment, assets provide greater household and community stability, create long-term thinking and planning, provide the resources for economic development, and enhance the well-being and life chances of children.

With the goal of expanding opportunities for all North Carolinians to build a more stable financial future, the North Carolina Asset Building Policy Task Force formed in 2006 and now enjoys the participation of over forty private, public, and non-profit organizations. Over the past year, the Task Force identified a range of state policies to support asset building for all North Carolinians, with a particular focus on low and moderate-income working families and persons with disabilities.

The Task Force is encouraged that, by authorizing the new North Carolina Kids Care health insurance program, enacting a state Earned Income Tax Credit, and taking steps to address the home foreclosure crisis, North Carolina made significant improvements in its asset building policy framework this past legislative session and added to its national reputation as a leader in efforts to curb predatory lending. However, the fact that North Carolina was recently awarded a grade of D on CFED's *2007 State Assets and Opportunity Scorecard* sends a clear signal that there is much work to be done.

To begin what the Task Force envisions as an ongoing initiative over at least the next two years, it has framed an initial set of recommendations on ways to maintain and strengthen the state's current policy framework to support asset building, outlined below. While this initial set of recommendations is the collective work of the Task Force, it is a work in progress and participation in Task Force meetings doesn't necessarily imply individual organization endorsement of each recommendation. The Task Force will issue a more comprehensive report early in 2008 that describes each recommendation in greater detail. We welcome comments and encourage interested organizations and individuals to contact us about our ongoing work.

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Priority Recommendations

The recommendations of the Task Force fall into three broad areas. These three areas are initiatives that help families to:

Earn It: Policies that enhance the ability of families to earn an adequate level of income and benefits to allow them to save and build assets;

Keep It: Policies that help consumers to preserve and protect assets; and

Make It Grow: Policies that help families to invest and grow their assets over time.

Earn It:

1. Increase the level of support to working families provided by the NC Earned Income Tax Credit (EITC) by a) increasing the percentage of the federal EITC that would be provided by the state EITC from the current rate of 3.5% in 2008; and b) making the NC EITC a permanent provision of the NC tax code;
2. Ensure a basic standard of pay and benefits to North Carolina workers by a) indexing the NC minimum wage to inflation to maintain its value over time; and b) ensuring that NC workers receive paid sick leave so that they may care for themselves, their children, and other family members in times of illness;
3. Continue to expand the availability of affordable childcare by a) increasing the number of subsidized childcare slots; and b) increasing the state's subsidies to child care providers in order to cover a higher percentage of the market rate for child care;
4. Improve access to post-secondary education by a) increasing funding for financial aid; b) making improvements to the state's 529 college savings plan; and c) expanding the categories of students and the types of educational programs eligible for financial aid;
5. Improve access to affordable health insurance coverage with a special focus on a) children and parents; b) small business owners and their employees; and c) the self-employed.

Keep It:

6. Ensure that all North Carolina school children receive a basic financial education through the public school system;

7. Assist NC consumers to avoid predatory payday and tax refund anticipation loans through a) consumer education about alternative, non-predatory financial services products; b) regulating predatory financial products to the full extent possible under the state's jurisdiction; c) protecting NC consumers from unreasonable account overdraft fees; and d) encouraging the state's financial institutions to offer affordable, alternative products;
8. Expand access to justice for low-income clients by a) increasing funding for the state's system of legal services and b) expanding the allowable uses of state funds for low-income legal services;
9. Address the state's high rates of home foreclosures by a) reforming the regulation of home mortgage broker practices; b) increasing the level and scope of the NC Foreclosure Rescue Fund; and c) supporting a comprehensive system of both pre- and post-homeownership counseling across the state;
10. Increase unemployment insurance payments to 50% of an individual's previous wages and allow for an extension of benefits beyond the standard maximum of 26 weeks for dislocated workers engaged in workforce training.

Make it Grow:

11. Expand the current system of Individual Development Account (IDA) programs throughout the state by a) increased funding; and b) expanding allowable uses of IDA funds, in particular to allow inclusion of persons with disabilities;
12. Create a universal system of child saving accounts for all newborns in North Carolina that can be used for education, home ownership, and entrepreneurship at the age of eighteen; for children with disabilities, ensure that child account assets will not disqualify them for receipt of public benefits and services;
13. Increase the availability of affordable and accessible housing by a) substantially increasing the amount of funds in the NC Housing Trust Fund; and b) making needed reforms to the maintenance and regulation of the state's stock of manufactured housing.
14. Remove or increase the asset ownership limits in public benefit programs (Temporary Aid to Needy Families, Food Stamps, and Medicaid) in order to provide incentives for low- and moderate-income residents and persons with disabilities to save and build assets;
15. Create a cross-state agency workgroup on asset protection, leveraging, and accumulation for working age adults with disabilities by Governor's Executive Order that requires a report within six months on policy and funding recommendations to reduce barriers and create incentives to build a better economic future.

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IDA and Asset Building Collaborative of NC

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