

NC Asset Building Policy Task Force


Overview and Recommendations

2007 Financial Education and Asset Building Conference

Chapel Hill, October 8th and 9th

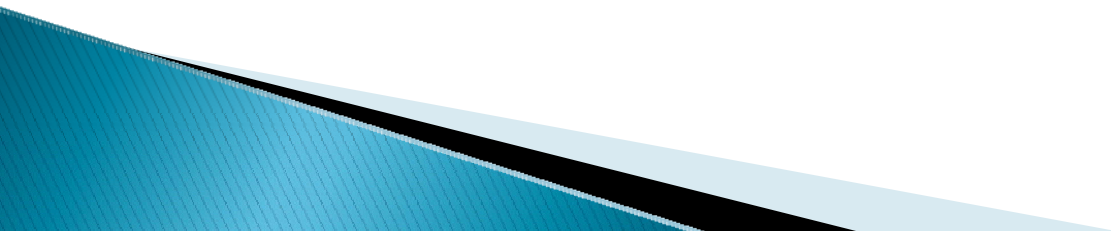


History

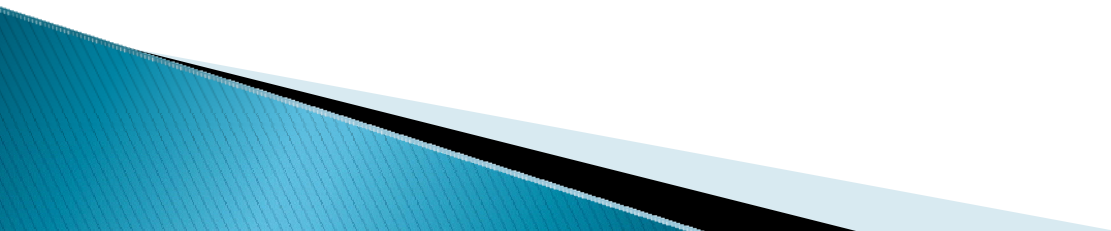
- ▶ For several years, the IDA and Asset Building Collaborative had talked about the need for an asset building policy initiative;
 - ▶ Two years ago at the first NC Financial Education and Asset Building Conference, a decision was made to launch the effort;
 - ▶ The Center for Social Development at Washington University in St. Louis and the Durham office of CFED both offered research and technical support to the project
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Why Assets?

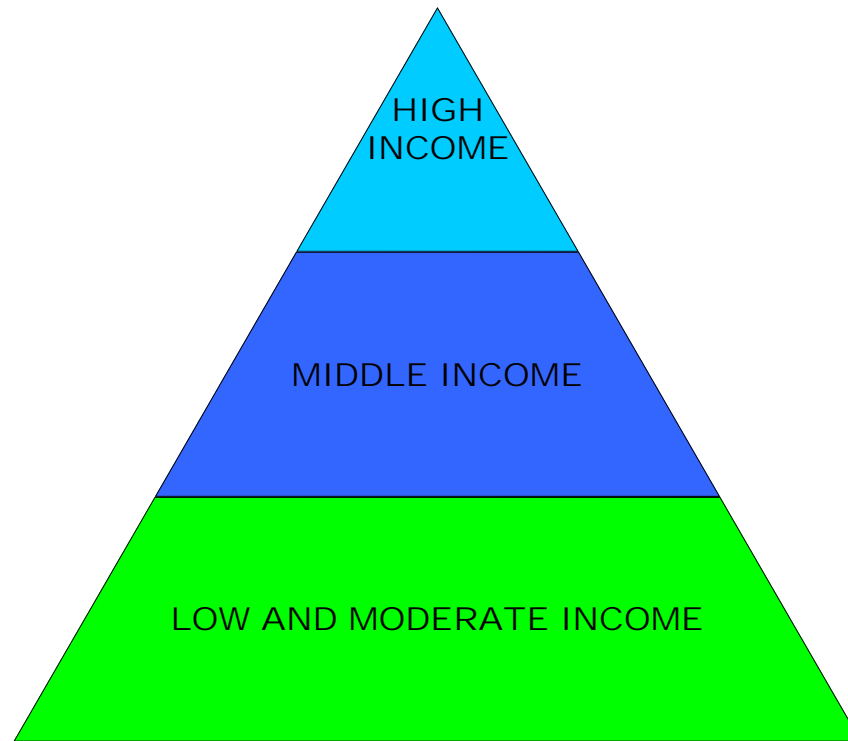
Assets change thinking and behavior

- Provide greater household and community stability,
 - Create long-term thinking and planning, and
 - Enhance the well-being and life chances of children.
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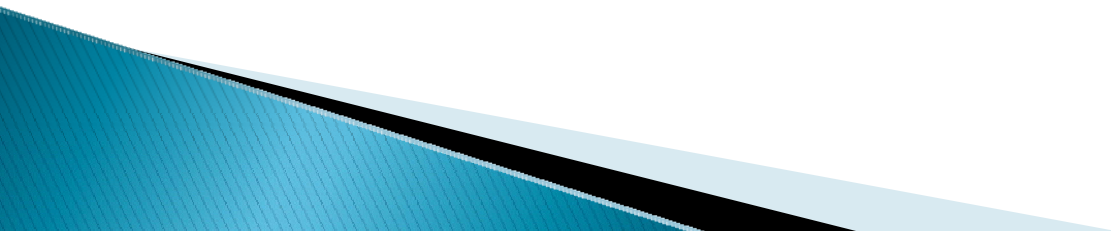
Why Assets Matter cont'd

- ▶ Need to address *asset inequality*, not just income inequality, in order to address poverty long-term, especially for children
 - ▶ We are facing a *savings crisis* – the U.S. savings rate is now *below zero*
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ALL FAMILIES NEED TO SAVE, REGARDLESS OF THEIR INCOME...



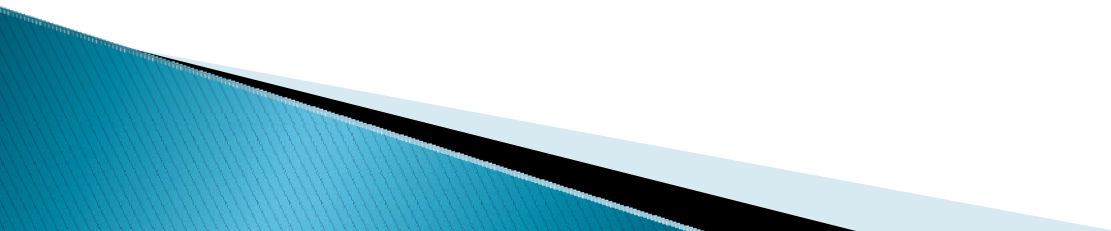
But The Benefits of Savings for Low and Moderate–Income Families are Greatest Because:

- ▶ They are least likely to have access to employer pensions and health insurance;
 - ▶ Their wages have not kept up with the rising costs of housing and education;
 - ▶ They often have no cushion in the face of job loss or unexpected health care debt.
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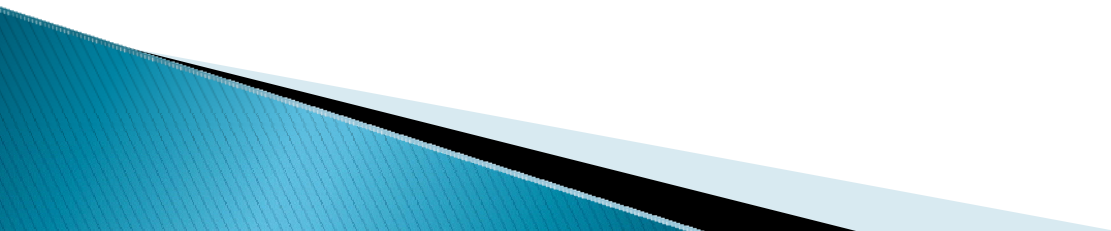
Unfortunately, We Have An Upside Down System of Savings Incentives...



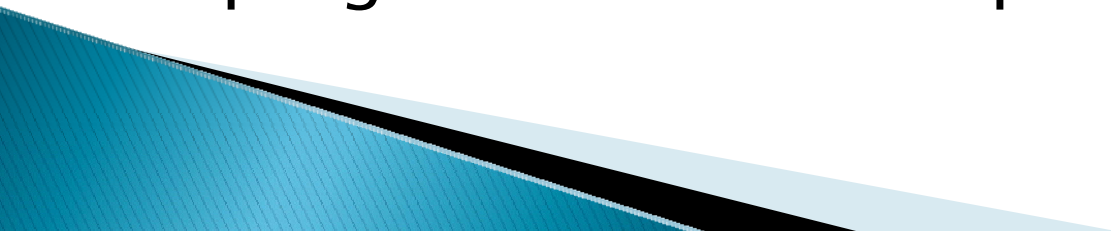
For example:

- ▶ 60 Percent of the benefits of 401(k) retirement plans go to the top 20% of earners
 - ▶ Matched savings programs like IDAs help to broaden the benefits of savings incentives
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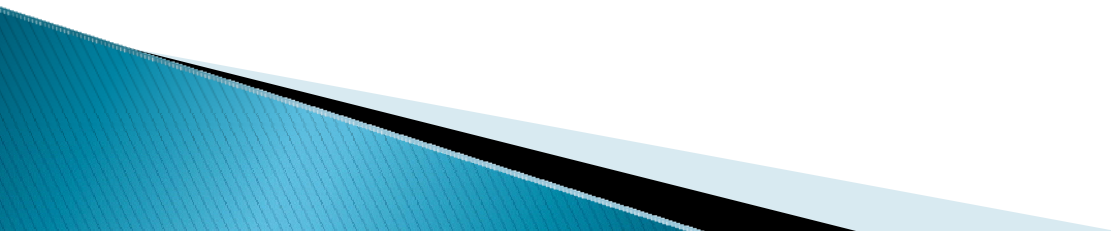
History cont'd

- ▶ Co-chairs, organizational and staff support:
 - EITC Carolinas, an initiative of MDC. Inc.
 - IDA and Asset Building Collaborative of NC
 - ▶ Discussion: Fall 2005–Spring 2006
 - ▶ Meetings: June 2006 – present
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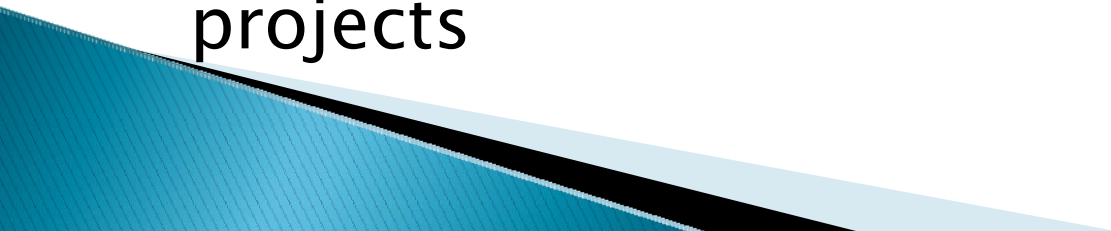
Purpose

1. To develop a common framework that can tie diverse asset building policy pieces together;
 2. To give these efforts greater visibility on a local, statewide, and national level; and
 3. To strengthen our mutual efforts to see new or expanded asset building policies and program initiatives implemented.
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Goals

- ▶ Identify state policies to support asset building among low and moderate-income families and persons with disabilities
 - ▶ Prioritize policy initiatives that have promise of implementation
 - ▶ Learn more about each others' work and issues
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Goals cont'd

- ▶ Write a report on state asset building policies issued by the Task Force
 - ▶ Undertake education and outreach using report as a framework
 - ▶ Identify useful program models in addition to policy
 - ▶ Design and implement demonstration projects
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Framework

▶ *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.
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Structure

- ▶ General Members & Executive Committee
 - ▶ Support Staff
 - ▶ Subcommittees
 - *Earn It* (Asset Accumulation)
 - *Keep It* (Asset Protection)
 - *Make It Grow* (Asset Leveraging)
 - Research
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Funding & Technical Assistance

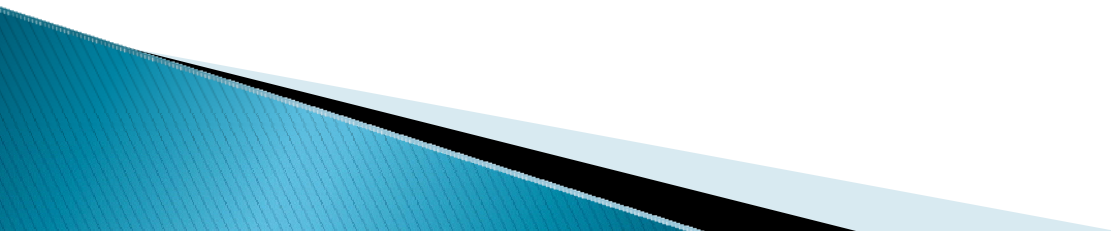
- ▶ Mary Reynolds Babcock Foundation
 - ▶ Annie E. Casey Foundation
 - ▶ North Carolina Council on Developmental Disabilities
 - ▶ CFED
 - ▶ Center for Social Development, Washington University, St. Louis
 - ▶ Z. Smith Reynolds Foundation
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Over 40 Participating Organizations

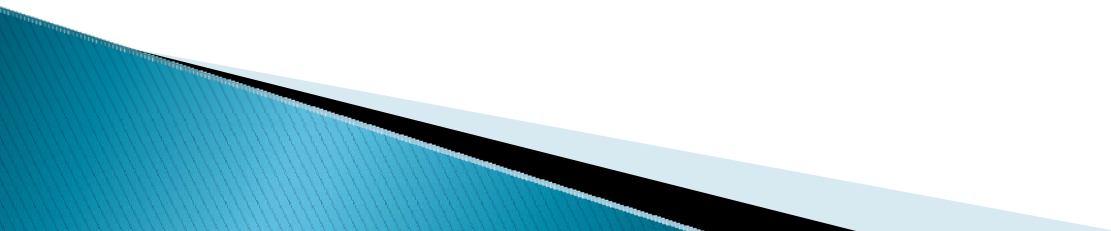
- ▶ Action for Children NC
- ▶ NC Council on Developmental Disabilities
- ▶ NC Housing Coalition
- ▶ NC Justice Center
- ▶ NC Office of the Commissioner of Banks
- ▶ NC Rural Economic Development Center
- ▶ Self-Help
- ▶ UNC – SOSW, CCC, Ctr. on Civil Rights
- ▶ United Way of North Carolina
- ▶ NC Division of Social Services

Initial Policy Recommendations

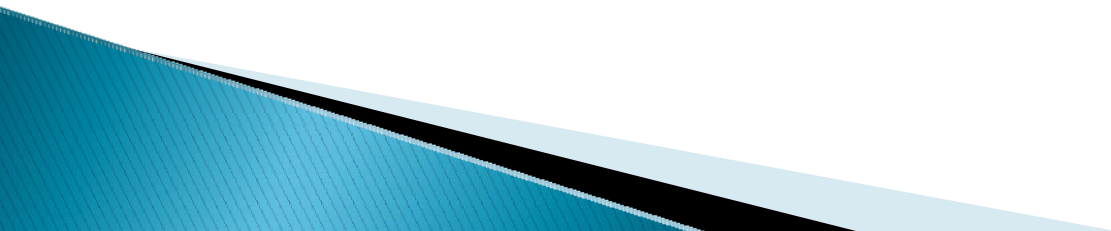
Earn It

- ▶ NC Earned Income Tax Credit
 - ▶ Minimum Wage and Paid Sick Leave
 - ▶ Affordable Child Care
 - ▶ Student Fin Aid/College Savings 529 Plans
 - ▶ Improved Access to Health Insurance
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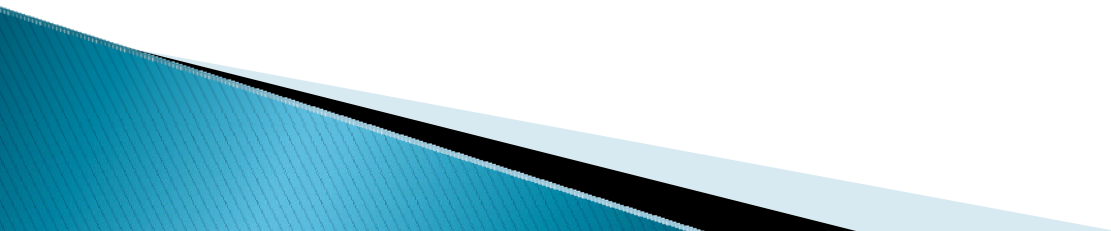
Keep It

- ▶ Financial Education
 - ▶ Financial Services Products and Oversight
 - ▶ Access to Justice for Low-Income Clients
 - ▶ Foreclosure Prevention
 - ▶ Unemployment Insurance
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Make It Grow

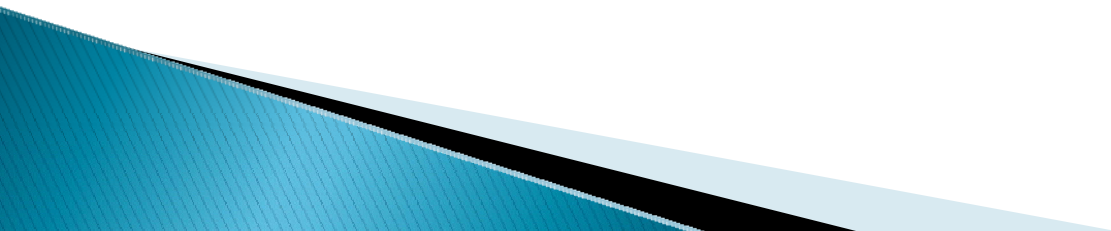
- ▶ Individual Development Accounts (IDAs)
 - ▶ Children's Savings Accounts
 - ▶ Accessible and Affordable Housing
 - ▶ Eliminate Asset Limits on Public Benefit Programs
 - ▶ Create a cross-state agency workgroup on asset building for working age adults with disabilities
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Earn It

- ▶ **NC Earned Income Tax Credit**
 - Increase % of federal EITC from current 3.5%
 - Make it a permanent part of the NC tax code
 - ▶ **Minimum Wage and Paid Sick Leave**
 - Index MW to inflation
 - Require paid sick leave for employees
 - ▶ **Affordable Child Care**
 - Expand child care slots & subsidies
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Earn It cont'd

- ▶ **Student Fin Aid/College 529 Plans**
 - Increase funds for financial aid
 - Expand qualified uses, for example part-time students and non-degree programs, programs for students transitioning from special education

 - ▶ **Improved Access to Health Insurance**
 - For children
 - For low- and moderate-income parents
 - For small businesses and the self-employed
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Keep It

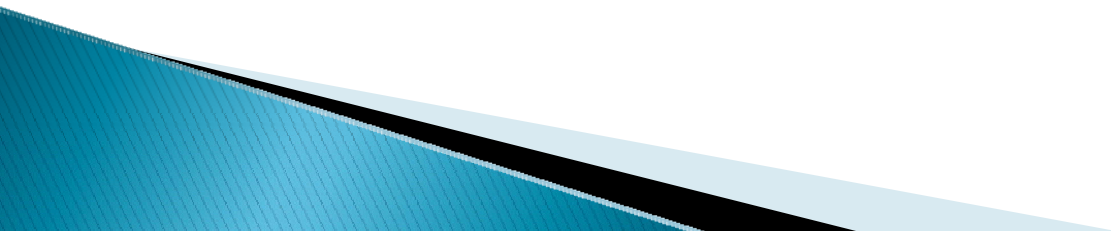
- ▶ Financial Education
 - Required part of K–12 curriculum
 - As part of transition plans for students with disabilities
- ▶ Financial Services Products and Oversight
 - Consumer education on predatory lending and tax Refund Anticipation Loans (RALs);
 - Regulation of account overdraft fees
 - Develop more alternative, affordable financial products

Keep It cont'd

- ▶ Access to Justice for Low-Income Clients
 - Increase funding for and allowable uses of the state's system of legal services
- ▶ Foreclosure Prevention
 - Further reform home mortgage broker practices
 - Increase level and scope of the NC foreclosure rescue fund
 - Support comprehensive system of pre- and post-homeownership counseling across the state

Keep It cont'd

▶ Unemployment Insurance

- Increase unemployment insurance payments to 50% of an individual's previous wages
 - Allow for an extension of benefits beyond the standard maximum of 26 weeks for dislocated workers engaged in workforce training
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Make It Grow

- ▶ Individual Development Accounts (IDAs)
 - Provide adequate funding
 - Expand eligible uses, such as assistive technology for persons with disabilities, home rehabilitation
- ▶ Children's Savings Accounts
 - Universal system of accounts for education, homeownership, entrepreneurship
 - Ensure that children with disabilities can participate without jeopardizing public benefits and services

Make It Grow cont'd

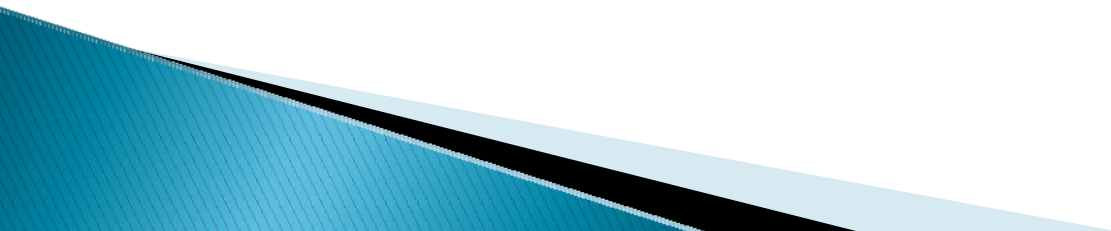
- ▶ Accessible and Affordable Housing
 - Substantially increase the amount of funds in the NC Housing Trust Fund
 - Make needed reforms to improve the quality, maintenance and regulation of the state's stock of manufactured housing

- ▶ Eliminate Asset Limits on Public Benefit Programs
 - Applies to TANF, Food Stamps, Medicaid

Make It Grow *cont'd*

- ▶ Create a cross-state agency workgroup on asset building for working age adults with disabilities
 - Convened by the Governor
 - Examine asset building challenges and opportunities across multiple agencies and programs
 - Release a report with recommendations for reform

Next Steps

- ▶ Issuing full report
 - ▶ Advocacy
 - ▶ Demonstration projects
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Contact

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