

TANF Director's Meeting

Kansas City, June 28-29, 2011

The ASSETS for Independence (AFI) The ASSET Initiative



U.S. Department of Health and Human Services
Administration for Children and Families

ASSET 

The ASSET logo icon consists of a stylized figure of a person standing on a globe, with a dollar sign and a gear integrated into the design.



Financial Asset Building

“With income we get by, but with financial assets we get ahead.”

Ray Boshara

Vice President, New America Foundation

“Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term.”

Michael Sherraden

Center for Social Development

Author, Assets and the Poor

Financial Assets

- **Tangible assets:**
 - Money savings,
 - Bonds, stocks, other financial securities
 - Real property
 - Machines, equipment, tools
- **Intangible Assets:**
 - Creditworthy, credit score, access to credit, building credit
 - Human capital (networks, who you know)



Why Assets?

- Assets matter economically, socially and psychologically
- Asset poverty rates and wealth gaps are worse than income poverty and distribution
- Assets help to increase:
 - Household economic stability
 - Educational attainment
 - Economic mobility
- Public policy has contributed to asset poverty and the inequitable distribution of assets
- Large-scale, inclusive asset building policies must be established and funded to reverse income and wealth inequalities

How Well Do We Build Assets at the National Level?

Assets matter, but their distribution is highly unequal.

- More than one-fifth of the population is “asset-poor” – i.e, does not own enough to survive 3 months without a job at the poverty line; one in three households with children live in asset poverty
- 14% of all households and 24% of minority households live in extreme asset poverty – meaning that they have zero or negative net worth
- For every \$1 owned by a household in the top 20% of income, the bottom 20% own just 2 cents; for every \$1 owned by a white household, a minority household has 16 cents

Racial disparities in asset ownership are widest, with minorities:

- Twice as likely to be asset poor (37.2% vs. 16.4%)
- Three times as likely to have a high-cost mortgage loan
- Much less likely to own a home or have a college degree

The ASSET Initiative

Programs of Administration for Children & Families

- Connect ACF Grantees to AFI Grantees, VITA Sites, financial education classes, credit/debt counseling.
- Apply lessons, best practices, tools from Assets for Independence (AFI)
- Embed asset building tools
- Become an AFI Grantee

ACF Programs

- Assets for Independence
- Head Start
- Child Care
- Child Support
- Child Welfare
- TANF-workforce system
- Native Americans
- Refugees
- Disability
- Homeless Youth
- Domestic Violence

WWW.idaresources.org


Domestic Violence Survivors
Helping Domestic Violence Survivors Build Assets



People With Disabilities
Increase access to IDAs for people with disabilities



Financial Stability for Families with Young Children
Connecting early learning communities to asset building




Financial Education
Deliver effective financial training




Refugee Communities
Supporting new Americans



Native American Communities
Asset building for families in Native Communities



Building Assets for Fathers and Families
Helping families in the child support system



EITC and Tax Assistance
Learn about tax credits, free tax preparation, and outreach



Building Financial Assets: Tools

- **Savings & Matched Savings**
- **Financial Education**
- **Managing Credit & Debt**
- **Banking & Free Tax Prep**
- **Tax Credits & Access to Public Benefits**

Christa McMichael



- Moved to Kentucky in 2005
- Received TANF, workforce system, SNAP
- Financial educations classes & budgeting instruction
- Credits 2 advocates: TANF worker & IDA advocate
- Monthly peer support group meetings were key
- Child care & dinner for kids at monthly group mtgs.
- Education IDA helped her become a CAN and an LPN
- Improved credit score by more than 150 points
- Homeownership IDA, bought a home in Oct. 2009

Christa McMichael, LPN, AFI IDAs for Education, Home

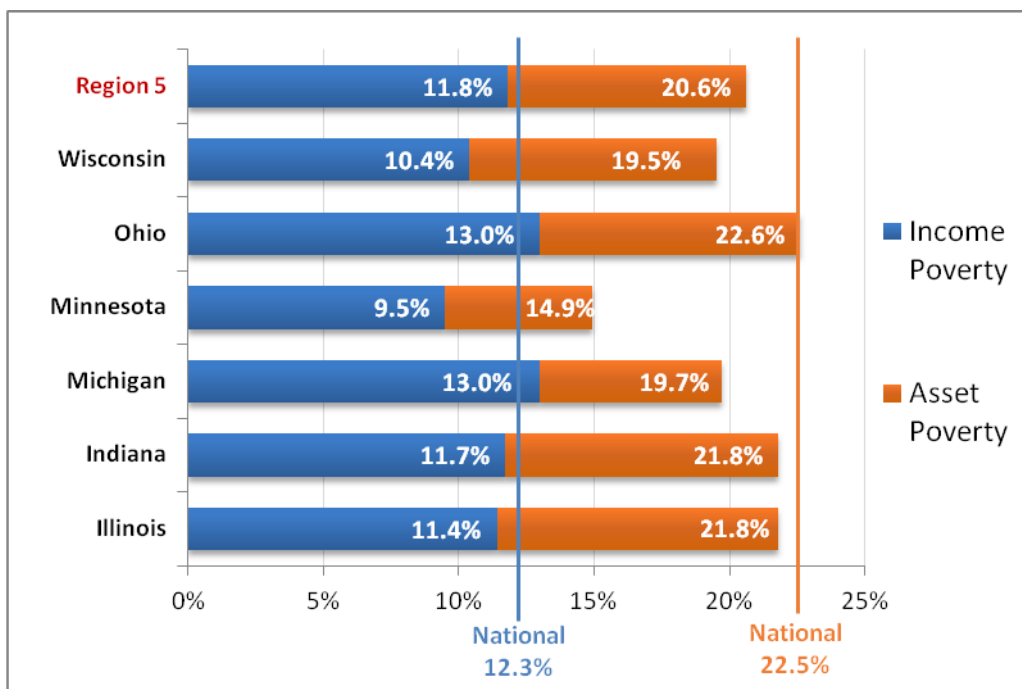
Education IDA	Year One	Year Two	Year Three	Total
Indiv. Savings	360	890		1,250
AFI & Other Match-Education	720	1,780		2,500
Total	1,080	2,670		3,750

Home IDA	Year One	Year Two	Year Three	Total
Indiv. Savings	2,000			2,000
AFI & Other Match	4,000			4,000
Total	6,000			6,000

Income & Asset Poverty

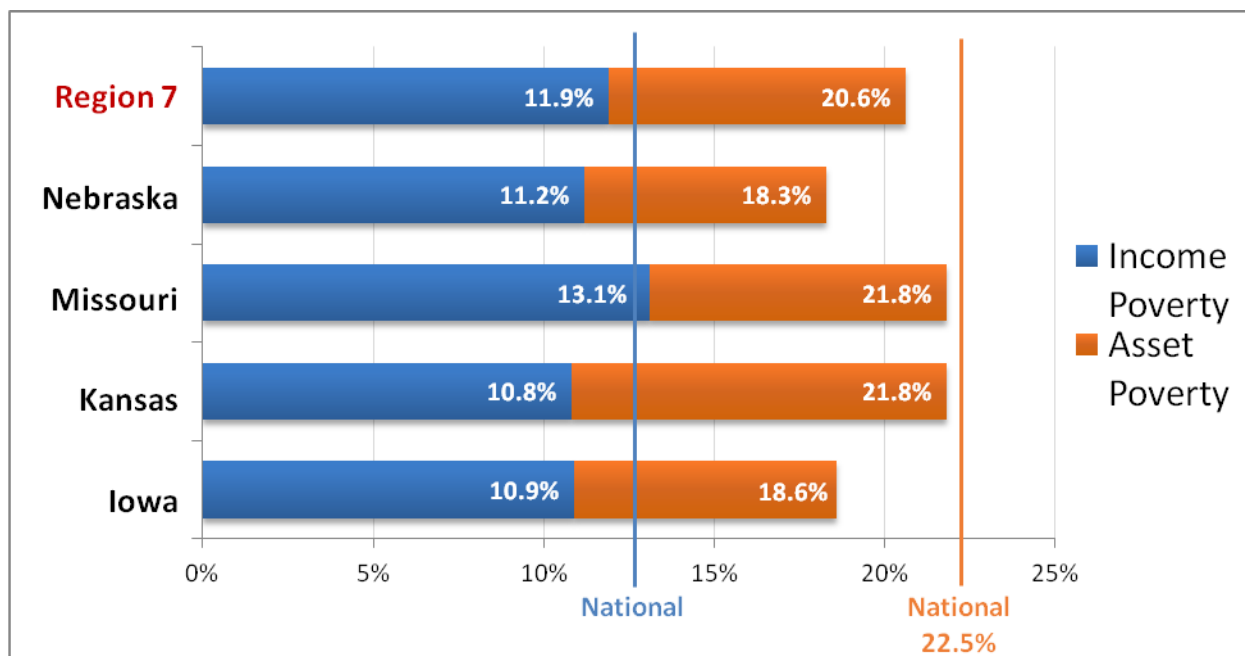
- **Income Poverty** = “the federal poverty line”
- **Asset Poverty** = whether a household has enough of a financial “cushion” to cover 3 months of expenses if income were interrupted (\$4600 for a family of three)
- Combine **Income Poverty with Asset Poverty** to get a more realistic picture.

Region V: Rates of Household Income Poverty & Asset Poverty



Source: CFED's 2009-2010 Assets & Opportunity Scorecard

Region VII: Rates of Household Income Poverty & Asset Poverty



Source: CFED's 2009-2010 Assets & Opportunity Scorecard

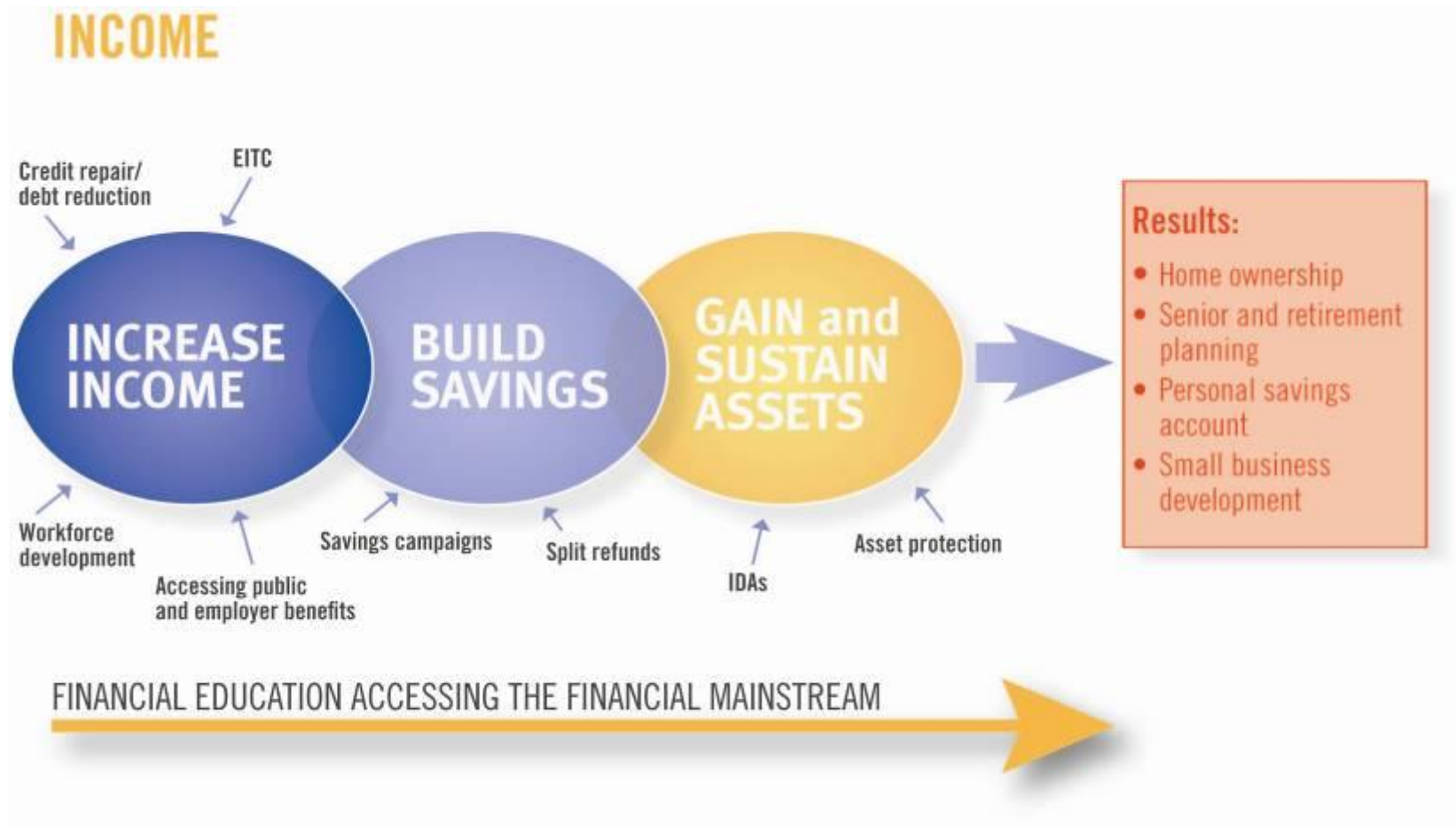


U.S. Department of Health and Human Services
Administration for Children and Families

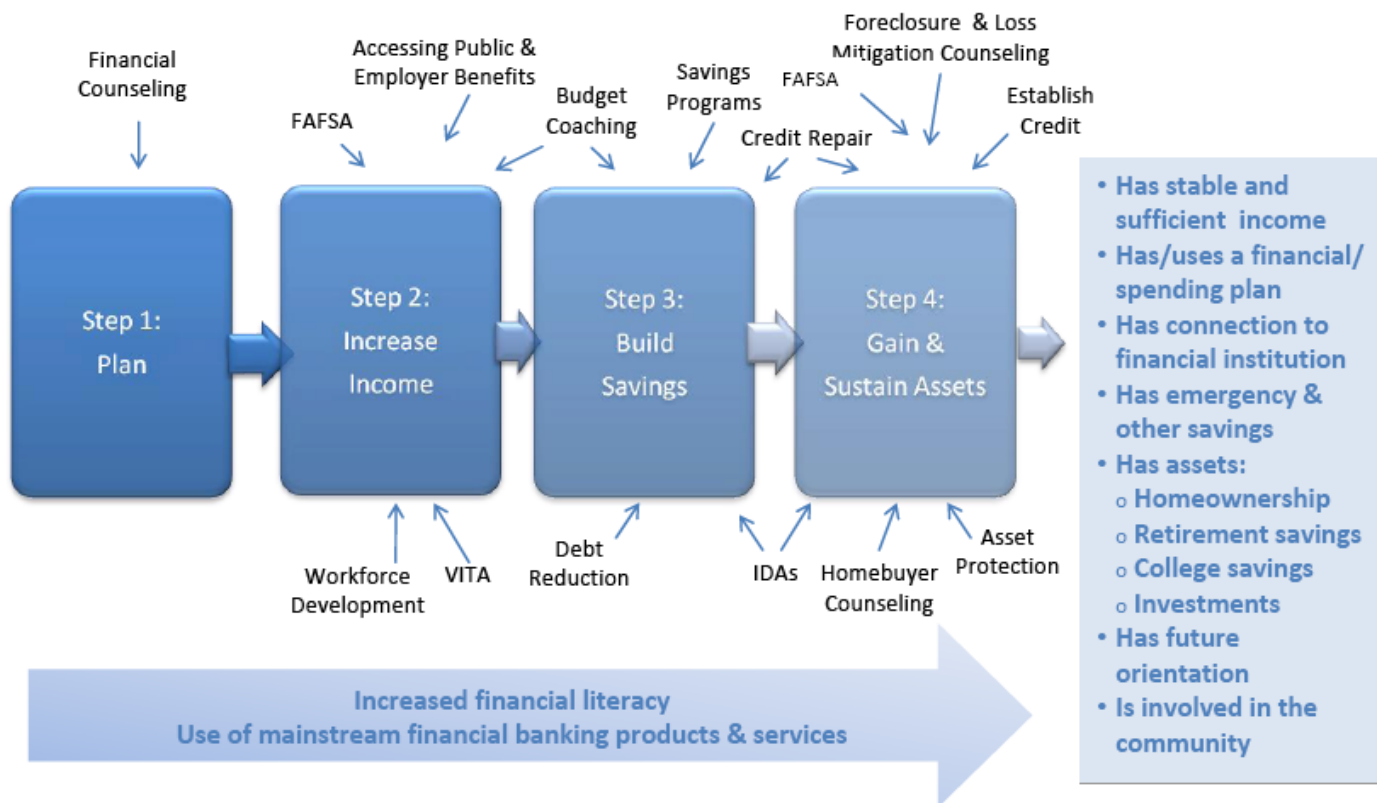


United Way's Financial Stability Framework

United Way's Approach to Financial Stability



Co-Opportunity's Success Hypothesis



Adapted from the United Way Worldwide's Financial Stability Framework

Financial Asset Building Tools

- Getting banked (mainstream financial services)
- Savings (3 month emergency savings)
- Matched Savings (Individual Development Accounts)
- Financial education (credit, debt, savings, spending, protection)
- Managing credit and debt (getting credit, improving credit score, reducing bad debt)
- Free tax filing assistance, claiming federal/state tax credits
- Accessing Federal and State benefits (allow more savings)

Financial Assets Matter

- Move past paycheck to paycheck
 - Toward long-term financial stability
- Stronger, Healthier Families
- Enhanced Self-Esteem
- Long-term Thinking and Planning
- More Community Involvement
- Hope for the Future



Sources: Moore, Amanda (2001)¹

Sherraden, Margaret (2002)²

Sherraden, Margaret (2005)³



Assets for Independence (AFI)

Matched Savings Individual Development Accounts

- Deposit Savings Accounts
-



Federal: Assets for Independence (AFI) Strong Region V & VII AFI IDA Projects AFI Individual Development Accounts

- **400 projects** throughout the nation
- Projects partner with financial institutions
- Projects located within multi-purpose non-profits
- State, local or Tribal governments
- 80,000 + IDA accounts and growing. **Deposited \$66million since 1999.**
- 80% of participants are women, many single parent households
- IDA account was first savings account for many.



Strong AFI Individual Development Account Programs in:

Region V: Indiana, Ohio, Minnesota, Michigan

Region VII: Iowa, Missouri, Nebraska, Kansas



Credit report is a financial resume, it is our financial reputation.



Step 1: Rethink:
Credit = Asset



Step 4: Know the
Goal



Step 2: Know the
Score



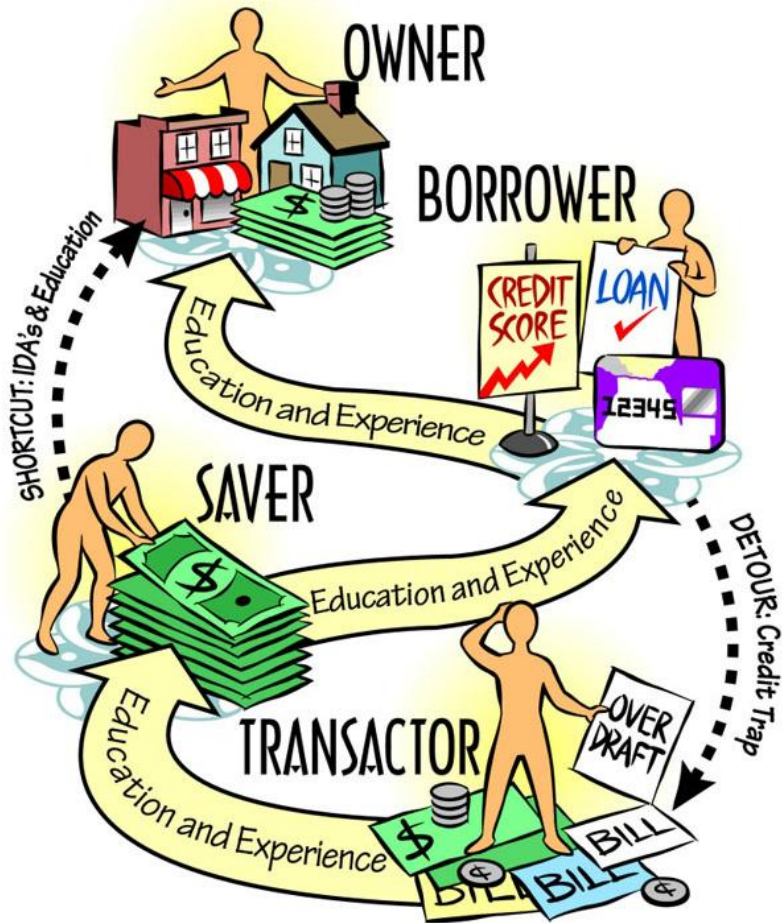
Step 5: Delve
Deeper Out of Debt



Step 3: Build or
Repair

United Way's Financial Stability Framework (continued)

The Credit Path



Alternatives Federal
Credit Union

Resources: Managing Credit & Debt

- The Federal Financial education website at www.mymoney.gov,
- The Credit Builders Alliance at www.creditbuildersalliance.org,
- America Saves at www.americasaves.org.
- Debt Counseling at www.nfcc.org
- Lutheran Social Services at www.lssmn.org

Resources: Free Tax Prep, Claiming Tax Credits

- Earned Income Tax Credit (EITC) lifts 5 million people (2.6 million children) or of poverty every year.
- Average refund =\$2,700
- Other credits: Child Tax Credit, the Child and Dependent Care Credit and state credits
- **Free** tax preparation services at IRS sponsored VITA sites help families keep more money in their pockets
 - locate a VITA site in your community, call 1-800-906-9887
- Free outreach materials and resources can be found at www.eitc.irs.gov and <http://eitcoutreach.org/>
- Information on local tax coalitions is available from the National Community Tax Coalition at www.tax-coalition.org

EITC Participation for Tax Year 2009

Region V

State	Number of Claims	Dollar Amount (in thousands)	Total Returns	EITC % of Total State Filers
Illinois	1,035,292	2,285,639	6,008,183	17.2
Indiana	555,257	1,179,567	2,951,362	18.8
Michigan	833,909	1,798,189	4,534,729	18.4
Minnesota	347,149	662,120	2,541,797	13.7
Ohio	978,788	2,084,068	5,409,661	18.1
Wisconsin	393,540	779,835	2,728,034	14.4

Source: IRS Master File, posted to IRS website

EITC Participation for Tax Year 2009

Region VII

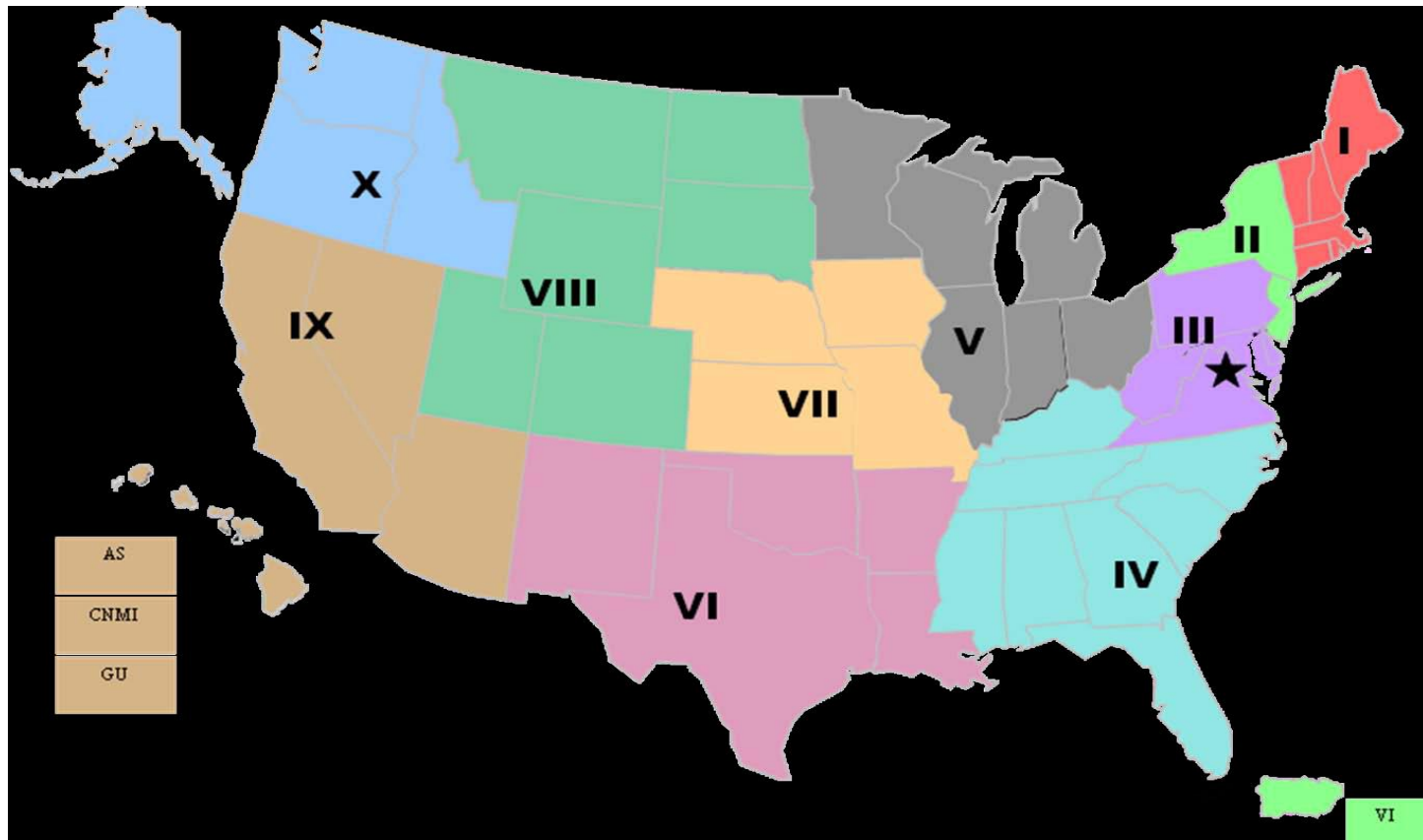
State	Number of Claims	Dollar Amount (in thousands)	Total Returns	EITC % of Total State Filers
Iowa	217,232	430,353	1,392,004	15.6
Kansas	219,533	456,709	1,310,164	16.8
Missouri	533,360	1,146,685	2,683,562	19.9
Nebraska	137,476	281,210	846,101	16.2

Source: IRS Master File, posted to IRS website

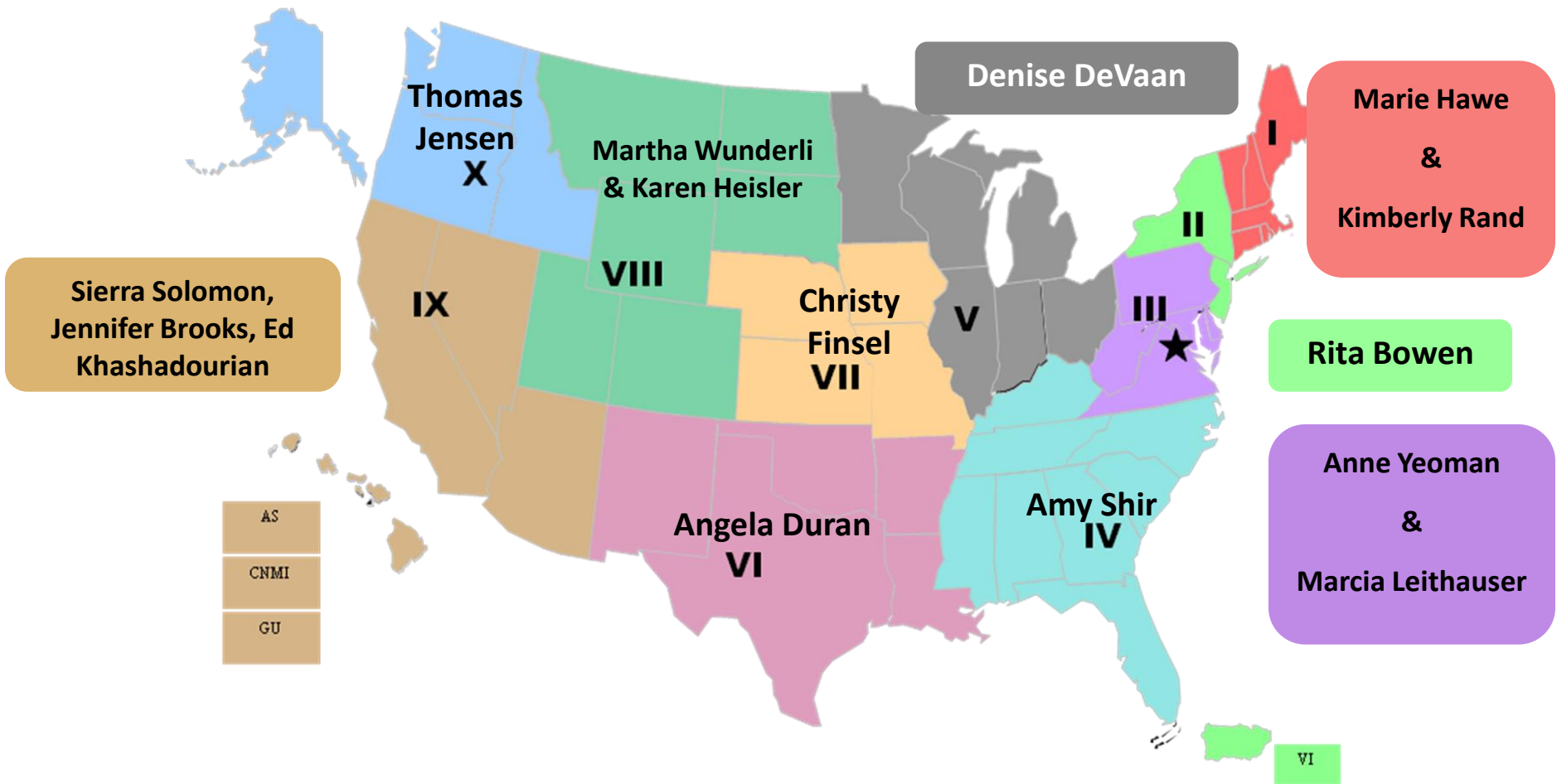
Resources: Financial Education & Getting Banked

- Financial education curricula for staff, parents and children : available , no cost
 - Federal Deposit Insurance Corporation’s (FDIC) *Money Smart* curriculum, in print and on-line versions. <http://www.fdic.gov/consumers/consumer/moneysmart/index.html>
 - Federal financial education website at www.mymoney.gov
 - U.S. Department of Agriculture Cooperative Extension Service at www.extension.org/personal_finance
 - Jump \$tart Coalition <http://www.jumpstart.org/>
- FDIC Study reports that 28 million are unbanked
Connect parents and staff to banks and credit unions:
 - U.S. Treasury sponsored www.joinbankon.org
 - Reach out to your local Federal Deposit Insurance Corp. (FDIC)
 - Community Affairs Offices of regional Federal Reserve Banks,
 - The Assets for Independence Resource Center

HHS Ten Regions of ASSET Initiative



AFI Regional Consultants



TANF Programs: What Can You Do?

Partner with :

- Existing AFI grantees
- Credit counselors
- Free IRS sponsored VITA sites
- Financial educators

- Consider asking partners to co-locate services

Consider Expanding Capacity

- Fund:
 - VITA sites
 - Expand the number of financial educators-multi-racial, multi-lingual
 - Train staff to pull free credit reports
 - IDA Program or become an AFI grantee (non-Federal match required)

Upcoming Webinars

- Tuesday, July 5 – [AFI Program Overview and Grant Application Process.](#)
- Tuesday, August 2– [AFI Program Overview and Grant Application Process.](#)
- Tuesday, September 6 – [AFI Program Overview and Grant Application Process.](#)

Each webinar will be held at 2 p.m. EST.

For more information and to register:

<http://IDAresources.org/Calendar>

AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: info@IDAresources.org

Web: <http://IDAresources.org>
<http://www.acf.hhs.gov/assetbuilding/>

2011-2013 Funding Announcement:
www.AFIFundingAnnouncement.com

For More Information & Resources

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