Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Our Approach

We **engage lawmakers** at all levels of government to ensure they have the knowledge and political will to advance policies that enable meaningful mobility.

We **collaborate with like-minded nonprofits and think tanks** across the country to amplify and strengthen our shared work.

We **connect a community of constituents** eager to learn from us and one another.

We **equip advocates with the data and tools** they need to fight for a more prosperous economy.

We work with service providers to **develop, test and scale proven approaches** to building financial security and wealth.

We conduct **cutting-edge research** on strategies that financially empower low- and moderate-income families, especially those of color.

@ProsperityNow

prosperitynow.org
Objectives

- Provide an overview of philosophical underpinnings of asset building
- Discuss asset building services and available resources
Asset Building FAQ

▪ What are assets?
  ▪ In his book, *Assets and the Poor*, Michael Sherraden defines assets as "the stock of wealth in a household. This stands in contrast with income that refers to the flow of resources in a household, a concept associated with consumption of goods and services and standard of living."

▪ What is asset building?
  ▪ Asset building refers to strategies that increase financial and tangible assets, such as savings, a home and businesses of all kinds. Asset-building policy focuses on long-term development of individuals, families and communities.
Asset Building FAQ

- Why do assets matter?
  - Assets create a financial buffer to weather emergencies.
  - Assets can promote success in the labor market.
  - Assets can promote long-term thinking, planning and psychological well-being.
  - Assets can enhance the well-being and life chances of children.
  - Assets can increase the likelihood of going to and succeeding in college.
People Don’t Save Because They Don’t Want To

It’s Easy to Use Credit Correctly and Pay Off Debt

People are Poor Because They Don’t Have a Job

Those With Poor Health Should Simply Take Better Care of Themselves
People Don’t Save Because They Don’t Want To
Let People Save

People Have Poor Work Because They Don’t Have a Job

It’s Easy to Use Credit Correctly and Pay Off Debt

Borrowing to Get By High Cost of Poor Health

Those With Poor Health Should Simpily Take Better Care of Themselves
PROSPERITY NOW SCORECARD

scorecard.prosperitynow.org

53 Policy Measures

62 Outcome Measures

21 Disaggregated by Race

14 for People with Disabilities

Financial Assets & Income
Businesses & Jobs
Homeownership & Housing
Health Care
Education
Findings from the 2018 Scorecard

- Racial and ethnic disparities exist across all dimensions of financial security and quality of life measures – and public policy is largely to blame.

- The critical elements of household financial security continue to be influenced – and ultimately determined – by racial bias and discrimination.

- Systemic racial wealth inequality compounds through its effects on employment, homeownership, education, business ownership, and access to local resources and networks.
40% of those experiencing volatility struggled to pay their bills at least once because of the ups and downs in their incomes.

- Federal Reserve Board, Survey of Household Economic Decisionmaking
Housing Cost Burden by Race and Ethnicity

Cost-Burdened Owners:
- White: 29.80%
- Black: 36.90%
- Native: 34.90%
- Asian: 38.10%
- Latino: 25.70%

Cost-Burdened Renters:
- White: 45.80%
- Black: 49.60%
- Native: 45.40%
- Asian: 56.10%
- Latino: 56.40%
Few Have Savings Cushion

NEARLY 4 IN 10 HOUSEHOLDS ARE LIQUID ASSET POOR IN THE US

They don’t have enough saved to pay themselves a poverty level income for three months in the event of an emergency. (This liquid asset poverty level is estimated at $6,150 for a family of four).

Source: Survey of Income and Program Participation
Liquid Asset Poverty by Race and Ethnicity

- White: 28.8%
- Asian: 30.5%
- Households of Color: 50.5%
- Latino: 60.7%
- Black: 56.7%
Wealth and Race in the Scorecard

White households have roughly the same wealth as households of color earning 3x as much income.

Families earning $18,420-$37,200

- Hispanic: $437
- Black: $350
- White: $39,700

Families earning $61,369-$104,508

- Hispanic: $45,720
- Black: $49,500
- White: $159,570

Source: Prosperity Now, Road to Zero Wealth
Homeownership by Race and Ethnicity

- White: 71%
- Asian: 58%
- Native American: 53%
- Latino/Hispanic: 46%
- African American: 41%
- Hawaiian/Pacific Islander: 39%

Source: American Community Survey
Change in Homeownership Rate

Data Year: 2005-2016

KENTUCKY
USA
Change in Small Business Ownership Rate


Prosperity Now
prosperitynow.org
Deep dive into asset building services
Household Financial Security Framework

**NAVIGATE**

the financial system, gather information and analyze choices to make beneficial financial decisions and manage household resources

**LEARN**

the basic skills, executive function and specific job skills needed to access quality employment

**EARN**

sufficient income (from wages, employer benefits, public benefits, tax credits, etc.) to cover expenses and save

**SAVE**

household income left over after meeting basic needs and paying down debt for emergencies and the future

**OWN**

a home, business, investments and/or other assets that build financial security and wealth

**PROTECT**

household earnings and assets via insurance, consumer protections and other services and policies

@ProsperityNow
prosperitynow.org
**Examples of financial capability services**

<table>
<thead>
<tr>
<th>Financial education</th>
<th>Financial coaching</th>
<th>Financial counseling</th>
<th>Access to safe and affordable financial products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit building</td>
<td>Credit counseling</td>
<td>Access to federal and state benefits</td>
<td>Free tax preparation assistance</td>
</tr>
<tr>
<td>Incentivized savings programs</td>
<td>Asset ownership programs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What is credit building?
What is credit building?

- Credit building focuses on helping clients with no credit history or a thin credit file begin to establish a positive credit record—such as through opening a small dollar installment loan or a secured credit card—and assisting clients with low credit scores to improve them through good credit behaviors (e.g., paying credit card bills on time).
Credit Strength Framework

Credit Strength Framework: Making Credit Building Count, by Credit Builders Alliance.
How can organizations implement credit building services/products?

- You can help clients build credit by:
  - Partnering with a local nonprofit lender, bank, or credit union to provide clients with a secure, affordable credit product and ensuring that clients’ on-time payments are reported to the credit bureaus.
  - Creating a lending circle to help clients build or rebuild their credit.
  - Collaborating with the Local Initiatives Support Corporation (LISC) in cities where they partner with Justine PETERSEN to offer credit building “Twin Accounts™,” which combine a small dollar loan with financial counseling and matched savings.
  - Assisting clients in self-enrolling in rent-reporting programs, which report on-time rent payments to the three major credit bureaus.
Not all clients will be ready for credit building

- Red Flags
  - In crisis mode
    - Strong tendency to miss payments
    - Struggling with paying basic bills
    - Revolving credit with utilization rate of 30% of more
  - Large accounts in collections
  - At risk of garnishment
  - Contemplating foreclosure or bankruptcy
What is financial coaching?
Focus of financial coaching

- Short-term and long-term outcomes (future orientation)
- Ongoing, systematic, collaborative process for assisting participants to change behaviors and practice new behaviors
- Content that is responsive to the participant’s unique needs and goals

Reference: University of Wisconsin Center for Financial Security
5 steps to developing a financial coaching program

- **Step 1**: Understand your target audience
- **Step 2**: Assess your organization’s readiness
- **Step 3**: Select a program model
- **Step 4**: Recruit, onboard and train coaches
- **Step 5**: Recruit, enroll and engage participants
- **Step 6**: Measure success

*Look out for Prosperity Now’s Financial Coaching Program Design Guide—August 2018*
Limitations of financial coaching

- Financial coaching will **NOT** bridge the racial wealth divide.
- Financial coaching will **NOT** eliminate harmful federal and state policies that keep low-income and people of color from acquiring what is needed to live a nurturing and secure life and acquire and preserve assets.
- Financial coaching is **NOT** one-size fits all.
- Financial coaching is **NOT** a quick fix—or an upward trajectory.
- Financial coaching is **NOT** a silver bullet for low-income and communities of color.
Integration

- **Intentionally** incorporating financial capability services into an **existing program or service** that the client already participates in, at a time when the services are **relevant** and **accessible**.

  - Financial Capability Services
  - Other Program Services (e.g., workforce programs)

  "Meeting People Where They Are"
Decision #1: What financial capability services will we provide to clients?

Decision #2: Who will deliver the identified financial capability services to our target clients?

Decision #3: How will the financial capability services be integrated?

Ongoing Decision: How can we convince key stakeholders to support this work?
How the client explained it

How the project manager understood it

How the proposal was written

How it was funded

How the executive director describes it

How it was implemented

How the client experienced it

How it was documented

How it was supported after the first grant

What the client really needed
Human Insights Approach

Engage clients and stakeholders throughout

Repeat...sometimes over and over
**New Comparison Reports**

**COMPARE POLICIES**

*How Does Alabama Compare?*

The Scorecard includes 53 policies organized into 36 groups. This report compares policy adoption across states. A ✓ indicates the state has adopted the policy; an X indicates the state has not. Policy adoption is assessed based on policies enacted during calendar year 2017.

### FINANCIAL ASSETS & INCOME

<table>
<thead>
<tr>
<th>Asset Limits in Public Benefit Programs</th>
<th>AL</th>
<th>FL</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminated TANF asset test?</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
</tr>
<tr>
<td>Eliminated SNAP asset test?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Eliminated LIHEAP asset test?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### HOMEOWNERSHIP & HOUSING

<table>
<thead>
<tr>
<th>First-Time Homebuyer Assistance</th>
<th>AL</th>
<th>FL</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downpayment assistance to first-time homebuyers?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Direct lending programs to first-time homebuyers?</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Funded homeownership counseling?</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

**COMPARE OUTCOMES**

*How Does Minnesota Compare*

The Scorecard is a comprehensive portrait of the financial health and well-being of U.S. households, and equips advocates, policymakers, practitioners, and other stakeholders with the tools and data necessary to support their programmatic and policy initiatives. This report compares the relative outcome performance of up to six locations to that of the United States.

### FINANCIAL ASSETS & INCOME

**Emergency Savings**

64.9% of Minnesota households save for emergencies

**Severely Delinquent Borrowers**

9.2% of Minnesota borrowers have at least one account that is 90 days or more past due
With the Data, You Can Also...

- Understand the **financial security of households** in your community or region
- See **racial disparities in outcomes** for key measures
- Compare your **community** to other cities, regions or states
- Start **conversations** with partners and stakeholders about financial challenges and potential solutions
- Help partners working in different **silos** see how their work **connects** to each other and collaborate
Federal Policy Campaigns

**HOMEOWNERSHIP**
Homeownership is key to building wealth. Together, we will advocate for products and policies that provide more affordable homes to more people.

**CONSUMER PROTECTIONS**
Consumer protections create fairer, more transparent financial markets. Together, we will ensure consumers keep the safeguards they deserve.

**SAFETY NET**
Safety net programs help protect vulnerable individuals and families from falling deep into poverty. Together, we will protect programs like SNAP, IDAs and more to help those in need when they need it most.

**TURN IT RIGHT-SIDE UP**
The vast majority of tax incentives go to those at the top, not to those who need it most. Together, we will turn our upside-down tax code right-side up.
Prosperity Now Advocacy Center

Here you can:

- Email a MOC
- Call a MOC
- Tweet at a MOC
- Schedule a Meeting
- Sign a petition
Prosperity Now Networks

Sign up for listservs and working groups, volunteer to facilitate peer discussions, serve in a leadership role and more!

- Taxpayer Opportunity Network
- Adult Matched Savings Network
- Financial Coaching Network
- Innovations in Manufactured Housing (I’M HOME) Network
- Affordable Housing Network
- Racial Wealth Equity Network
- Campaign for Every Kid’s Future — Children’s Savings Accounts

Visit any of the networks above at https://prosperitynow.org/get-involved to get started.
The Prosperity Now Community

facilitates learning
creates connections
& inspires action

to create and improve programs and policies that foster opportunity, especially for those who have not had it before.

Get involved in the Community today!
Sign up to stay informed about Prosperity Now and the Community.
Sign up today at prosperitynow.org/join.