

Creating Asset-Building Opportunities for TANF Participants

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Administration for Children and Families

ASSET 

The ASSET logo icon consists of a stylized human figure with arms raised, holding a globe. The figure is composed of several interconnected circles and lines, suggesting a network or a community.

ASSET Building

- Idea came from Michael Sherraden: *Assets and the Poor: A New American Welfare Policy* in 1991
- Welfare reform was in national spotlight
- Private foundations provided funds to test idea
- Assets for Independent Act passed in 1998 with broad bipartisan support
- Sherraden argued that welfare policy failed to recognize a tenet of middle class life by focusing only on income.

Shift focus from income to asset ownership

- Income (TANF, SSI, SSDI) an important part of safety net, but asset ownership increases economic stability and provides hope for the future.
- People with assets have more options in life and can pass on status and opportunities for future generations.
- Income helps families get by. Assets help families get ahead.

What are Assets?

- Savings (3-6 month nest egg) to protect against loss of income/emergencies
- Matched Savings (Individual Development Accounts)
 - First home
 - Higher education and training
 - Develop or expand small business
- Good credit report and score, access to credit
- Human capital
- Property, equipment, land

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



Asset Distribution & Trends: Asset Poverty

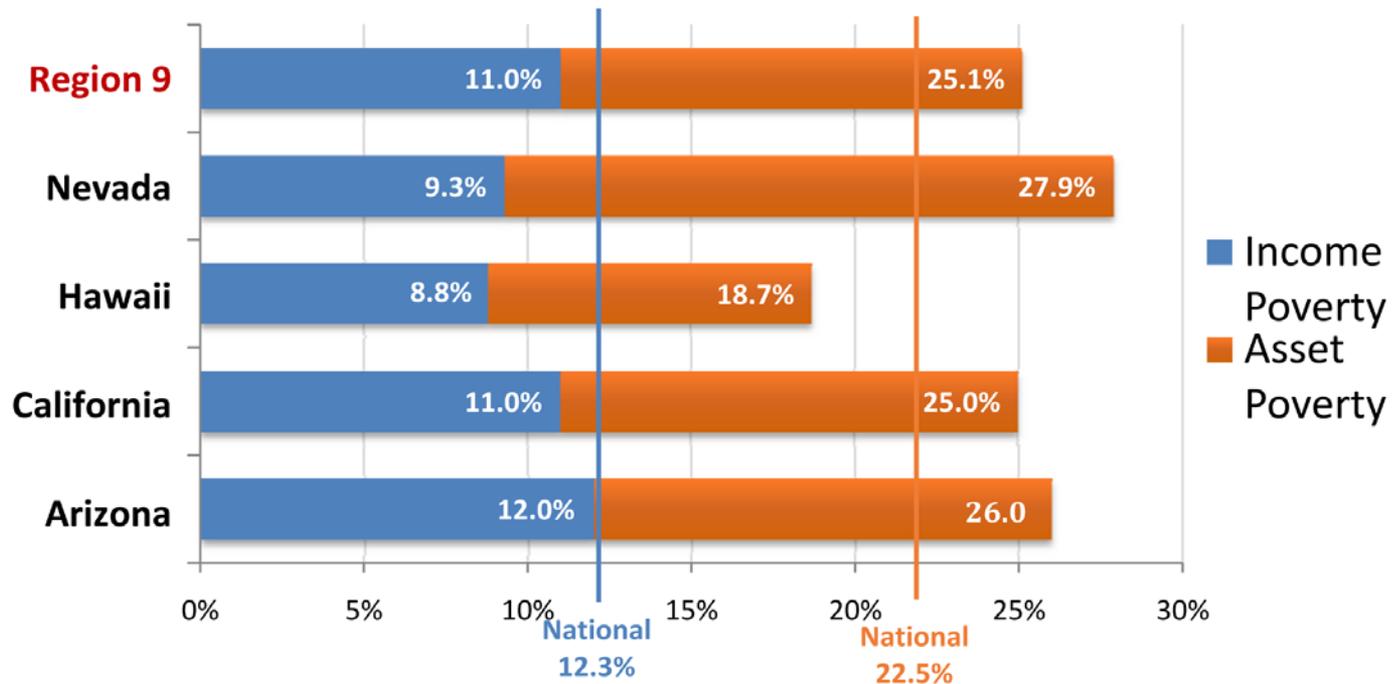
- Asset Poverty: Having insufficient financial resources to subsist at the poverty line for 3 months in the absence of income
- Asset poverty affects...
 - 22% of all U.S. households
 - 27% of households with children
 - 37% of minority households
 - 49% of minority households with children

Source: CFED 2009-2010 Assets & Opportunity Scorecard

Income and Asset Poverty in Region IX

Rates of Household Income Poverty & Asset Poverty in Region 9

Figure 1: Rates of Household Income Poverty & Asset Poverty in Region 9



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

Six core asset building strategies

Financial Education

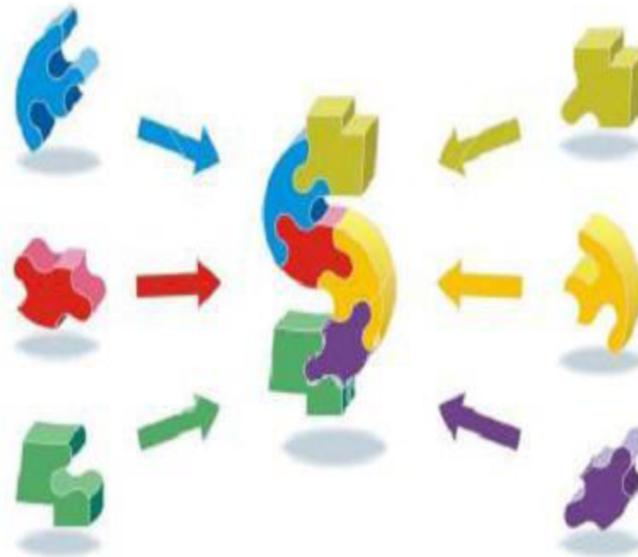
Free financial education curricula can help families make informed money management decisions.

Getting Banked

Bank accounts enable families to reduce reliance on check-cashers and other high-cost "fringe" financial services.

Borrowing / Debt management

Families often need assistance to establish a positive credit history, repair their credit, and get out of debt.



IDAs

ACF's Assets for Independence (AFI) provides grants for matched savings accounts, which can be used to acquire lifelong assets.

Public benefits

Low-income families are eligible for federal and state benefit programs that can extend the reach of their income.

Tax credits

Low-income families can access thousands of dollars in tax credits.

The ASSET Initiative

- Collaboration across ACF Programs to bring asset building tools & practice to ACF grantees and families served in programs.
- Incorporates lessons learned from Assets for Independence Demonstration Program and related research
- Families move past paycheck to paycheck existence, toward financial stability

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Current Population Focus

- Building Assets for Fathers and Families
- Financial Stability for Families with Young Children
- Native Americans
- Refugee Communities
- Support for People with Disabilities
- Asset-Building for Victims of Domestic Violence

And Cross- Cutting Components

- Effective Financial Education
- Earned Income Tax Credit Outreach

Dramatic IDA growth across the Nation

- More than 500 IDA programs
- More than 71,000 IDA accounts today:
 - Most funded by U.S. Assets For Independence Program under HHS
- 10,537 new homeowners, 7,572 higher education purchases & 7,476 small business startups
- 20 states provide some support for IDA programs

IDAs: How they work

- Participation in financial education is required
- Must have EARNED income & be income-eligible:
TANF=automatic eligibility or 200% FPG and \$10,000 or less net assets
- Match amount -- 2:1 up to 8:1. Up to five years to save
- Most IDAs are federally funded
- Matched withdrawals for first home purchase, microenterprise, or post-secondary education (including transfer to dependent or spouse)

Christa McMichael



- Moved to Kentucky in 2005
- Received TANF, Ready to Work
- Credits 2 advocates: TANF worker & IDA advocate
- Financial education classes & budgeting instruction
- Monthly peer support group meetings were key
- Child care & dinner for kids at monthly group mtgs.
- Education IDA helped her become an LPN
- Homeownership IDA, bought a home in Oct. 2009

The ASSET Initiative & TANF

- Applying for an AFI grant to offer IDAs and financial education to working and transitioning TANF participants.
 - Participation in IDAs does not count against the TANF assistance available to families.
- Training eligibility screeners and case workers to refer TANF participants to local asset building services, such as AFI grantees offering IDAs, credit counseling, and financial education courses, and building partnerships with local asset building service providers.

The ASSET Initiative & TANF, cont...

- Offering financial education and credit counseling as “Job Search and Job Readiness” work activities.
- Conducting outreach about the EITC and providing referrals to free tax preparation assistance sites, such as IRS-funded VITA sites.
- Periodically reviewing TANF participants’ eligibility for other Federal and State benefits.
- Training case workers to include asset building activities and goals in participants’ individual service plans.

North Carolina Department of Labor

- Runs a statewide asset building network with a large number of public and private entities that provide financial education and IDAs to low-income North Carolinians.
- The asset building activities are funded through a series of AFI grants, funds from private sources, and—in at least two counties—TANF funds.
- Local social service agencies throughout the State connect TANF participants to the financial education and IDA program.
 - Program has helped participants to save more than \$1.8 million in IDAs.

Chatham County Department of Family & Children Services

- Chatham County DFCS, a provider of TANF services, is part of a collaborative organized by *Step Up Savannah* to address poverty, with special attention paid to workforce training, wealth building, and work support services.
- Being part of this broad collaborative allows Chatham County to easily partner with local organizations that can provide TANF participants with an array of asset building services.
 - City of Savannah sponsors free workshops on financial education.
 - Bank On Savannah, helps low-income families gain access to mainstream financial products like checking and savings accounts.

Questions. Comments?

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