



# Asset Building Overview

Welcoming Interactive + Welcoming Economies Convening  
Tuesday, June 19, 2018



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



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

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

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

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

# 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**

**People are Poor Because  
They Don't Have a Job**

**It's Easy to Use Credit  
Correctly and Pay Off Debt**

**Those With Poor Health  
Should Simply Take Better  
Care of Themselves**



People Don't Save Because  
Let People Save  
They Don't Want To

People are Working Because  
They Don't Have a Job

It's Easy to Use Credit  
Borrowing to Get By  
Correctly and Pay Off Debt

Those With Poor Health Should  
Slightly Take Better Care of  
Themselves





# PROSPERITY NOW SCORECARD

[scorecard.prosperitynow.org](https://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

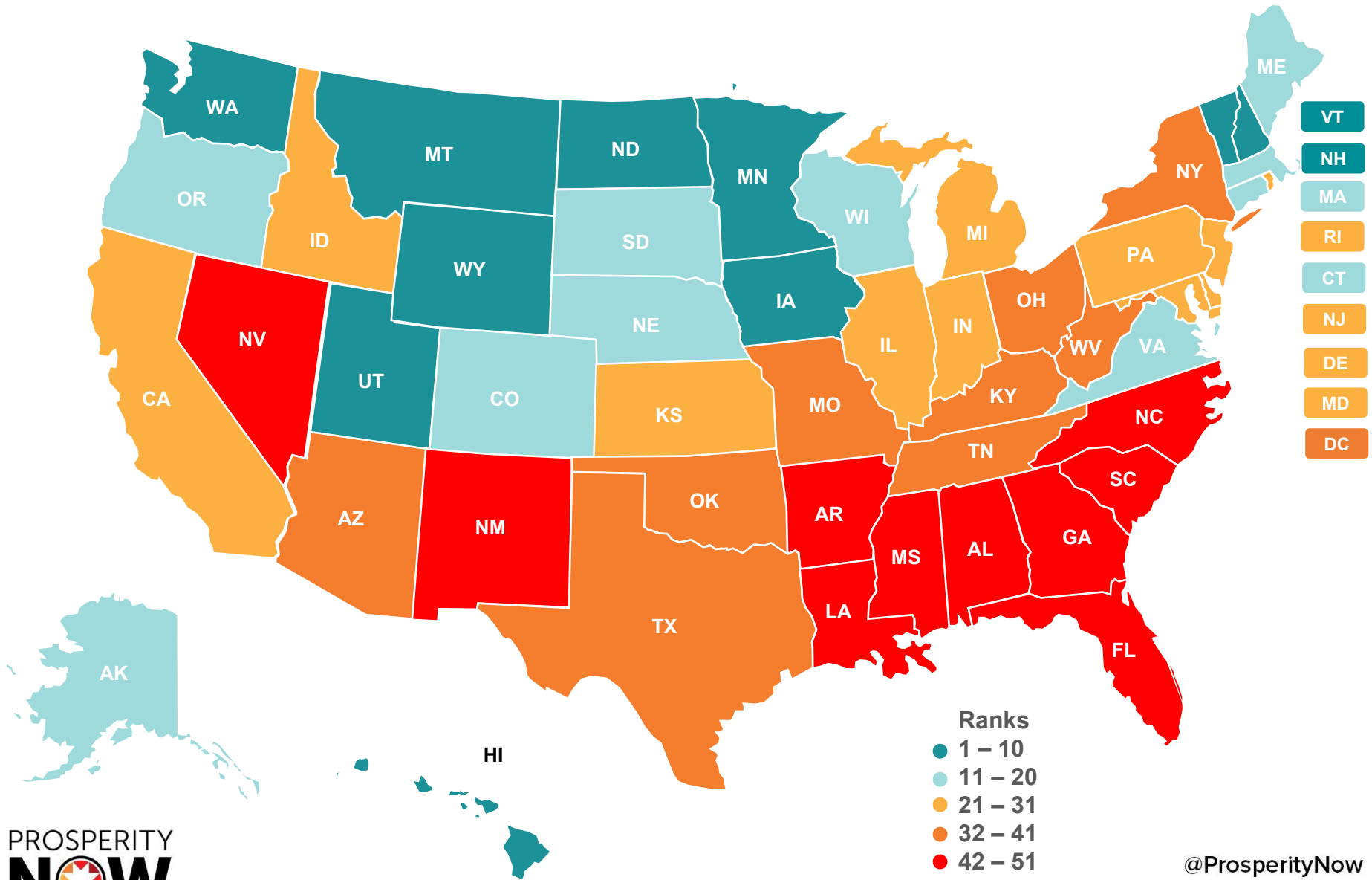


Health Care

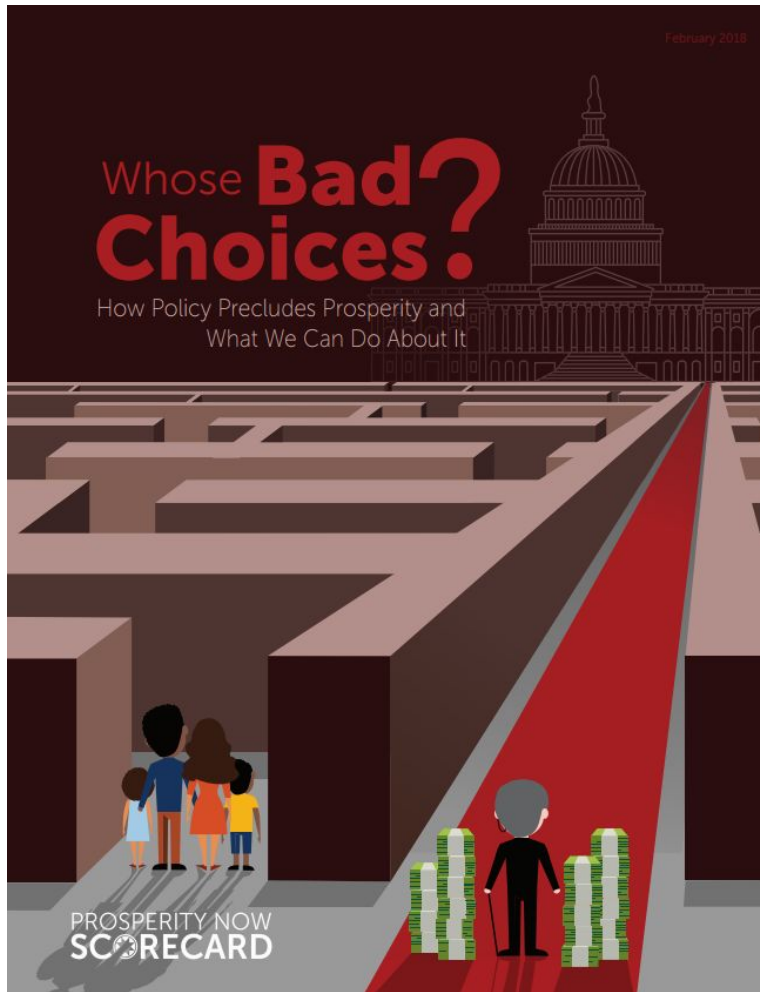


Education

# 2018 Scorecard Outcome Ranks



# 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.

# Income Volatility

**1 IN 5 HOUSEHOLDS**

HAVE SIGNIFICANT INCOME FLUCTUATIONS



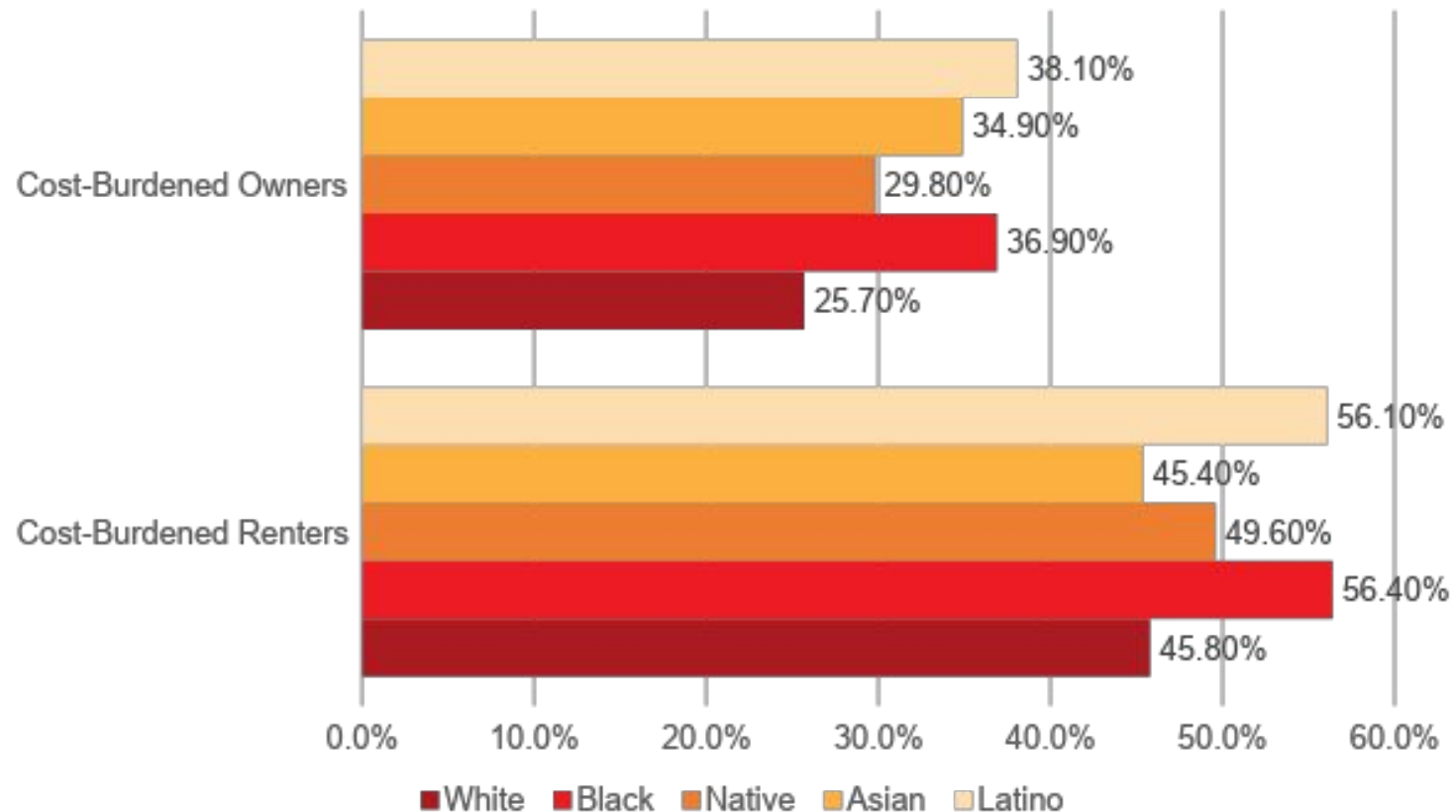
**FROM MONTH TO MONTH**

Source: FDIC

**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



# Few Have Savings Cushion

NEARLY **4 IN 10** HOUSEHOLDS

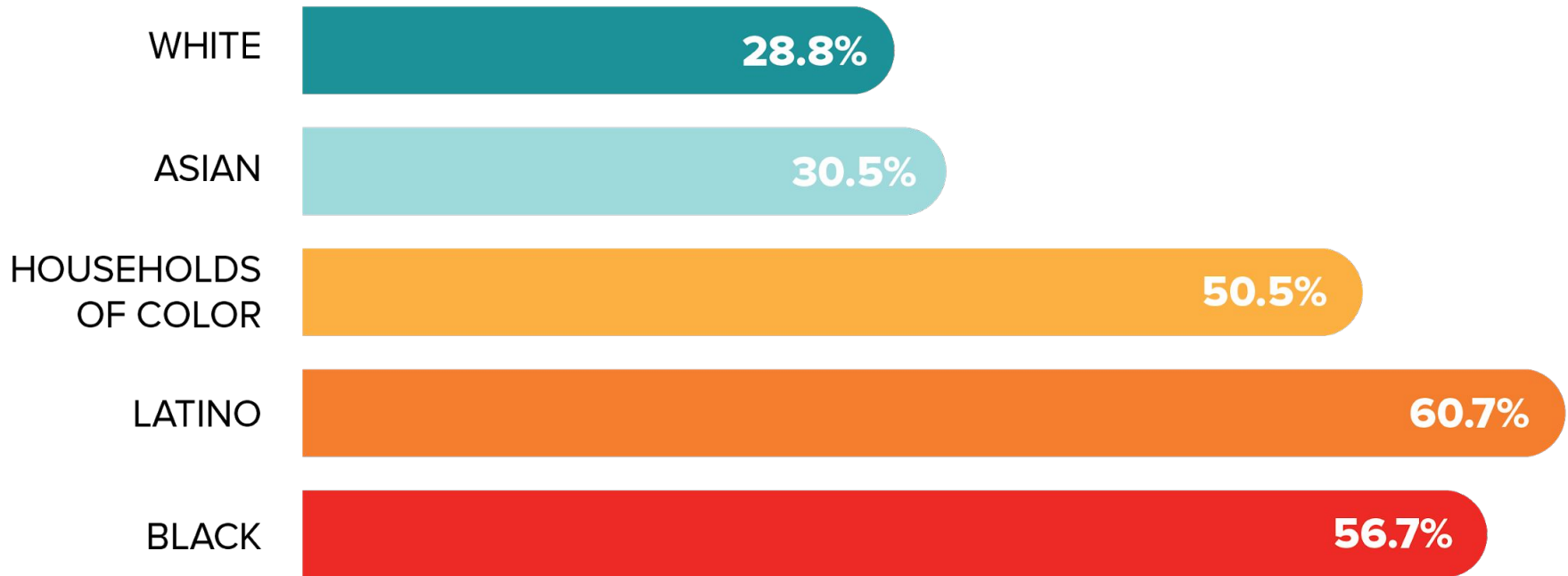


ARE **LIQUID ASSET POOR** IN THE US

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



# Wealth and Race in the Scorecard

WHITE HOUSEHOLDS HAVE ROUGHLY THE SAME WEALTH AS HOUSEHOLDS OF COLOR EARNING 3X AS MUCH INCOME



PROSPERITY NOW  
SCORECARD

Source: Prosperity Now,  
Road to Zero Wealth

## NET WORTH BY CITIZENSHIP AND NATIVITY

### NATIVE BORN



### FOREIGN BORN



### FOREIGN BORN NON-CITIZEN

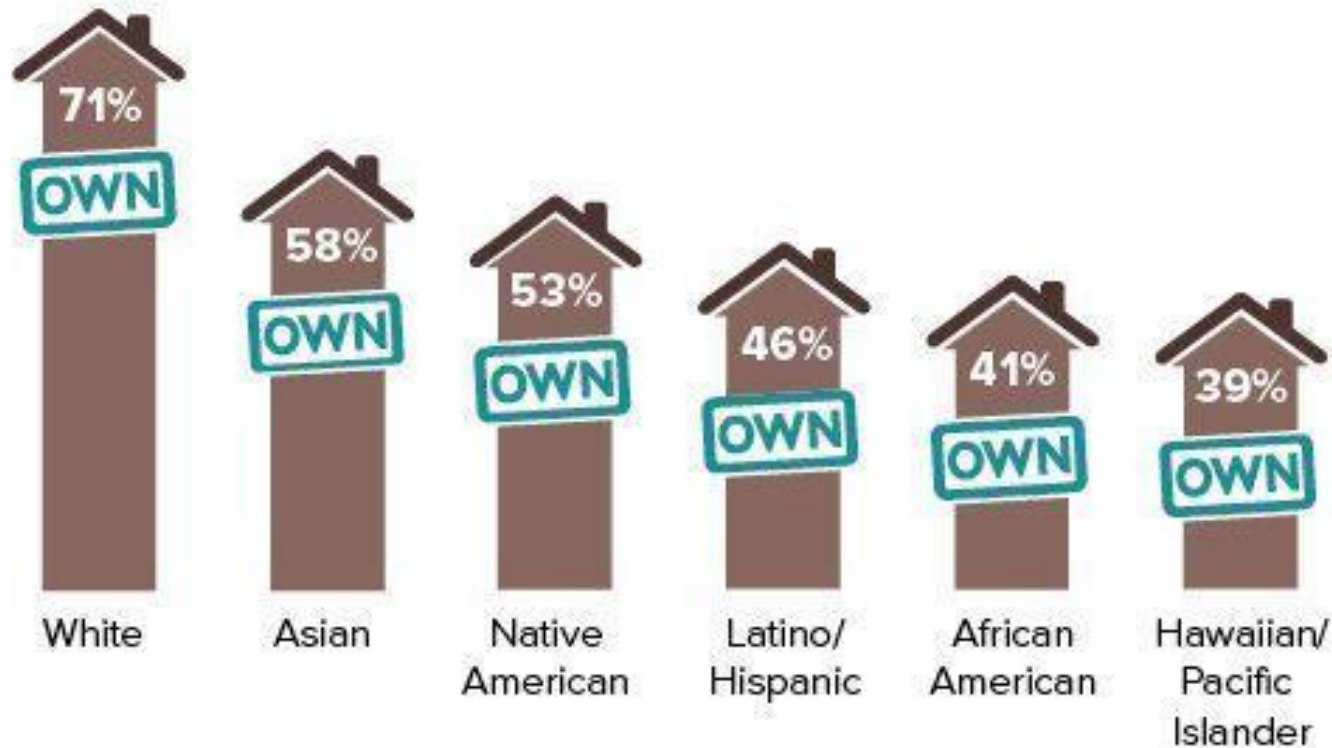


Source: Survey of Income and Program Participation, 2014 Panel Data points report median household net worth by demographic characteristic or location of the householder in 2013.

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SCORECARD



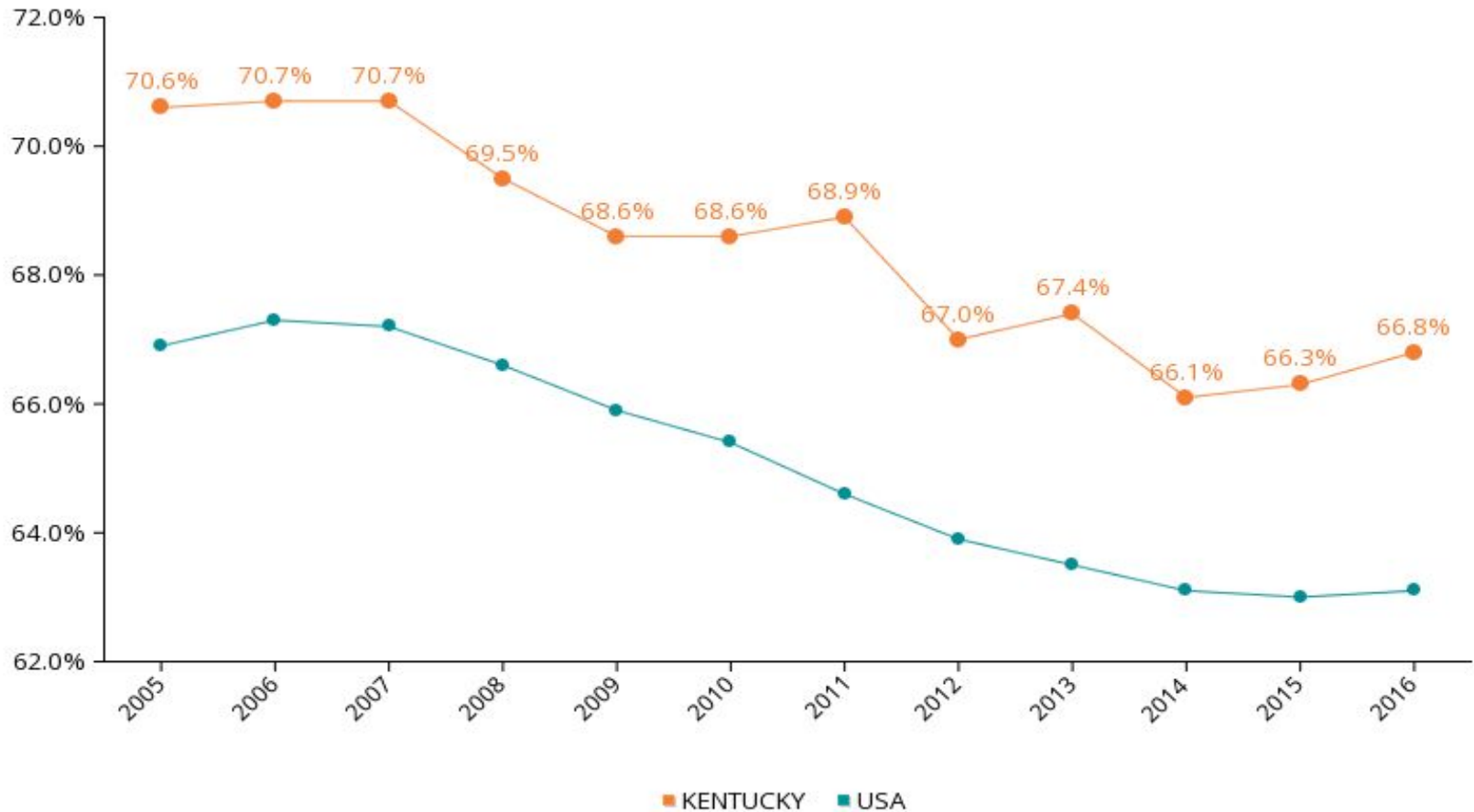
# Homeownership by Race and Ethnicity



PROSPERITY NOW  
**SCORECARD**

Source: American Community Survey

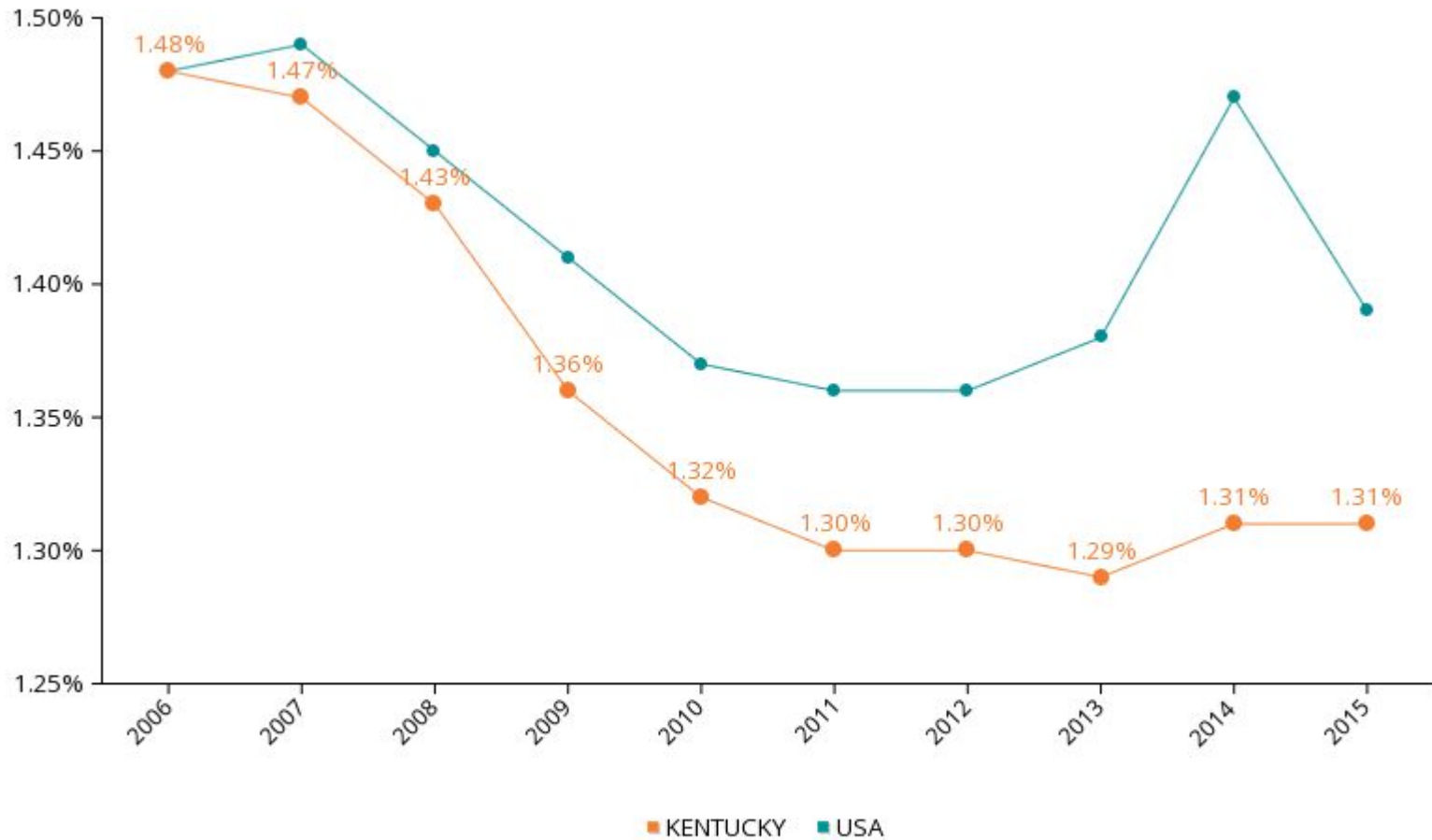
# Change in Homeownership Rate



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SCORECARD

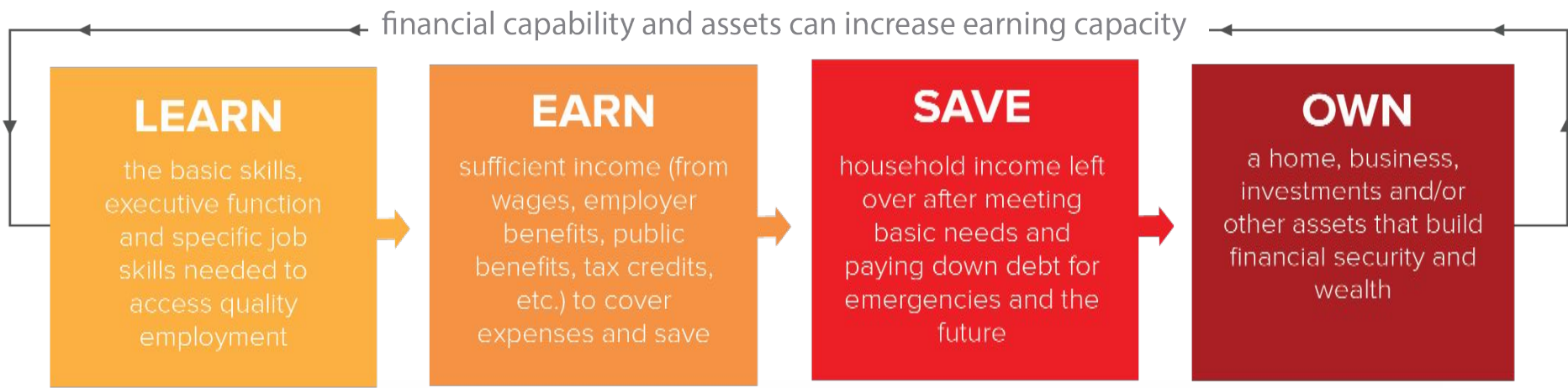
Data Year: 2005-2016

# Change in Small Business Ownership Rate



# Deep dive into asset building services

# Household Financial Security Framework



# Examples of financial capability services

Financial  
education

Financial  
coaching

Financial  
counseling

Access to safe  
and affordable  
financial  
products

Credit building

Credit  
counseling

Access to federal  
and state  
benefits

Free tax  
preparation  
assistance

Incentivized  
savings  
programs

Asset ownership  
programs



# 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<sup>©</sup>



*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% or 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**.





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Foreword



Executive Summary



About Financial Capability Integration



How to Use This Guide



**Section 1:** Envisioning Your Clients' Financial Capability

**Tool 1:** How Your Clients Manage Now

**Tool 2:** Outcomes That Matter

**Tool 3:** The Theory of Change (Section 1 Capstone Tool)



**Section 2:** Building the Team

**Tool 4:** In-House Capacity

**Tool 5:** Inventory of Community Service Providers

**Tool 6:** Assessment of Community Service Providers

**Tool 7:** Deciding Who Will Deliver Services (Section 2 Capstone Tool)



**Section 3:** Moving Into Action

**Tool 8:** Current Program Workflow

**Tool 9:** The Referral Plan

**Tool 10:** The Partnership Plan

**Tool 11:** The DIV Plan

**Tool 12:** Putting it All Together – The Logic Model (Capstone Tool for Section 3 and for the Guide as a Whole)



**Cross-Cutting Section:** Making the Case

**Tool:** Key Stakeholder Support



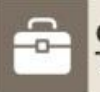
Frequently Asked Questions



References & Resources



Appendices



One Stop Tool Shop



Acknowledgements

**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?

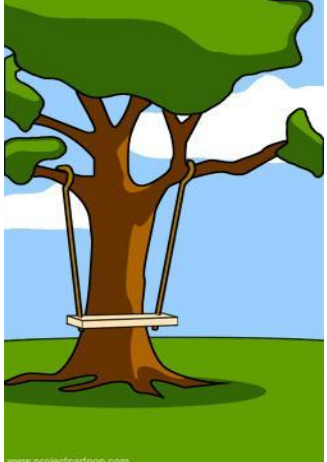
About Financial Capability Integration

How to Use this Guide

Judgements



How the client explained it



How the project manager understood it



How the proposal was written



How it was funded



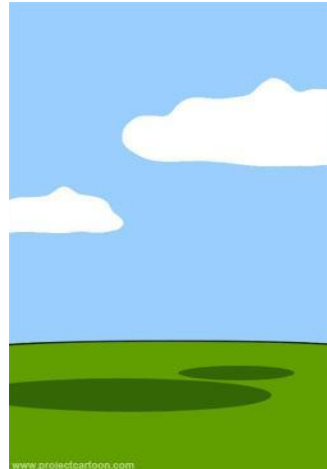
How the executive director describes it



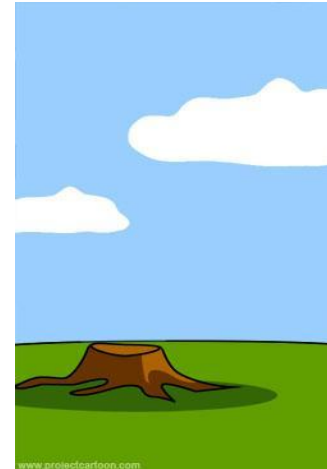
How it was implemented



How the client experienced it



How it was documented

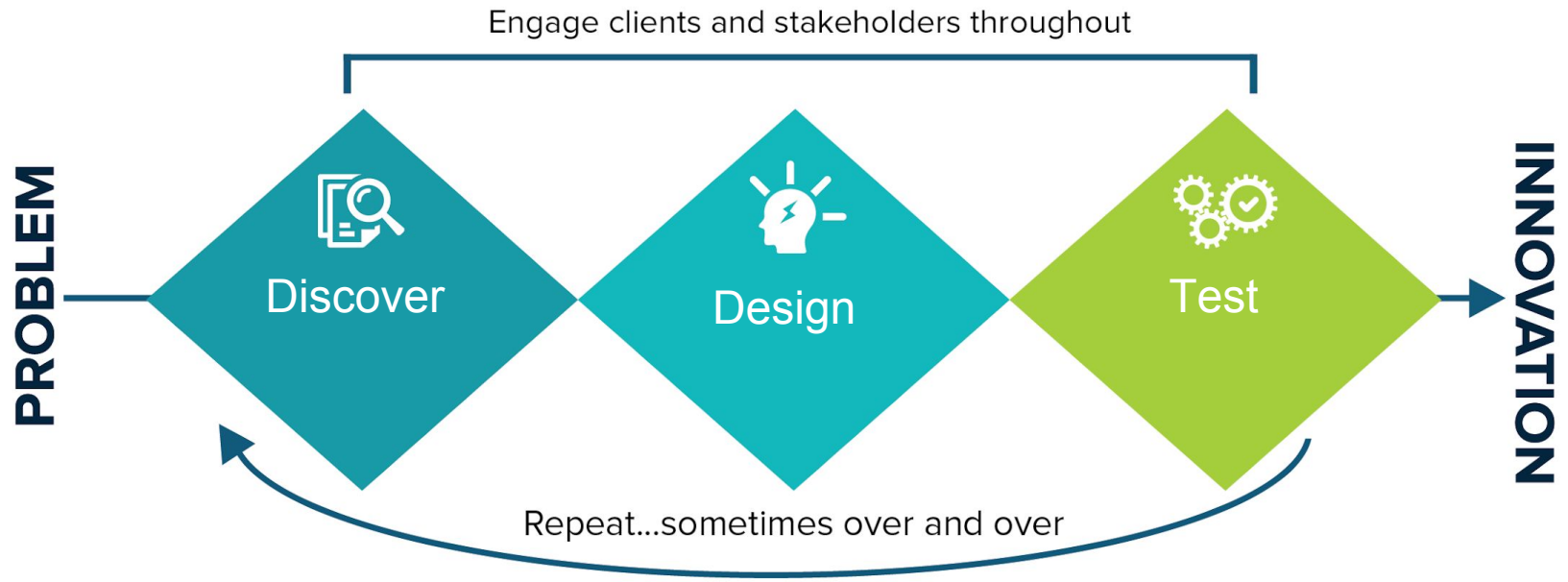


How it was supported after the first grant



What the client really needed

# Human Insights Approach



# New Comparison Reports

## COMPARE POLICIES

### How Does Alabama Compare?

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SCORECARD

The Scorecard includes 53 policies organized into 36 groups. This report compares policy adoption across various states. States are assessed based on whether they have adopted each policy in the report; a ✓ indicates the state has adopted the policy, and a ✗ indicates the state has not. Policy adoption is assessed on policies enacted during calendar year 2017.

#### FINANCIAL ASSETS & INCOME

##### Asset Limits in Public Benefit Programs

	AL	FL	GA
Eliminated TANF asset test?	✓	✗	✗
Eliminated SNAP asset test?	✓	✓	✓
Eliminated LIHEAP asset test?	✓	✓	✓

#### HOMEOWNERSHIP & HOUSING

##### First-Time Homebuyer Assistance

	AL	FL	GA
Downpayment assistance to first-time homebuyers?	✓	✓	✓
Direct lending programs to first-time homebuyers?	✗	✓	✗
Funded homeownership counseling?	✗	✓	✓

## COMPARE OUTCOMES

### How Does Minnesota Compare

PROSPERITY NOW  
SCORECARD

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.



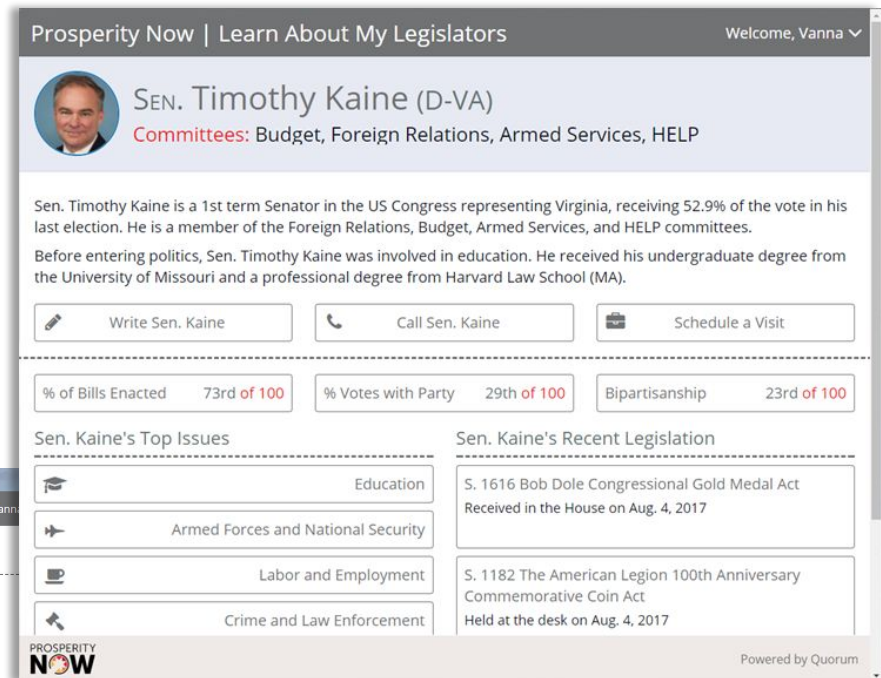
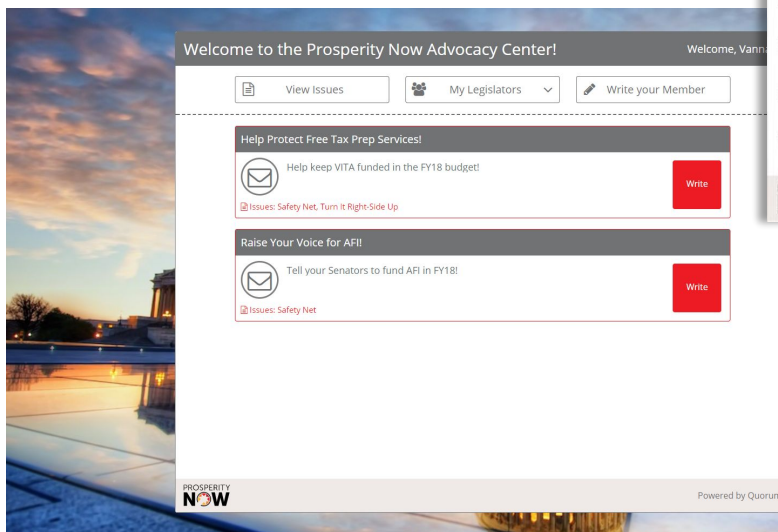
## TURN IT RIGHT-SIDE UP

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

## 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](https://prosperitynow.org/join).