Testimony

Assets and the Poor: Implications for Individual Accounts and Social Security

Invited Testimony to the
President's Commission on Social Security

Michael Sherraden

2001

Center for Social Development

Washington
WASHINGTON·UNIVERSITY·IN·ST·LOUIS
George Warren Brown School of Social Work

Assets and the Poor:
Implications for Individual Accounts and Social Security

Invited Testimony to the
President's Commission on Social Security
Washington, DC

Michael Sherraden, PhD
Benjamin E. Youngdahl Professor of Social Development
Director, Center for Social Development

October 18, 2001

Center for Social Development
George Warren Brown School of Social Work
Washington University in St. Louis
Campus Box 1196
One Brookings Drive
St Louis, MO 63130-4899
Tel: (314) 935-7433
Fax: (314) 935-8661
Email csd@gwbmail.wustl.edu
http://gwbweb.wustl.edu/csd/

Thank you, Members of the Commission, for inviting me to give this testimony. As you have requested, I will speak about assets and the poor, with implications for individual accounts. I have spent a good part of the past fifteen years thinking, studying, and writing about assets and the poor. From the outset I suspected that, sooner or later, this work would connect with a discussion of individual accounts in Social Security. Today is apparently that day. I am glad to have this opportunity to tell you what I have learned. My remarks are brief. Appendices provide greater detail.

The Changing Context of Domestic Policy

Income support has been the signal idea of the welfare state of the twentieth century. It is an industrial era idea. The goal has been to support people when they did not have income from industrial labor markets. The primary form of income support for the non-poor has been social insurance, and for the poor it has been means-tested transfers or "welfare." As the Members of this Commission know very well, income-based policy comprises most of social policy, and social policy comprises most of federal spending. On reflection, it is remarkable that one idea has defined so much public policy.

The world has changed considerably since income-based policies were initiated. To be sure, people still require income security when they are not employed, but income alone is no longer enough. The labor market of the information age requires that people have resources to invest in themselves throughout their lifetimes. In effect, people will require greater control in making their own "social policy" decisions, far beyond retirement security. "Retirement" is likely to be redefined, no longer such a rigid period in the life course, and Americans will want greater flexibility in how they live in their older years. Also, policy should promote accumulation across generations, so that more children begin life in households with at least some financial resources. Asset accounts are better suited for these conditions (Appendix A).

Asset Poverty and Inequality

Although assets will be increasingly important for well being, many Americans are asset poor. In 1998, 39.4 percent of US households (two in five) had a total net worth, minus home equity, of less than $5,000. A similar percentage did not have enough liquid assets to live at the poverty level for three months (Haveman and Wolff, 2000).

Racial differences in asset holding and net worth are great. Oliver and Shapiro (1995) report that the median net worth of whites vs. African Americans is 11 to 1. The pattern is much the same between whites and Hispanics.

Individual Asset Accounts Already Exist, but the Poor Do Not Benefit

There is reason to believe that a shift to asset-based policy is underway. Around the world it is uncommon to encounter a new or expanding system of social insurance, but common to find a new or expanding policy based on asset accounts. In the United States, this can been seen in the introduction and growth of 401(k)s, 403(b)s, IRAs, Roth IRAs, the Federal Thrift Savings Plan, Educational Savings Accounts, Medical Savings Accounts, Individual Training Accounts,

College Savings Plans in the states, and proposed individual accounts in Social Security. Some of these are public and some are called "private," but it is important to bear in mind that the private sector plans are typically defined by public policies, regulated by government, and receive substantial subsidies through the tax system. All of these asset-based policies have been introduced in the United States since 1970. Overall, asset accounts, for various purposes, are the most rapidly growing form of domestic policy, and it seems likely that the shift to asset-based policy will continue.

Unfortunately, the shift to asset accounts is considerably more regressive than income-based policies. The reasons are twofold: first, the poor often do not participate in the asset-based policies that currently exist; and second, asset-based policies operate primarily through tax benefits (tax expenditures) that benefit the poor little or not at all. In other words, asset-based policies have the potential to exacerbate inequality, and indeed are doing so, because the poor are being left behind. To illustrate, in 1999 two-thirds of tax benefits for pensions accrued to the top 20 percent of households, while only 2.1 percent went to the bottom 40 percent (Orszag and Greenstein, 2000).

As asset-based policies are created, a major challenge will be to aim for *inclusion.* This is especially true for policies that purport to be universal. The goal should be to bring everyone into the system, with adequate resources in their accounts for social protections and household development.

Recent innovations in matched savings for low-income and low-wealth households, such as Individual Development Accounts (IDAs) are a step in this direction (Sherraden, 1991). IDAs demonstrate that the poor can save and benefit from progressive asset accumulation. The data show that poverty level IDA participants have net savings of $25 per month. IDAs were matched an average of 2:1, so that participants accumulated an average of $75 per month or $900 per year (Sherraden et al. 2000; Schreiner et al., 2001). The saving amount is not statistically related to income. This is perhaps similar to how people save in 401(k)s. They save a certain amount each month because those are the rules and expectations. Many of the poor can do this if they have an opportunity and incentive. Why not give the poor at least as much subsidy for saving as everyone else? The challenge is to incorporate this principle into the large-scale asset-based policies that already exist, and the new ones that are being proposed.

Why Assets Matter

Social policy for the poor has been focused almost entirely on income. The assumption is that income transfers will support a certain level of consumption. This is a noble and necessary goal, but it is not enough. For the vast majority of households, the pathway out of poverty is not through income and consumption but through saving and accumulation. Stated simply, not many people manage to spend their way out of poverty.

When people begin to accumulate assets, their thinking and behavior changes as well. Accumulating assets leads to important psychological and social effects that are not achieved in the same degree by receiving and spending an equivalent amount of regular income. These behavioral effects of asset accumulation are important for household well being. They are likely

to include more long range planning, better care of property, increased learning about financial affairs, and increased social and political participation (Sherraden, 1991).

To mention only a few examples from research, there is convincing evidence that, controlling for other factors, homeownership is associated with residential stability, maintenance and upkeep of the home, and social and political involvement at the local level. There is convincing evidence that, controlling for other factors, home ownership and financial assets are associated with marital stability and reduced domestic violence. There is convincing evidence that, controlling for other factors, homeownership and financial assets are associated with higher educational attainment in children (Appendix C provides an extensive review of research by Scanlon and Page-Adams, in Boshara, 2001).

Policy Recommendations

Based on the above information and perspectives, I recommend the following:

1. The first policy priority should be to bring the poor into 401(k)s, IRAs, State College Savings Plans, and all of the other tax-advantaged asset-building strategies that now benefit the non-poor but not the poor (Friedman and Boshara, 2000; Boshara, 2001). Because they do not receive tax benefits, the poor should receive direct deposits into asset accounts. The principle should be that public expenditures for asset accounts should benefit the poor at least equally in dollar terms.

2. If a new policy system of individual accounts is to be created, it should be above and beyond the current contribution and benefit structure of Social Security. The reasons are threefold. First, social insurance provides important protections that cannot be replaced by individual accounts. The goal should not be to reduce social insurance, but to increase asset building. Second, a good case can be made for saving and asset accumulation above and beyond the current social insurance structure. Household savings are low and people save best in contractual savings systems. One can imagine American workers saving an additional two or more percentages of their pay, with progressive government subsidies. Third, removing a portion of current Social Security revenues will exacerbate the challenge of long-term financing. It is better to leave that system in place and build on top of it.

3. If there are to be individual asset accounts carved out of the current structure of Social Security, these accounts should be progressively funded. So far, no proposal has been adequate in this regard. The proposal for matching saving in the HR 1793 (Kolbe and Stenholm) is very good to see because it highlights the importance of asset subsidies for the poor, but it is not nearly sufficient. The policy should include an initial deposit into the accounts of low-paid workers and government matching funds beginning with the first dollar deposited.

Conclusion

The United States and most other nations are likely to have expanding policies of individual accounts. The biggest issue before this Commission is not individual accounts outside of Social Security or within it.

The biggest issue is whether the poor are included in these policies, and whether they have sufficient asset accumulations in their accounts for their social protection and household development.

Taking the long view, I am reminded of Hugh Heclo's (1995) observation of the welfare state of the twentieth century: "If there has been a direction to our century's struggle, it seems to have been mainly a question of expanding presumptions of inclusiveness, of assuming that more people matter and that they matter as equals."

Trends at the beginning of the twenty-first century raise serious questions about inclusiveness. The pronounced shift toward asset-based domestic policy in the United States has excluded the poor. If new asset-based policy is being considered in relation to Social Security, the challenge will be to see that the poor matter as equals.

This is not only about fairness, but about enabling all Americans to become stronger and more productive citizens. Thomas Jefferson was essentially correct about the positive effects of property holding. It is time to extend this vision to include the entire population.

Thank you very much for considering my testimony.

Appendix A

Context: The Origins and Outlook for Social Security[1]

It may be helpful to place the current debate over Social Security and individual accounts in historical context, looking at where policy has come from and where it may be going.

Social Security in the 20th Century: A Creation of Industrialism

Looking back, the industrial era has been a "mass" era. We have assumed that a mass society can be sustained in low skill employment that is essentially stable over the long term. At the household level, the assumption has been that most people will have a long-term job, and social security policy, as necessary, can fill in when there is no income from employment.

In the industrial era, the basic idea of domestic policy has been to have an economy that is productive enough so that it can be taxed to provide income, which is assumed to be roughly equivalent to consumption, for groups who do not receive sufficient income from the market economy. These groups typically include the retired, the disabled, the unemployed, dependent children, and sometimes others. Not every country has had the same policies, but the overall pattern has been that social insurance is the dominant mechanism for income distribution.

The choice of social insurance as the dominant social security policy in the twentieth century is derived from certain assumptions and perspectives concerning industrialism and low skill mass production. These assumptions are as follows:

- *Economies and labor markets are essentially closed and tied to nation states*. Therefore it makes sense to think exclusively in terms of national social policies that serve a nation's population.
- *Social and economic issues are and should remain almost completely separate.* Indeed, the two are viewed as conflicting because resources are drawn away from production for individual and household consumption.
- *There is a preoccupation with mass problems and deficiencies, or "needs."* These mass needs are addressed via categorical programs, which are centralized and operate as bureaucratic organizations. Bureaucracy is also a creation of the industrial era.
- *The non-employed require only income support when they are not earning labor income.* In this regard, unemployment insurance is the epitome of industrial-era social security thinking: it provides income support with little emphasis on retraining for new employment. The assumption is that an unemployed person can take the next low skill job that is available.
- *Retirement is a fixed period of inactivity late in life, a reward for several decades of hard physical labor*. In fact, mass retirement was created by industrialism and the social policies that accompanied it. Prior to industrialism, most people worked until they were no longer able to do so.

[1] Appendix A is adapted from Sherraden (1997).

Assessment of Social Security in the Welfare States

The twentieth century welfare state was a remarkable and successful social innovation in its time. During the industrial era, the welfare state has lifted millions of people, especially the elderly, out of poverty. But industrial era policies have not been perfect, and time does not stand still. As the economy and social conditions change, pay-as-you-go (PAYG) income-based social policy is less and less functional to the world we live in. Several general criticisms can be made about social security systems in the world today:

- *In terms of social protections, most social security systems have not been very progressive.* The welfare state has largely served the middle class, while the poor have been second-class participants.
- *Income-based policy functions as a massive consumption promoter*. The policy is designed almost exclusively to support consumption rather than savings. The macroeconomic effect is reduced domestic savings and resulting greater dependence on international capital.
- *Centralized cash payments in social security policy tend to undermine intra-family and community support*, not only in traditional societies, but in industrial nations as well. This conservative critique is essentially correct, though often unacknowledged by progressive policy analysts.
- *There are national boundary problems in an increasingly global economy.* For example, to integrate the economies of the European Community (EC), labor migration and social security policy present major challenges. At present, large-scale labor migration from one country to another is unlikely because the EC has failed to harmonize social benefits from one country to another. Social security conditions differ so widely that they are a major impediment to mobility in a unified labor market.
- *Most social insurance systems today face fiscal problems.* Pronounced demographic changes -- the growing elderly population and declining birth rate -- render almost all PAYG social insurance policies unsustainable in their current form

Strain in Welfare States

The history of welfare states was characterized, up to the 1980s, by periodic political struggles and gradual expansion of benefits. These struggles and the hard-won expansion of benefits represent important victories of caring over indifference. However, by the 1980s, most large industrialized nations were facing fiscal strain. Because social welfare benefits had become half or more of national budgets in many countries, welfare spending became a target of discontent. This discontent contributed to the emergence of right wing political regimes in some nations (notably the United States and the United Kingdom), and these regimes marshalled political opposition to welfare benefits, particularly benefits oriented toward the poor (Glennerster and Midgley, 1991).

However the vast bulk of welfare state spending does not go to the poor, but to the middle class. Right wing regimes have had limited impact on the largest welfare provisions, notably retirement income and subsidized health care. Spending in these areas has continued to increase and, given aging populations, spending is projected to increase further in the years ahead. Strain on public budgets in the United States, the United Kingdom, Germany, Japan, and many other countries will likely become worse. Indeed, it is the hard reality of this fiscal strain, rather than right wing

political rhetoric, that is likely to cut into future welfare state spending. Signs of moderation in welfare spending to the middle class have appeared in France, Sweden, and Germany. Unless there are major policy changes, Social Security Retirement, the largest US social expenditure, will be in financial crisis when benefits paid out exceed receipts coming in (the projected date changes with the economy, but is likely to occur before 2020).

Thus, Western welfare states have very likely reached a turning point. Questions are being raised about the very assumptions underlying the twentieth century welfare state and, during coming decades, it seems likely that domestic policy in the West will undergo fundamental transformations.

Worldwide Trends in Social Policy

In fact, traditional welfare state policy began to change in the last years of the twentieth century. Trends in the world are as follows:

- *Reductions in means-tested support for the poor*. This has occurred largely because spending for the poor is politically the easiest to cut. In this regard, it is ironic that relatively generous social insurance payments to the middle class are often defended by progressives on grounds of "solidarity" and "social justice," while the fiscal strain created by these entitlements leads to reductions in spending on the poor.
- *A weakening in the dominance of defined-benefit social insurance*. As fiscal strain increases, nations are turning to other forms of social protection to complement social insurance.
- *More mixed systems or multiple pillars in social security policy*, as recommended in the 1994 report by the World Bank, *Averting the Old Age Crisis*, and by many other analysts.
- *A rise in the use of asset-based policy in the form of asset accounts*. These accounts are typically facilitated by public tax incentives for household savings. In the United States, for example, there is a pronounced shift to defined contribution systems in the private sector, and movement toward asset accumulation by the poor by creating Individual Development Accounts (IDAs), which are matched savings accounts for home purchase, education, small business capitalization.

Looking to the Future: The Impact of the Information Age

From our perspective near the turn of the twenty-first century, it is challenging to imagine what the world will be like even l00 years from now. For example, looking back to the United States in 1900, almost no one could have imagined that, a hundred years hence in 2000, less than two percent of the labor force would be employed in agriculture. If someone had made such a prediction, he or she would have been ridiculed as wildly imaginative and unrealistic. This example is useful because it seems quite possible that, by 2100, less than two percent of the US labor force will be employed in industrial production, and the same may be true for almost every other country as well. This prediction may be perceived as unrealistic by many people, yet there is reason to believe that changes of historic magnitude are underway. Just as the agricultural era gave way to the industrial era, the industrial era is now giving way to the information era. Moreover, it seems likely that the information revolution will occur more rapidly and be more global in scope than the industrial revolution. Within a few decades, it is possible that almost the entire world will be electronically interconnected.

We are on the front end of a massive technological transformation and the possible implications are almost breathtaking. The information revolution will profoundly alter the way in which we perceive and carry out social policy. In the long-term, the following simple relationships are dominant: (1) technology shapes economic organization; (2) economic organization shapes social issues; and (3) social issues shape policy responses of the state. As information technology reshapes economic organization, we will live through major, and often chaotic, social changes. These will, in turn, reshape social security policy.

Economic and Social Changes that Are Likely to Accompany the Information Revolution

It is impossible to know exactly what economic and social conditions will be like by the end of this century, but the following seem likely:

- *A more global economy*, with stronger global and regional trading associations.
- *A decline in the influence of nation-states,* and a rise in the influence of transnational ties -- economic, social, and political.
- *Less mass employment*, with more specialization of production.
- *Less stable employment*, with more temporary work and frequent job changes.
- *Ever greater labor skill requirements*, with continual changes in demand for human capital, and a concomitant reduction in demand for unskilled and low skilled physical labor.
- *Greater geographic mobility of workers*, including mobility across national borders.
- *More workers who are essentially entrepreneurs selling their talents in the marketplace,* whether running their own businesses or working as consultants and temporary workers.
- *Household income from more varied sources,* combinations of "regular" employment, temporary employment, entrepreneurial activity, and asset earnings.
- *Worklife not as rigidly confined by location, daily hours, or period in the life span,* with more variation and more transitions in and out of the labor market over the life cycle.
- *Individuals and households in more divergent circumstances with many divergent "needs,"* as opposed to mass needs defined by mass labor markets.
- *People living longer*, and more people who are healthy and capable in their older years.
- *Retirement largely redefined as a less definite stage in the life cycle*, with greater emphasis on social engagement and economic productivity during the older years. The elderly will engage in a mix of productive activities -- including paid labor, entrepreneurship, caretaking of family members, community volunteering, and civic involvement -- in addition to retirement leisure.

Social Security in the 21st Century

Social security in the twenty-first century is likely to have three major goals:

- *Social protection goals* to buffer hardship and promote social stability. This has been the primary (almost exclusive) theme of twentieth century welfare states, and it should certainly be retained in the twenty-first century. The focus is on standard of living, coverage and adequacy, and minimum protections at the bottom. Social welfare is defined in terms of income and consumption.

- *Development goals*. Domestic policy should also promote economic and social development of families and households, empowering citizens and promoting active participation in work, family and community life, and civic affairs. At the household level, development goals may become as important as social protection goals in social policy.
- *Macroeconomic goals.* As is now apparent to almost everyone, it is insufficient to think merely in terms of households in social security policy. Policy-makers must simultaneously consider the macroeconomic issues of fiscal stability, savings and investment, a strong and stable currency, the functioning of securities markets, and economic growth.

In brief, twenty-first century social policy is very likely to move beyond the simplistic idea of consumption support, aiming for greater development of households, communities, and societies as a whole. Because individual asset accounts are responsive to many of the conditions and goals listed above, they are likely to play the leading role in this policy transformation. Also, the pressure of aging populations on PAYG social insurance systems will be an engine for policy change in the years ahead. The change will be away from unfunded social insurance and toward funded systems, very likely in the form of individual accounts, as is already occurring in many nations. As defined benefit social insurance systems come under increasing fiscal pressure, they will be augmented and in some cases largely replaced by defined contribution systems. By the middle of the twenty-first century, I would anticipate that social insurance will no longer the dominant pillar in social security policy in most countries; it will have been replaced by asset accounts. This is not to say that social insurance and means-tested policies will disappear; indeed, they will be very much needed and will continue to play important roles. But for most people, individual asset accounts will be more important.

Individual accounts will better fit the emerging information age economy, enabling people to navigate more individualized courses in the more specialized and fluid labor markets that are likely to characterize the twenty-first century. Workers will carry fully portable benefits with them in and out of the labor market, from employer to employer, even across national boundaries. In this manner, asset accounts will become a tool not merely for social security, but also for social and economic development of individuals and families.

Appendix B

The Shift to Asset-Based Policy[2]

Domestic policy is delivered via two major pathways, direct expenditures and tax expenditures. Tax expenditure is the term used by the Congress and policy analysts to refer to a tax deduction or exemption. The logic is that the government has two ways of providing benefits: it can collect taxes and then distribute the money (direct expenditure), or it can for a particular reason decide not to collect taxes in the first place (tax expenditure). From the standpoint of government accounts, both are expenditures; and from the standpoint of households, both are benefits received. Howard (1997) has referred to tax expenditures as "hidden" social policy in that these expenditures are often not tabulated as part of social policy, and the vast majority of recipients do not view them as such.

Taking direct expenditures and tax expenditures together, well over half of all federal spending is in categories that we typically think of as social policy. Previously, I have tabulated direct and tax expenditures for 1990 in seven major social policy categories: education, employment, social services, health care, income security, housing, and nutrition (Sherraden, 1991). For the purposes of this discussion, one overall point is most important: direct expenditures made up 75.0 percent of the total, and tax expenditures made up 25.0 percent of the total. When this tabulation is repeated with estimated year 2000 figures the pattern is much the same at 76.3 percent for direct expenditures and 23.7 percent for tax expenditures.

A second point about tax expenditures is that they are predominantly oriented toward asset building. Table 1 summarizes asset building tax expenditures to individuals in three asset-building categories: homeownership, retirement accounts, and investments. Estimated year 2000 tax expenditures to individuals in these three asset-building categories are large at $288.5 billion. Thus the major portion of total estimated year 2000 tax expenditures to individuals (56.8 percent) were directed to these three categories of asset building. While direct expenditures in welfare states of the twentieth century have been devoted primarily to income transfers designed to maintain consumption levels, tax expenditures, a more recent form of social policy, are oriented primarily toward asset accumulation (Sherraden, 1991; Sherraden, Page-Adams, and Yadama, 1995).

Not coincidentally, asset building tax expenditures are related to the pattern of asset accumulation in U.S. households. According to figures presented by Wolff (2001), 75.8 percent of wealth in U.S. households is held in principal residences (30.4 percent), pension accounts (9.0 percent), and business capital (36.4 percent), and these categories correspond to the major asset building tax expenditure.

Most of the tax expenditures go to the non-poor. In the case of tax expenditures for business assets, this is not surprising. However, this pattern also occurs with the more "social" tax

[2] Appendix B is adapted from Sherraden (2001).

expenditures for homes and retirement security. For example, of $47 billion in federal mortgage interest deductions in 1998, homeowners with incomes over $100,000 received 54 percent of the total tax expenditures; and homeowners with incomes over $50,000 received 91 percent of the total tax expenditures (calculated from U.S. Congress, Joint Committee on Taxation, 1998). Tax expenditures for retirement also are highly regressive. Of all retirement tax benefits, 67 percent go to households earning more than $100,000 per year, and 93 percent go to households earning more than $50,000 per year (U.S. Executive Office of the President, 1999).

In other words, *public policy is part of the structure of wealth inequality*. I emphasize this point because the common perception of social policy in the United States is that resources are redistributed downwards from the rich to the poor by the federal government. This is to some extent true for direct expenditures, but it is decidedly not true for tax expenditures. There is a large and somewhat "hidden" asset-based policy in the United States. Many people accumulate assets, and do so in a manner that cannot accurately be described as "saving." Rather, for most Americans, most assets accumulate in structured systems, defined and heavily subsidized by public policy, in which participants do not make periodic decisions to "save." Indeed, most Americans with retirement accounts and home equity seem to be little aware that the subsidies they receive are part of social policy expenditures. They tend to think instead that they have been prudent and made wise investments.

Why Not Asset Building for the Poor?

In the mid 1980s when I began this work there was very little applied or academic discussion about asset building by the poor in policy and community development. At the time, and still largely today, the policy emphasis was on income support. To be sure, some social science researchers had been focusing on asset distributions (Wolff, 1987; Oliver and Shapiro, 1990). There had been creative proposals for capital accounts in lump sum payments, usually for youth, (Tobin, 1968; Haveman, 1988; Sawhill, 1989). Community organizations emphasized home ownership for the poor, but this was not common. Some community innovators had been promoting microenterprise and its investment qualities (Friedman, 1988), but there were no proposals for asset building as an overall direction in anti-poverty policy and community development. At the time, income-for-consumption was largely taken for granted as the main theme of anti-poverty policy. Today, in addition to assets, there is a much richer discussion of alternatives to income-based policy. These include incentives for behavioral change, enterprise development, social capital strategies, and human capital strategies. Asset building as a policy strategy for the poor can be viewed in the context of a growing questioning of income maintenance as a singular strategy.

There is a good reason for this questioning. It has been known for some time that income transfers to the poor do not reduce pre-transfer poverty (e.g., Danziger and Plotnick, 1986). In other words, while income transfers have helped to ease hardship, they have not enabled families to develop. Such policy might be considered sufficient in the case of the elderly or severely disabled, for whom care and maintenance is the primary concern. But it is insufficient in the case of most households, particularly those with children. Federal income transfers to the poor were a positive step forward when they were introduced in 1935, but they are well short of a sufficient response to poverty at the beginning of the twenty-first century. The best policy

alternatives move beyond the idea of consumption-as-well-being, toward what Sen (1985, 1993) identifies as functionings or capabilities. Asset building is one policy pathway to increase capabilities. Because asset building can be accomplished with relatively simple policy instruments, and because public policy already does it for the non-poor, it should be possible, and would be both more just and more sensible, to do so for the poor as well.

The Role of Individual Development Accounts

Individual Development Accounts (IDAs) and other asset-building anti-poverty strategies should be viewed in the context of larger changes in domestic policy and community development that are underway in the United States, and indeed much of the world. IDAs are not simply a new "program," but instead are part of a fundamental change from "welfare states" based predominantly on income support to a more empowering and flexible domestic policy based on asset building. Top-down categorical programs have been the main strategy of the industrial era, but as we progress into the information age, policy is shifting to control by individuals and families. Families with resources in asset accounts will make more of their own decisions about education, job training, homes, businesses, financial investments, health care, and retirement security.

The great danger in the transition to asset-based policy is that the poor will be left behind. This is not only possible, but likely. Asset accounts are potentially much more regressive than social insurance. If a transition is made to asset accounts for a portion of Social Security, it could easily be more regressive than the current system. The poor would make smaller monthly deposits into the system and would receive zero or minimal tax benefits. Altogether, they would run the risk of reduced income protection.

Thus, it is important to understand that IDAs are not simply another new idea, or one more tool in the community development tool kit. In this context, *IDAs are an effort to connect the poor to the most fundamental domestic policy transition of our time.* In the absence of IDAs and other asset-building strategies for the poor, domestic policy is likely to move toward asset accounts but leave the poor behind.

Appendix C

Effects of Asset Holding[3]

The idea that asset holding promotes beneficial outcomes at neighborhood, household and individual levels is gaining ground in policy and academic discussions. Social scientists are increasingly including wealth and asset variables in their studies, and are doing so in more theoretically careful ways. This chapter is an overview of asset holding effects on neighborhoods, families, and children. First, we present findings regarding effects on neighborhoods, followed by findings regarding effects on families and children. The research is summarized in table format for easy reference.

While the study of asset holding is growing today, it has been notably neglected in most academic studies until recent years. An exception to this pattern is the study of homeownership. Homeownership has played an important role in American social life and has been evaluated more closely. This research emphasis is responsible for a somewhat larger number of studies of homeownership than of other types of assets, but this should not be interpreted to mean that the impacts of homeownership are necessarily greater than those of savings and other financial assets. The impact of savings has been a surprisingly neglected topic in social science research, and the extent to which savings lead to well-being is a more open empirical question. Furthermore, the study of homeownership is complicated by the fact that owner-occupiers are more likely to reside in more prosperous, stable neighborhoods and to live in households with greater assets and income. Thus the effects of homeownership have to be disentangled from these other social variables.

Asset Effects on Neighborhoods

The impact of homeownership. Most research in this area concerns the impact of homeownership on neighborhood stability and functioning. Discussions of neighborhood impacts generally contend that homeownership effects neighborhoods by enhancing property values, decreasing residential mobility, increasing property maintenance and increasing social and civic involvement (Scanlon, 1998; Rohe and Stewart, 1996). The following section reviews each of these possibilities.

Property value effects. Table 1 provides an overview of property value effects. Economic studies indicate that homeownership is a good investment for households in the United States. Between 1960 and 1989, the median priced home increased in value by a total of 41%, and even the lowest priced homes increased by almost 30% (U.S. Department of Housing and Urban Development, 1995). A study of 1980 and 1990 census data finds that homeownership has modest effects (e.g., an increase of tract level homeownership rates increased the property value of a single-family home by $800) on neighborhood property values), but these effects are not as

[3] Appendix C is entirely from a chapter by Edward Scanlon and Deborah Page-Adams, "Effects of Assets on Neighborhoods, Families and Children: A Review of Research," in Boshara et al. (2001).

great as the effects of initial housing values, city-wide value changes, or changes in tract level income (Rohe and Stewart, 1996). A study of housing affordability using the Annual Housing Survey concurred that homeownership is a positive investment, finding that homes across the price distribution increased on average (Gyourko and Linneman, 1993).

However, for minority and low-income homeowners, these gains are not as great. One study found that for the period 1967-1988, housing values increased $52,000 for whites and $31,000 for African-Americans (Oliver and Shapiro, 1995). This finding has been confirmed by other studies which have noted differences in housing wealth accumulation by race (Long and Caudill, 1992; Parcel, 1982). These authors note that residential segregation and poor neighborhood conditions can lower housing values and decrease wealth accumulation for the poor and minorities. Gyourko, Linneman, and Wachter (1999) demonstrate that even controlling for wealth differences, minorities are much more likely to own in central city locations. Although minority owner occupation increased during the 1990's, Immergluck's (1998) examination of home purchases indicates that African Americans in Chicago increasingly purchased homes in segregated or soon to be segregated neighborhoods. Finally, a recent analysis of Australian homeowners finds that while both low and high income owner-occupiers experience property value increases over time, the effects are far greater for upper-income owners (Burbidge, 2000).

Can homeownership programs, targeted to distress neighborhoods, reinvigorate property values and thus the local tax base? The little research on this topic that has been completed to date is contradictory. While a study by Lee, Culhane, and Wachter (1999) suggests that public homeownership programs and homeownership programs demonstrate modest impacts on neighborhood property values, Galster's (1998) econometric modeling of urban opportunity structures suggests that such targeted programs can have only trivial effects on per capita public expenditures. Further research should attempt to clarify the neighborhood economic impacts of geographically concentrated low-income homeownership programs.

Residential mobility impacts. Residential mobility impacts are summarized in Table 2. Homeownership is one of the strongest predictors of residential permanence. Simply put, homeowners tend to stay in one location longer than renters, even controlling for family size, marital status, age, race or income. This is not a trivial matter. Residential impermanence has many negative impacts on psycho-social functioning, particularly for youth. A large and growing literature suggests that residential instability is strongly associated with academic and behavioral problems among youth (Kerbow, 1996; Tucker, Marx and Long, 1998).

Rohe and Stewart's (1996) analysis of 1980 and 1990 census data indicates that homeownership is a significant predictor of residential permanence. These researchers estimate that a 10% increase in owner-occupied units in a tract would be associated with a 3.6% increase in households that stay in their homes five or more years. Another study of 1,476 households finds that renters and central city dwellers are more likely to change residence (Butler and Kaiser, 1971). According to studies by Forrest (1987) and Pickvance (1973), movers are more likely to be younger, single and renters. McHugh's (1985) study of 167 households in two metropolitan areas reveals that homeowning is negatively associated with residential turnover. Rohe and Stewart's (1996) review of ten studies on residential mobility finds only one (Varady, 1986)

suggesting that owners are more likely than non-owners to move, and these are residents of neighborhoods in rapid racial transition.

Residential stability is not invariably positive. Buckhauser, Butrica and Wasylenko (1995) raise a cautionary note, warning that elderly homeowners are three times more likely than young homeowners to remain in crime-ridden, distressed communities, raising a potential concern about negative effects of homeowning on residential permanence. But causality is unclear. Rohe and Stewart (1996) note that lower income people are less likely to move, suggesting that lower housing values, rather than homeownership, may prevent moving. Indeed, proponents of programs designed to move urban residents to less distressed neighborhoods argue that the initial difficulties in post-move adjustment lessen and that program participants eventually have greater psycho-social outcomes than non-movers (Pettit, McLanahan and Hanratty, 1999; Rosenbaum and Popkin, 1991).

Property maintenance impacts. Another consistent finding is that homeowners are more likely than renters or landlords to maintain and repair housing (Rohe and Stewart, 1996). These findings are summarized in Table 3. Theoretically, this has been suggested by a variety of scholars who posit that homeowners are attempting to enhance their financial investments (Saunders, 1990; Butler, 1985) or are demonstrating improved future orientation (Sherraden, 1991). Several studies find that homeowners are more likely to engage in housing upkeep (Galster, 1987; Galster, 1983; Mayer, 1981), although these factors are lessened by longer length of residence and concern about racial change in the neighborhood (Varady, 1986).

Social and civic involvement. Homeowners are often thought to be more involved civically, with theorists suggesting that such involvement will result from an increased sense of stakeholding and efforts to protect property values (Saunders, 1990; Sherraden, 1991). Empirical findings indicate that homeowners are somewhat more involved in neighborhood associations and local politics, but are not necessarily better neighbors or more involved politically beyond local levels (Rohe and Basolo, 1997; Rohe and Stegman, 1994b). Table 4 provides a summary of these studies. The proportion of homeowners on a block is found to increase local civic involvement (Perkins, et al, 1990). Other studies confirm this, finding homeowners to be more involved in neighborhood civic organizations and to vote locally (Rossi and Weber, 1996; Guest and Oropesa, 1986; Baum and Kingston, 1984; Ditkovsky and Van Vliet, 1984; Cox, 1982, Steinberger, 1981). Midema and Vos' (1999) finding that homeowners are more likely to express irritation with transportation noise may indicate a greater concern about effects on property values or higher level of commitment to a particular neighborhood. Recent research by DiPasquale and Glaeser (1999) provides evidence that the greater civic involvement of homeowners occurs because of their higher levels of residential stability. This finding is confirmed by Saegert and Winkel's (1998) research finding that distressed inner city buildings managed by tenant-owners have higher levels of social capital.

Findings regarding neighboring behaviors are contradictory. Studies of 50 localities in Northern California report that homeowners are more likely than renters to be involved in neighboring behaviors (Fischer, et al, 1982; Baum and Kingston, 1984). A study of homeowners in Rochester, NY, also finds positive correlations between homeowning and neighboring. On the other hand, Rossi and Weber's (1996) analysis of several data sets finds fewer ties among

homeowners to their neighbors, and Saunders (1990) finds in his study of residents of British towns that homeowners were less likely to be involved with neighbors. Other studies of national U.S. samples report that homeowners and renters are not different in terms of likelihood to be involved with neighbors (Kingston and Fries, 1994; Fischer, 1977).

The impact of savings and financial assets. No research is available on the impact of household savings on neighborhood functioning. Methodological problems make such research difficult. However, in a recent study of more than 300 participants in six IDA programs across the country, approximately one-third of the savers said that they were more likely to be involved in their neighborhoods (32%) or more likely to be respected by other community members (35%) because they had asset building accounts (Moore et al., 2001). Future research should attempt to gather savings information and incorporate average household savings rates as a predictive variable in neighborhood research and studies, along with such traditional variables as housing values, median incomes, unemployment rates and crime statistics.

Asset Effects on Families

Some of the research in this area addresses the effects of homeownership on families, while other studies focus on assets in the form of savings, net worth, or small business ownership. Despite the variety of asset measures used in this literature, financial and property assets appear to have effects on: (1) marriage and marital stability (2) family health and (3) economic security. The following section reviews research on these three outcomes for families and households.

Effects on Marriage and Marital stability. Assets have been shown to affect both entry into first marriage and marital stability. In a study of the transition to first marriage using data from the National Longitudinal Survey of Youth, Lloyd and South (1996) find that assets in the form of homeownership significantly accelerate marital entry for both white and African American men. This asset effect remains even when controlling for other personal resources and marriage market characteristics.

Turning to marital stability, married couples with property and financial assets are less likely to divorce than couples without assets. Controlling for other social and economic factors, homeownership has a negative effect on marital dissolution (South and Spitze, 1986). In a study using PSID data from a sample of 575 married couples, Hampton (1982) finds that property and financial assets are negatively associated with marital disruption for African American couples. Galligan and Bahr (1978) find that financial assets also have significant negative effects on marital dissolution among a representative sample of married women in the U.S. In this study, the effect of net worth on marital stability is strong even when controlling for income, race/ethnicity, and education. These findings are consistent with earlier theoretical and empirical work by Cutright (1971), Cherlin (1977), and Ross and Sawhill (1975) on the significance of assets in explaining marital stability.

Bracher and his colleagues (1993) find that paying off a mortgage or owning a home outright reduces the risk of marital dissolution in Australia. The effect of homeownership on marital stability is significant even when controlling for the effects of a number of other social and economic factors. The researchers note that homeownership may increase stability by increasing

the rewards within marriage or by creating financial or emotional disincentives to divorce. Alternately, couples that are experiencing marital distress may avoid making a joint investment in a home. If this is the case, homeownership may simply demonstrate that marital stability already exists.

A similar caution in interpretation is noted by Page-Adams (1995) whose findings suggest that homeownership has an effect on marital stability through its negative association with conflict and violence between spouses. It may be that homeowning makes couples reticent to put their marriages, and their marital homes, at risk by arguing and using violence. Alternately, serious marital conflict and physical violence may preclude homeownership for many couples.

In any case, a negative relationship between assets and marital violence has also been found in a random sample study of married women in the U.S. (Petersen, 1980) and in a control group study of rural married women in a developing county (Schuler and Hashemi, 1994). The latter follows Levinson's (1989) conclusion from a study of ethnographic data that wealth and property ownership patterns in marriage are causally related to domestic violence. Given the strong association between domestic violence and marital dissolution in the U.S., such a relationship between assets and violence would have important implications for marital stability in this country.

Family health effects. As summarized in Table 6, studies from both the U.S. and from Europe indicate a positive relationship between asset holding and physical health. In a review of health research, Joshi and Macran (1991) note that assets are related to lower mortality and that these effects are partially independent of other socio-economic resources. This is consistent with findings from the Office of Population Censuses and Surveys Longitudinal Study in England showing positive, independent effects of assets on men and women's physical health (Goldblatt, 1990; Moser, Pugh and Goldblatt, 1990).

Some studies in this literature point to homeownership as a particularly strong socioeconomic measure in health research. For example, Baker and Taylor (1997) find that, of seven measures of socioeconomic status, homeownership is the most consistently related to health among mothers of infants in England. Homeownership is significantly related, sometimes positively and sometimes negatively, to five of the six common ailments studied. The finding of some negative relationships between assets and health parallels that of Johnston, Grufferman, Bourguet, Delzell, Delong and Cohen (1985) who find that, of seven SES measures, only homeownership is significantly associated with multiple myeloma and the association is positive.

However, most of the research reviewed not only points to the strength of homeownership as a health related socioeconomic measure, but also shows a positive relationship between homeownership and health. For example, a study in the Netherlands controls for occupation, education, and employment status and finds that male homeowners report fewer chronic conditions and better general health and that female homeowners perceive themselves to be in better general health than those without homes (Stronks, van de Mheen, van den Bos and Mackenbach, 1997). Hahn (1993) finds that, controlling for income and education, homeownership is modestly but significantly associated with women's health in the U.S.

Further, homeownership helps to explain the generally positive relationship between marriage and physical health for women.

In research from England, asset holding is a better predictor of lung cancer mortality for married women than occupational measures of socio-economic status (Pugh, Power, Goldblatt and Arber, 1991). For example, married women living in owner occupied housing with access to a car are two and a half times less likely to die from lung cancer as those living in rented housing without access to a car. Pugh and her colleagues also find that there are substantial differences in the percentage of women who smoke based on occupational status, but much larger differences based on homeownership. Fifty seven percent of women who rent are smokers compared with 31 percent of women who own homes. Turning to smoking uptake and cessation, Pugh and her colleagues (1991, pp. 1106-1107) find that "... among women in rented accommodation the rate of uptake was 23% while the cessation rate was 12%; among owner occupiers these percentages were reversed (12% and 24% respectively)." This difference in smoking rates is confirmed by Kendig, Browning, and Teshuva (1998). These findings are consistent with research by Yadama and Sherraden (1996) showing that assets in the form of savings have a positive effect on prudence as measured, in part, by smoking habits.

Turning to research on older family members, Robert and House (1996) find that financial assets have positive health effects on U.S. adults when controlling for the effects of income and education. While assets and health are always positively related, the effects of assets on health are particularly strong for older adults between the ages of 65 and 84. In a study of relatively frail older adults, Greene and Ondrich (1990) control for income and education and find that homeownership is negatively associated with nursing home admission and positively associated with successful nursing home exit back to the community. In this study, neither income nor education significantly affect the likelihood of either nursing home admission or discharge when controlling for the effects of homeownership. Elderly family members in Singapore and Taiwan are found to have greater input in family decisions when they are homeowners (Williams, Mehta and Lin, 1999).

While this review has focused on research from the U.S. and Europe, findings of positive asset effects on health are consistent with results of studies from developing countries linking assets to increased childhood immunization (Amin and Li, 1997), improved nutritional status of women and children (Quanine, 1989), reduced risk of blinding malnutrition among children (Cohen et al., 1985) and decreased infant and child mortality (Amin and Li, 1997; Lee and Amin, 1981).

Further, findings of asset effects on physical health parallel those from studies demonstrating relationships between assets and positive mental health outcomes for family members including reduced stress (Berger, Powell and Cook, 1988), increased life satisfaction (Potter and Coshall, 1987; Rohe and Stegman, 1994; Rossi and Weber, 1996), and reduced neurosis (Rodgers, 1991).

Economic security effects. In an earlier review, Page-Adams and Sherraden (1996) noted that assets appear to increase the economic security of families on public assistance (Raheim and Alter, 1995), female-headed families (Cheng, 1995), as well as other families in the U.S. and in other countries (Krumm and Kelly, 1989; Massey and Basem, 1992; Sherraden, Nair, Vasoo,

Liang and Sherraden, 1995). Table 7 provides an overview of additional studies linking assets to economic security for families in the U.S.

Four of the studies in this review that address family economic security use homeownership as the measure of assets. While Rossi and Weber (1996) find limited differences between homeowners and renters, one important difference between the two groups has to do with asset holding. Controlling for age and socioeconomic status, homeowners have about $6,000 more in savings and about $5,000 more invested in mutual funds than renters. Homeowners are more likely to carry debt on credit cards, installment purchases, and personal bank loans, but less likely to have unpaid educational loans and overdue bills than renters. Among older adults in both rural and urban areas, and controlling for other social and economic factors, homeownership is positively associated with household income (Miller and Montalto, 1998).

Other studies addressing homeownership also control for a number of social and economic factors and find that homeowning reduces the length of joblessness for unemployed workers by a minimum of 11.6 weeks (Goss and Phillips, 1997) and increases high school graduation and college entry rates for African American youths (Kane, 1994). Kane's findings are consistent with those of Green and White (1997) who find that children of homeowners are less likely to drop out of school or to have children before the age of 18 than children of renters.

Homeowners may also be less likely to experience a subjective sense of economic strain or hardship. A study of 193 laid off autoworkers reports that homeownership, controlling for income and education, significantly reduced subjects' perceived economic strain (Page-Adams and Vosler, 1996). Mirowsky and Ross (1999) find that older households have lower levels of hardship and attribute this to higher levels of homeownership and medical coverage. Such findings are consistent with the idea that assets provide a source of financial support when income streams are disrupted (Sherraden, 1991). Recent studies have also indicated that indebted homeowners are less likely than similarly indebted renters to declare bankruptcy (Domowitz and Sartain, 1999) and less likely to engage in risky investments (Frantantoni, 1998).

Homeownership plays a crucial role in wealth accumulation for U.S. households. In 1995, median net worth for homeowners was $78,000 while for renters it was $2,300. For minority homeowners, home equity represents almost three-quarters of their median net worth of $48,300, compared to a median net worth of $500 for minority renters (U.S. Department of Housing and Urban Development, 1995). A secondary analysis of a survey of 11,257 U.S. households during 1987-1989 finds that home equity accounted for 43.3% of white household wealth and 62.5% African-American household wealth (Oliver and Shapiro, 1995). Clearly, housing equity matters — without it most U.S. households would have greatly reduced assets.

In studies using asset measures other than homeownership, wealth is positively associated with financial transfers to both adult children and parents in their older years (McGarry and Schoeni, 1995), the economic well-being of women after marital disruption (Cho, 1999), and the ability of single mothers to maintain their families above the federal poverty level (Rocha, 1997). Rocha controls for age, education, number of weeks worked during the past year, and a number of other socioeconomic factors and finds that single mothers with money in a savings account are significantly more likely to have incomes above the poverty line than those without savings.

Neither homeownership nor child support payments were strongly associated with living above the poverty level for female-headed families in this study.

More recently, participants in IDA programs have reported that they feel more economically secure (84%), are more likely to make educational plans for themselves (59%), and are more likely to plan for retirement (57%) because of their asset accounts. Other findings from this study with implications for economic security include the relatively high proportion of savers who report that they are more likely to increase their work hours (41%) or to increase their income in other ways (61%) because of their participation in an IDA program (Moore et al., 2001).

While this review has focused on research from the U.S., findings of positive asset effects on family economic security are consistent with results of studies from developing countries, especially those linking mother's assets to enhanced material conditions of families (Quanine, 1989; Noponen, 1992; Schuler and Hashemi, 1994).

Asset Effects on Children

The impact of homeownership. Impacts of homeownership on neighborhood and personal well-being have been thoroughly researched. Scholars argue that homeownership produces beneficial outcomes through enhanced social status (Perin, 1977; Rakoff, 1977), behavioral changes designed to protect investments (Saunders, 1990; 1978; Butler, 1985), and changes in cognitive schema that result when people accumulate assets (Sherraden, 1991). Theoretical and empirical studies have examined claims that homeownership promotes family and personal well-being (Page-Adams, 1995; Rohe and Stegman, 1994). This includes intergenerational impacts of homeowning.

Children appear to benefit from living in households where parents are homeowners. A summary of this research appears in Table 8. Green and White (1997), in an impressive analysis of four large, national data sets, find that controlling for education and income, 17-18 year old children of homeowners are less likely than the children of renters to drop out of school and to have children out of wedlock. Other research has also correlated homeowning with school attainment (Essen, Fogelman and Head, 1977). These are promising findings, particularly in light of the research results, noted above, that savings and investment income correlate with educational outcomes. These findings are also consistent with theoretical statements that asset holding may have intergenerational effects (Sherraden, 1991).

The stability associated with homeowning may also provide an explanation of the correlation between housing tenure and educational outcomes (Scanlon, 1997). Aaronson's (2000) study of Green and White's findings provides evidence that homeownership effects on child well-being operate through increased residential stability. Further evidence of complex relationships between homeownership and residential stability for children can be found in research on the effects of marital disruption. For example, children who live with their mothers following a marital dissolution are more likely to experience residential mobility if their parents owned, rather than rented, homes before the divorce. However, upon the remarriage of their mothers,

these children are more likely to move to wealthier neighborhoods than children of divorced parents who were renters (South, Crowder and Trent, 1998).

For adult children, parental homeownership is central to positive economic outcomes. Mulder and Smits (1999) analysis of the Netherlands Family Survey finds that parents who are homeowners provide more financial help to their adult children. Henretta (1987, 1984) finds that parental homeowning is predictive of adult children's likelihood to own homes, even controlling for income and parental gifts. Further, parental homeownership has an even stronger effect on the likelihood of homeowning for adult children in the Netherlands and in Germany than it does in the US, while other measures of parental socio-economic status are not predictive of housing tenure (Mulder and Wagner, 1998). Sherraden's (1991) theoretical statement regarding the impact of asset holding on well-being across generations may help explain these findings.

We would be remiss not to mention the benefits of homeowning on adult and family well-being, as these may have benefits for children. Homeowning is associated with enhanced well-being among adults. For example, controlling for other social and economic factors, homeowners appear to have higher levels of life satisfaction (Rossi and Weber, 1996; Rohe and Stegman, 1994; Potter and Coshall, 1987), physical and emotional well-being (Page-Adams and Vosler, 1996; Vitt, 1994; Pugh, et al, 1991; Rodgers, 1991; Greene and Ondrich, 1990) and future orientation and self-efficacy (Clark, 1997) than renters. It would seem likely that children benefit from living in homes with parents who are healthier and more satisfied with their lives.

The impact of savings and financial assets. Household financial wealth and investment income are emerging as variables for study in the well-being of children. These findings are summarized in Table 9.

Turning first to educational outcomes, Mayer (1997) reports that investment income and inherited wealth have greater statistical significance than income on educational test scores and educational attainment. Similarly, an evaluation of Panel Study of Income Dynamics data demonstrates that income from assets (which can be taken as a proxy measure for the assets themselves) positively impacts children's educational attainment (Hill and Duncan, 1987).

A study of intergenerational poverty reveals that the absence of parental assets helps explain the likelihood that adult daughters in female-headed families will remain in poverty. Further, the effects of parental asset holding on poverty among adult daughters and their children is significant even when controlling for education and socio-economic status (Cheng, 1995). Jayakody (1998) suggests that wealth, rather than income, helps to explain differences between white and African American families in intergenerational financial assistance.

In a study of factors associated with teen-agers' savings and consumption patterns, parental savings, particularly for college, is predictive of teen savings behavior (Pritchard, Myers and Cassidy, 1989). In a related finding, Moore and her colleagues (2001) report that 60% of participants in IDA programs say that they are more likely to make educational plans for their children because they are saving.

We should also mention research on savings outcomes for adults who are parents, since parental

well-being is central to child well-being. One study demonstrates that savings is positively associated with physical health (Robert and House, 1996). Savings also leads to positive effects on self-efficacy, future orientation and risk avoidance among adults (Yadama and Sherraden, 1996). In a study of recently relocated households, the absence of savings was related to stress for women (Berger, Powell, and Cook, 1988). Moore and her colleagues report that the majority of IDA participants in their study say they feel more confident about the future (93%) and more in control of their lives (85%) because they are saving. Approximately half of the IDA participants also report that having IDAs makes them more likely to have good relationships with family members (Moore et al., 2001).

Such impacts are notable and should be of great interest to those concerned with finding effective ways of promoting individual, family and neighborhood well-being and development. However, much remains to be done to elaborate the mechanisms by which the holding of different assets results in various outcomes. Also, future research should begin to pinpoint the circumstances under which asset holding is likely to provide benefits for different populations, so that asset based policy and community development strategies can be designed to maximize the likelihood of positive impacts.

Table 1: Effects of Homeownership on Property Values

Study	Description	Findings
Gyourko, Linneman & Wachter (1999)	An analysis of three cross-sectional data sets gathered by the federal reserve Board to determine whether race differences in owner occupation exits when controlling for wealth and housing location choices.	Finds that even among non-wealth constrained households, minority home purchasers are more likely to buy in central city locations.
Immergluck (1998)	Study of Chicago metropolitan area Home Mortgage Disclosure Act data that analyzes home purchases by neighborhood racial characteristics.	Finds that of African-American households purchasing homes in 1995, 45% obtain homes in segregated neighborhoods.
Burbidge (2000)	Study examined capital gains and net benefits using unit record data from Australian valuation records of the 1980s and data from a 1991 survey conducted by the Australian Institute of Family Studies to determine whether housing price increases are evenly distributed across the SES of owner-occupiers.	Finds that while housing value increases occurred across SES, the gains were greatest for upper-income citizens. Authors conclude that homeownership can increase class inequality.
Lee, Culhane & Wachter (1998)	Analysis of the effects of federally funded housing programs on property values using Philadelphia housing sales prices from 1989 and 1991. The study controls for area demographic, housing, and amenity variables.	Finds that public housing homeownership programs have modest positive effects on property values.
Rohe & Stewart (1996)	Examines 1980 and 1990 census data to determine what social factors influence housing price increases over that ten-year period.	Finds that census tract level homeownership rate does have significant impact on property value increases—a 1% increase in tract homeownership rates increases increase homeownership values by $800.
HUD (1995)	Examines findings of general trend data in the area of housing valuation as followed by HUD. Examines housing priced from 1960-1989.	Reports that between 1960-1989, median home price increased by a total of 41% and lowest price homes increased 30% on average.
Gyourko & Linneman (1993)	Economic analysis of the Annual Housing Survey, 1960-1989. Attempts to determine price changes to determine whether homes quality remained affordable for low to moderate-income workers.	Finds that housing values increased on average across the price distribution, and outpaced wages.

Table 2: Effects of Homeownership on Residential Mobility

Study	Description	Findings
Rohe & Stewart (1996)	Literature review of all major studies of residential mobility.	Of 11 articles reviewed, ten find homeowners are less likely to be movers than are renters.
Rohe & Stewart (1996)	Study of 1980 and 1990 census data to determine whether homeowning predicts residential permanence controlling for family size, age, marital status, housing values and other factors.	Finds that homeownership at the census tract level predicts that residents will remain in an area. Estimates that a 10% increase in owner-occupied units will result in a 3.6% increase in households who stay in their homes five or more years.
Buckhauser, Butrica & Wasylenko (1995)	Using PSID multiyear data, (1970-1980) authors study whether differences exist in elderly and non-elderly mobility rates from distressed neighborhoods.	Finds that younger homeowners are three times more likely to leave distressed neighborhoods than are elderly homeowners are.
Forrest (1987)	Examines general trend data in Britain to study relationships between homeownership, residential mobility and labor market participation.	Finds homeowners less likely to move than renters, single people and younger people.
McHugh (1985)	Using survey methods studies 167 households in two metropolitan areas to determine reasons for moving and not moving.	Finds that homeownership, employment and school attendance reduced desire to move.
Pickvance (1973)	Uses path analysis methodology to study factors associated with residential mobility in five communities in Manchester, England. Examines housing characteristics, life cycle stages, and tenure, among other factors.	Finds homeownership to be the strongest predictor of tenure mobility.
Butler & Kaiser (1971)	Study of a national survey of 1,476 households' residential preferences and moving behavior to determine factors important in residential mobility.	Finds that ownership reduces residential mobility.

Table 3: Effects of Homeownership on Property Maintenance

Study	Description	Findings
Galster (1987)	Study of factors related to successful neighborhood revitalization.	Finds that homeowners are more likely to invest in maintenance upkeep and property repair, and that such effects are particularly strong in low-income neighborhoods.
Varady (1986)	Examines the Urban Homesteading Neighborhood Residents Data Set to determine factors related to revitalization. Also examines census data and windshield surveys.	Finds property maintenance correlates with homeownership, but effects are lessened by lack of confidence in the future of the neighborhood.
Galster (1983)	Study of factors related to housing reinvestment decisions, controlling for household characteristics, characteristics of the property and neighborhood and tenure.	Reports that homeowners are more likely to reinvest.
Mayer (1981)	Econometric model tested with 1028 Berkeley, California housing structures to determine factors impacting property investment and upkeep decisions.	Finds that owner-occupation positively impacts rehabilitation decisions.

Table 4: Effects of Homeownership on Social and Civic Participation

Study	Description	Findings
Rohe & Basolo (1997)	Study of 155 Baltimore citizens (homebuyers and Section 8 renters) to determine longer-term effects of owner-occupation on civic participation.	Finds no difference in political participation over 3 years, but neighboring behaviors are higher among owner-occupiers, suggesting that this process may increase over time.
Midema & Vos (1999)	Examines the effects of demographic and attitudinal variables on reported noise annoyance using data drawn from Europe, North America, and Australia.	Finds that owner-occupiers are more likely to report feeling annoyed by transportation noise.
DiPasquale & Glaeser (1999)	Using an instrumental variables strategy, this study investigates the relationship between homeownership and social capital. Data was obtained from the German Socio-Economic Panel.	Owner-occupation is found to be significantly associated with social capital.
Saegert & Winkel (1998)	Surveys of 487 buildings in New York City analyzed to compare the success of programs in maintaining landlord-abandoned buildings.	Finds that tenant owned buildings had higher social capital, resulting in improved levels of maintenance.
Rossi & Weber (1996)	Examines 500 questions across 3 different data sets-the General Social Survey, the National Survey of Families and Households and the American National Election Studies.	Finds little difference in level of friendship but does find differences in involvement in community involvement.
Kingston & Fries (1994)	Examines 1987 NORC General Social Survey data to determine whether business and homeowners differs in terms of sociopolitical involvements.	Finds significant differences in community or neighboring involvements.
Rohe & Stegman (1994)	Study of civic participation of 171 low-income home buyers in a Baltimore homeownership program. Examines neighboring and participation in community organizations.	Finds that homebuyers are less likely to "neighbor" but more likely to participate in neighborhood organizations.
Perkins, et al (1990)	Tests a model of community participation. Sample is of 48 blocks in an urban area, with 1081 respondents and 469 block association members also surveyed. Examines demographic, built environment, crime, and other factors.	Finds proportion of homeowners on a block increases block level participation.
Saunders (1990)	Study of homeowners in three British working class towns.	Bivariate analysis finds that renters have closer ties to neighbors and were more likely to provide informal aid.
Guest & Oropesa (1986)	Examines hypotheses that friendship networks and homeowning increase civic involvement by interviewing 1642 respondents in 20 areas of Seattle.	Finds a relationship between level of investment in a home and participation in individual and collective political action.
Ditkovsky & van Vliet (1984)	Study of 817 dwellings in five low-income neighborhoods in Tel Aviv. Examines the participation in building committees and neighborhood committees.	Finds that owners are significantly more likely than renters to be involved at both building and neighborhood participation levels.

Table 4: Effects of Homeownership on Social and Civic Participation (cont.)

Study	Description	Findings
Baum & Kingston (1984)	Study of survey data from 50 localities in Northern California. Attempts to examine relationship between homeowning and sense of attachment to place.	Finds homeowners more likely to participate in voluntary organizations.
Cox (1982)	Studies hypotheses that homeownership and a desire to protect property lead to increased civic involvement. Sample of 400 residents, including 100 renters, in Columbus, Ohio, during 1978-1979.	Finds that homeowners are more likely to be involved with local organizations, but they attribute involvement to higher transaction costs associated with moving rather than a desire to protect property.
Fischer (1982)	Study of 1,050 adult residents in Northern California during 1977 to determine what factors influence the size and nature of personal networks.	Finds homeowners—particularly people living in single-family dwellings—have larger personal networks than those in apartments.
Steinberger (1981)	Study of survey data from 248 residents in three cities to determine factors related to political participation.	Reports that homeowners are more likely to participate in voluntary organizations.
Fischer et al (1977)	Examines a national sample of households to determine what factors increase likelihood of community and neighborhood involvement—includes home value, length of residence and presence of children.	Inclusion of control variables leads to conclusion that renters and owners are not different in terms of neighboring.

Table 5: Effects of Assets on Marital Stability

Study	Description	Findings
Lloyd & South (1996)	Study of 3,907 young men's transition to first marriage using data from the US census and the National Longitudinal Survey of Youth	Young men, ages 18 through 27, who are homeowners first marry at significantly younger ages than those who rent controlling for income, weeks worked, and education.
Bracher, Santow, Morgan & Trussell (1993)	Examines marriage dissolution using data from a representative sample of 2,547 Australian women aged 20 to 59 years.	Controlling for a number of other social and economic factors, homeownership reduces the risk of marital dissolution.
Galligan & Bahr (1978)	Longitudinal study of marital stability among 1,349 married U.S. women using data from the National Longitudinal Survey of Labor and Market Experience.	Income has little effect on marital stability, but assets as measured on the basis of net worth have a substantial effect even when controlling for income, race and education.
Hampton (1982)	Study of marital disruption among African Americans using PSID data with a sample of 575 married couples in the U.S.	Controlling for income, property and financial assets have a significant negative effect on marital disruption.
Page-Adams (1995)	Examines domestic violence using data from 2,827 married women and their husbands who responded to the National Survey of Families and Households.	Homeownership has significant negative effects on marital conflict and on domestic violence controlling for income and women's independent economic resources.
Petersen (1980)	Exploration of several measures of socio-economic status and wife abuse among a random sample of 602 married women.	Homeownership has a stronger negative relationship with wife abuse than other SES measures including income and education.
South & Spitze (1986)	Study of determinants of divorce using data on 18,585 cases from the National Longitundinal Surveys of Young and Mature Women.	Controlling for other social and economic factors, homeownership has a negative effect on marital dissolution.

Table 6: Effects of Assets on Family Health

Study	Description	Findings
Kendig, Browning & Teshuva (1998)	Analysis of health behaviors using data from the 1994 Australian Health Status of Older People Project.	Homeownership is significantly associated with not smoking.
Williams, Mehta & Lin (1998)	Study of intergenerational family decision making in Singapore and Taiwan using focus group and household survey (N=135) data.	Older adults who are homeowners participate more frequently than those who do not own homes in family decision making.
Baker & Taylor (1997)	Examines socioeconomic status and health among 11,040 mothers of infants in southwest England.	Of seven measures of socioeconomic status, homeownership had the strongest and most consistent relationship to health.
Greene & Ondrich (1990)	Study of nursing home admissions and exits among 3,332 frail older adults in the U.S. who were enrolled in The National Long Term Care Channeling Demonstration.	Homeownership, but not income or education, is negatively associated with nursing home admission and positively associated with nursing home discharge.
Hahn (1993)	Using National Medical Expenditure Survey data from 9,356 U.S. women, this study examines relationships between marriage, assets and women's health.	Controlling for income and education, homeownership has a positive effect on women's health and helps explain the relationship between marriage and health.
Pugh, Power, Goldblatt & Arber (1991)	Study of SES and lung cancer mortality among 10,212 married women in England using data from the Office of Population Censuses and Surveys Longitudinal Study.	Assets explain lung cancer mortality better than other SES measures. Women with assets are 2.5 times less likely than those without assets to die from lung cancer.
Robert & House (1996)	Explores health effects of assets using data from 3,617 U.S. adult participants in the Americans' Changing Lives Study.	Controlling for income and education, assets have positive effects on health especially for adults ages 65 to 84.
Stronks, van de Mheen, van den Bos & Mackenbach (1997)	Examines relationships between various socioeconomic measures and health among 13,391 men and women in the Netherlands who participated in the Longitudinal Study on Socio-Economic Health Differences.	Controlling for the effects of occupation, education, and employment status, an SES measure that includes homeownership is positively related to health (fewer chronic conditions and better perceived health).

Table 7: Effects of Assets on Economic Security

Study	Description	Findings
Mirowsky & Ross (1999)	Tests the relationship between age and difficulty paying bills for basic needs using data from 2,592 respondents in 1990 and 1995.	Finds that older homeowners are less likely than older renters to report economic hardship.
Domowitz & Sartain (1999)	Qualitative choice modeling of consumers' decisions to declare bankruptcy.	Controlling for debt and other demographic factors, renters are seven times more likely than owner-occupiers to declare bankruptcy.
Frantantoni (1998)	Uses the 1989 Survey of Consumer Finances to examine the relationship between owner-occupation and investment in risky assets.	Owner-occupiers with higher mortgage payment/income ratios are less likely than others to invest in risky assets.
Page-Adams & Vosler (1997)	Study of 193 laid off UAW members to test the effects of homeowning on four measures of well-being including economic strain.	Finds that homeowning reduces subjective sense of economic strain.
Oliver & Shapiro (1995)	Study of 11,257 households to determine sources of household wealth equity and differences by race.	Finds that home equity accounts for 43.3% of white household wealth and 62.5% of African-American household wealth.
Goss & Phillips (1997)	Using a sample of 1,134 unemployment workers from the PSID, the authors examine the effect of homeownership on the duration of unemployment.	Homeownership reduces the duration of unemployment, controlling for education, occupation, race, gender, home equity, and many other social and economic variables.
Kane (1994)	Examines the role of family background, college costs, and local economic conditions on college entry using Current Population Survey data for 18 and 19 year old African American youths.	Homeownership is significantly and positively associated with high school graduation and with college entry for African Americans, controlling for other resources.
McGarry & Schoeni (1995)	Using data from the PSID and the Health and Retirement Study, the authors examined intergenerational transfers.	Controlling for a number of social and economic factors, wealth is significantly associated with financial gifts to both adult children and to parents in their older years.
Rocha (1997)	Study of economic well-being among 670 female-headed households using data from the National Survey of Families and Households (NSFH).	Single mothers with savings are significantly more likely to maintain their families above the federal poverty level than other single mothers, controlling for many social and economic factors.
Rossi & Weber (1996)	Using data from the General Social Survey and the NSFH, this study explores the social and economic benefits of homeownership.	Controlling for age and other measures of socioeconomic status, homeowners have about $11,000 more in financial assets and more debt than renters do.

Table 7: Effects of Assets on Economic Security (cont.)

Study	Description	Findings
Cho (1999)	Examines the effects of assets on the economic well-being of women one year after marital disruption using panel data from the National Longitudinal Surveys of Youth.	Financial assets have positive effects on the economic well-being (increased income and decreased welfare receipt) of women following marital disruption.
Moore et al. (2001)	Assesses the perceptions regarding economic security of 324 participants in six Individual Development Account (IDA) programs that are part of a national asset policy demonstration.	Participants in IDA programs report feeling more economically secure (84%), being more likely to make educational plans (59%), and being more likely to plan for retirement (57%) because they are involved in an asset-building program.
Miller & Montalto (1998)	Using data from the Consumer Expenditure Survey, this study compares the economic status of 3,334 elderly households.	Controlling for other social and economic factors, homeownership is positively associated with household income for older adults in both rural and urban areas.

Table 8: Effects of Homeownership on Children's Well-Being

Study	Description	Finding
Aaronson (2000)	Uses data from 5,142 Panel Study of Income Dynamics respondents to re-examine Green and White's (1997) findings on homeownership and child well-being.	Finds that a substantial proportion of the effects of homeownership on child graduation rates are due to increased residential stability, especially for low-income children.
Mulder & Smits (1998)	Examines 1000 Dutch survey respondents to determine the effects of pooling resources on first time homeownership.	Parents who are owner-occupiers are more likely to provide inter-generational transfers to adult children for the purchase of their homes.
Green & White (1997)	Uses four large, representative data sets to determine whether homeownership affects drop out, arrest, and childbirth rates of older teens.	Finds that children of homeowners are less likely to drop out or to have children than children of renters.
Henretta (1984)	Examines Panel Study of Income Dynamics data to determine whether children of homeowners are more likely than children of renters to become homeowners.	Reports that children of homeowners are more likely to become homeowners, controlling for income and gifts.
Essen, Fogelman & Head (1977)	Study of 16,000 British youth to determine whether housing impact school attainment and completion from years 11 to 16. Housing experiences evaluated at age 7, 11, and 16.	Finds that 16 year old children of homeowners are statistically more likely to have higher math and reading scores than those in council (public housing) homes.
South, Crowder & Trent (1998)	Uses Panel Study of Income Dynamics data from 5,962 respondents to study children's residential mobility and neighborhood environment after parental divorce and remarriage.	Among children who live with their mothers following divorce, homeowners are more likely than renters to move. Upon their mother's remarriage, however, these children are also more likely than renters to move to wealthier neighborhoods.
Mulder & Wagner (1998)	Study of first-time homeownership using data from the German Life History Study and the Dutch Family Survey.	Controlling for other measures of socio-economic status, children of homeowners are significantly more likely than children of renters to own their own homes as adults.

Table 9: Effects of Financial Assets on Children's Well-Being

Study	Description	Findings
Moore et al. (2001)	Assesses perceptions of asset effects of 324 participants in six Individual Development Account (IDA) programs that are part of a national asset policy demonstration.	Sixty percent of participants report that they are more likely to make educational plans for their children because of their involvement in an IDA program. Further, 54% report that IDA participation made good relationships within their families more likely.
Mayer (1997)	Study of two large national data sets (PSID and the NLSY) to determine the relative impact of factors other than income on well-being outcomes of parents and children.	Measures of financial assets such as investment income and inherited income explain more variance than income measures in educational attainment and other educational outcomes.
Cheng (1995)	Studies effects of parental SES, education and asset holding on poverty among adult children with daughters. Examines 836 female heads of household using NSFH data.	Controlling for SES and education, assets have a negative relationship with the likelihood of adult daughters living in poverty.
Pritchard, Myers & Cassidy (1989)	Study of 1,619 teens and parents in the 1982 cohort of the High School and Beyond Survey to determine the impact of family factors on saving and spending patterns of teens.	Finds that parental savings, particularly for college, predicted teenage savings patterns.
Hill & Duncan (1987)	Study of 845 PSID cases to test effects of asset income on children's educational attainment, controlling for other factors.	Parental income from assets impacts education but not wages of adult children.

References

Aaronson, D. (2000). A note on the benefits of homeownership. *Journal of Urban Economics*, 47, (3), 356-369.

Amin, R. & Li, Y. (1997. NGO promoted women's credit program, immunization coverage, and child mortality in rural Bangladesh. *Women and Health*, 25, (1), 71-87.

Anderson, J. M. (1999). *The wealth of US families: Analysis of recent Census Data*. Chevy Chase, MD: US Department of Commerce, Bureau of the Census.

Baker, D. & Taylor, H. (1997). The relationship between condition specific morbidity, social support and material deprivation in pregnancy and early motherhood. *Social Science and Medicine*, 45, (9), 1325-1336.

Baum, T. & Kingston, P. (1984). Homeownership and social attachment. *Sociological Perspectives*, 27, 159-180.

Bayer, P. J., Bernheim, B. D. & Scholz, J. K. (1996). *The effects of financial education in the workplace: Evidence from a survey of employers* (Working Paper No. 5655). Cambridge, MA: National Bureau of Economic Research.

Beverly, Sondra, and Sherraden, Michael (1999). Institutional Determinants of Saving: Implications for Low-Income Households, *Journal of Socio-Economics* 28, 457-473.

Boshara, Ray, ed. (2001). *Building Assets.* Washington: Corporation for Enterprise Development.

Bracher, M., Santow, G., Morgan, S. & Trussell, J. (1993). Marriage dissolution in Australia: Models and explanations. *Population Studies*, 47, (3), 403-425.

Burbidge, A. (2000) Capital gains, homeownership and economic inequality. *Housing-Studies*, 15, (2), 259-80.

Burkhauser, R., Butrica, B. & Wasylenko, M. (1995). Mobility patterns of homeowners older homeowners: Are older homeowners trapped in distressed neighborhoods? *Research on Aging*, 17, (4), 363-384.

Butler, E. & Kaiser, E. (1971). Prediction of residential movement and spatial allocation. *Urban Affairs Quarterly*, 6, (4), 477-494.

Cheng, L. (1995). Asset holding and intergenerational poverty vulnerability in female-headed families. Paper presented at the Seventh International Conference of The Society for the Advancement of Socio-Economics, April 7-9, Washington, DC.

Cho, E. (1999). *The effects of assets on the economic well-being of women after marital disruption* (Working Paper No. 99-6). St. Louis: Center for Social Development, Washington University.

Clark, H. (1997). *A structural equation model of the effects of homeownership on self-efficacy, self-esteem, political involvement, and community involvement in African-Americans*. Doctoral dissertation, University of Texas at Arlington, School of Social Work.

Cohen, N., Jalil, M. A., Rahman, H., Matin, M. A., Sprague, J., Islam, J., Davison, J., Leemhuis De Regt, E. & Mitra, M. (1985). Landholding, wealth and risk of blinding malnutrition in rural Bangladeshi households. *Social Science Medicine*, 21, (11), 1269-1272.

Conley, D. (1999). *Being black, living in the red: Race, wealth, and social policy in America.* Berkeley, CA: University of California Press.

Corporation for Enterprise Development (1996). *Universal Savings Accounts: A Route to National Economic Growth and Family Economic Security*. Washington: Corporation for Enterprise Development.

Cox, K. (1982). Housing tenure and neighborhood activism. *Urban Affairs Quarterly*, 18, (1), 107-129.

Danziger, Sheldon, and Plotnick, Robert (1986). Poverty and Policy: Lessons of the Past Two Decades, *Social Service Review* 60(1): 34-51.

DiPasquale, D. & Glaeser, E. (1999). Incentives and social capital: Are homeowners better citizens? *Journal of Urban Economics*, 45, (2), 354-384.

Ditkovsky, O. & van Vliet, W. (1984). Housing tenure and community participation. *Ekistics*, 307, 345-348.

Domowitz, I. & Sartain, R. (1999). Determinants of the consumer bankruptcy decision. *Journal of Finance*, 54, (1), 403-420.

Eller, T. J. & Fraser, W. (1995). *Asset ownership of households: 1993* (U.S. Bureau of the Census Current Population Reports P70-47). Washington, DC: U.S. Government Printing Office.

Essen, J., Fogelman, K. & Head, J. (1977). Childhood housing experiences and school attainment. *Child Care, Health and Development*, 4, 41-58.

Finn, C. M., Zorita, P. M.-B. & Coulton, C. (1994. Assets and financial management among poor households in extreme poverty neighborhoods. *Journal of Sociology and Social Welfare*, 21, (4), 75-94.

Fischer, C., Jackson, R., Stueve, C., Gerson, K. & Jones, L. (1977). *Networks and places: Social relations in the urban setting*. New York: Free Press.

Fisher, C. (1982). *To dwell among friends: Personal networks in town and country.* Chicago: University of Chicago Press.

Forrest, R. (1987). Spatial mobility, tenure mobility, and emerging social divisions in the UK housing market. *Environment and Planning*, A, (19), 1611-1630.

Frantantoni, M. (1998). Homeownership and investment in risky assets. *Journal of Urban Economics*, 44, (1), 27-42.

Friedman, R. & Boshara, R. (2000). *Principles and policy options for an inclusive asset-building policy*. Paper presented at the Inclusion in Asset Building: Research and Policy Symposium, Center for Social Development, Washington University in St. Louis, Sept. 21-23.

Friedman, Robert E. (1988). *The Safety Net As Ladder: Transfer Payments and Economic Development*. Washington: Council of State Policy and Planning Agencies.

Galligan, R. J. & Bahr, S.J. (1978). Economic well-being and marital stability: Implications for income maintenance programs. *Journal of Marriage and the Family*, 283-290.

Galster, G. (1983). Empirical evidence on cross-tenure differences and community satisfaction. *Journal of Social Issues*, 28, (3), 107-119.

Galster, G. (1987). *Homeownership and neighborhood reinvestment*. Durham, NC: Duke University Press.

General Accounting Office. (2000). *Pension plans, characteristics of persons in the labor force without pension coverage*. (GAO/HEHS-00-131). Washington, DC.

Glennerster, Howard, and Midgley, James (1991). *The radical right and the welfare state: An international assessment*. Hemel Hempstead: Harvester Wheatsheaf.

Green, R. K. & White, M. J. (1997). Measuring the benefits of homeowning: Effects on children. *Journal of Urban Economics*, 41, 441-461.

Greene, V. & Ondrich, J. (1990). Risk factors for nursing home admissions and exits: A discrete time hazard function approach. *Journals of Gerontology*, 45, (6), S250-S258.

Guest, A. & Opresa, R. (1986). Informal social ties and political activity in the metropolis. *Urban Affairs Quarterly*, 21, (4), 550-574.
Gyourko, J. & Linneman, P. (1993). Comparing apartment and office investments. *Real Estate Review*, 23, (2), 17-23.
Gyourko, J., Linneman, P. & Wachter, S. (1999). Analyzing the relationships among race, wealth, and home ownership in America. *Journal of Urban Economics*, 8, (2), 63-89.
Hahn, B. (1993). Marital status and women's health: The effect of economic marital acquisitions. *Journal of Marriage and the Family*, 55, (2), 495-504.
Hampton, R. L. (1982). Family life cycle, economic well-being and marital disruption in black families. *California Sociologist, 5*, 16-32.
Haveman, R. & Wolff, E. N. (2000). *Who are the asset poor: Levels, trends and composition, 1983-1998.* Paper presented at the Inclusion in Asset Building: Research and Policy Symposium, Center for Social Development, Washington University in St. Louis, Sept. 21-23.
Haveman, Robert (1988). *Starting Even: An Equal Opportunity Program to Combat the Nation's New Poverty*. New York: Simon and Schuster.
Heclo, Huge (1995). The Social Question, in K. McFate, R. Lawson, and W.J. Wilson, eds., *Poverty, Inequality, and the Future of Social Policy*. New York: Russell Sage Foundation.
Henretta, J. C. (1984). Parental status and child's homeownership. *American Sociological Review*, 49, 131-140.
Henretta, J. C. (1987). Family transitions, housing market context, and first home purchase by young married households. *Social Forces*, 66, (2), 520-537.
Hill, M.S. & Duncan, G. J., (1987). Parental family income and the socioeconomic attainment of children. *Social Science Research*, 6, 39-73.
Howard, Christopher (1997). *The Hidden Welfare State: Tax Expenditures and Social Policy in the United States*. Princeton: Princeton University Press.
Immergluck, D. (1998). Progress confined: Increases in Black home buying and the persistence of residential segregation. *Journal of Urban Affairs*, 20, (4), 443-457.
Jayakody, R. (1998). Race differences in intergenerational financial assistance: The needs of children and the resources of parents. *Journal of Family Issues*, 19, (5), 508-534.
Kane, T. J. (1994). College entry by blacks since 1970: The role of college costs, family background, and the returns to education. *Journal of Political Economy*, 102, 878-907.
Kendig, H., Browning, C. & Teshuva, K. (1998). Health actions and social class among older Australians. *Australian and New Zealand Journal of Public Health*, 22, (7), 808-813.
Kennickell, A. B., Starr-McCluer, M. & Sunden, A. E. (1997). Saving and financial planning: Some findings from a focus group. *Financial Counseling and Planning*, 8, (1), 1-8.
Kingston, P. & Fries, J. (1994). Having a stake in the system – The sociopolitical ramifications of business and homeownership. *Social Science Quarterly*, 75, (3), 679-686.
Krumm, R. & Kelly, A. (1989). Effects of homeownership on household savings. *Journal of Urban Economics*, 26, (3), 281-294.
Lazear, Diane (1999). *Implementation and Outcomes of an Individual Development Account Project*, policy report. St. Louis: Center for Social Development, Washington University.
Lee, C. & Amin, R. (1981). Socioeconomic factors, intermediate variables, and fertility in Bangladesh. *Journal of Biosocial Science*, 13, 179-188.

Lee, C., Culhane, D. & Wachter, S. (1999). The differential impacts of federally assisted housing programs on nearby property values: A Philadelphia case study. *Housing Policy Debate*, 10, (1), 75-93.

Levy, Frank (1999). *The New Dollars and Dreams.* New York: Russell Sage Foundation.

Lloyd, K. M. & South, S. J. (1996). Contextual influences on young men's transition to first marriage. *Social Forces*, 74, (3), 1097-1120.

Long, J. & Caudill, S. (1992). Racial differences in homeownership and housing wealth, 1970-1986. *Economic Inquiry*, 30, (1), 83-100.

Mayer, N. (1981). Rehabilitation decisions in rental housing. *Journal of Urban Economics*, 10, 76-94.

Mayer, S. (1997). *What money can't buy: Family income and children's life chances*. Cambridge: Harvard University Press.

McGarry, K. & Schoeni, R. (1995). Transfer behavior in the health and retirement study: Measurement and the redistribution of resources within the family. *Journal of Human Resources*, 30, S184-S226.

McHugh, K. (1985). Reasons for migrating or not. *Sociology and Sociological Research*, 69, (4), 585-589.

Midema, H. & Vos, H. (1999). Demographic and attitudinal factors that modify annoyance from transportation noise. *Journal of the Acoustical Society of America*, 105, (6), 3336-3344.

Miller, C. J. & Montalto, C. P. (1998). Comparison of economic status of elderly households: Nonmetropolitan versus metropolitan residence. *Family Economics and Nutrition Review*, 11 (4), 19-35.

Mirowsky, J. & Ross, C. (1999). Economic hardship across the life course. *American Sociological Review*, 64, (4), 548-569.

Moore, A., Beverly, S., Schreiner, M., Sherraden, M., Lombe, M., Cho, E., Johnson, L. & Vonderlack, R. (2001). *Saving, IDA programs, and effects of IDAs: A survey of participants. Downpayments on the American Dream Policy Demonstration: A national demonstration of Individual Development Accounts*. Washington University in St. Louis, George Warren Brown School of Social Work, Center for Social Development.

Mulder, C. & Smits, J. (1999). First time home-ownership of couples—the effect of inter-generational transmission. *European Sociological Review*, 15, (3), 323-337.

Mulder, C. & Wagner, M. (1998). First-time home-ownership in the family life course: A West German-Dutch comparison. *Urban Studies*, 35, (4), 687-714.

Oliver, Melvin, and Shapiro, Thomas (1995). *Black Wealth/White Wealth: A New Perspective on Racial Inequality*. New York: Routledge.

Orszag, P. & Greenstein, R. (2000). *Toward progressive pensions: A summary of the US pension system and proposals for reform.* Paper presented at the Inclusion in Asset-building: Research and Policy Symposium, Center for Social Development, Washington University in St. Louis, Sept. 21-23.

Page-Adams, D. & Sherraden, M. (1996). *What we know about effects of asset holding: Implications for research on asset-based anti poverty initiatives* (Working Paper no. 96-1). St. Louis: Center for Social Development, Washington University.

Page-Adams, D. & Vosler, N. (1996). Predictors of depression among workers at the time of a plant closing. *Journal of Sociology and Social Welfare*, 23, (4), 25-42.

Page-Adams, D. (1995). *Homeownership and marital violence*, PhD dissertation, Washington University.

Perkins, D., Florin, P., Rich, R., Wandersman, A. & Chavis, D. (1990). Participation and the social and physical environment of residential blocks: Crime and community context. *American Journal of Community Psychology*, 18, 83-115.

Petersen, R. (1980). Social class, social learning, and wife abuse. *Social Service Review*, 54, 390-406.

Pickvance, C. (1973). Life-cycle, housing tenure and intra-urban residential mobility: A causal model. *Sociological Review*, 21, (2), 279-297.

Potter, R. & Coshall, J. (1987). Socio-economic variations in perceived life domain satisfactions: A South West Wales case study. Journal of Social Psychology, 127, (1), 77-82.

Pugh, H., Power, C., Goldblatt, P. & Arber, S. (1991). Women's lung cancer mortality, socioeconomic status and changing smoking patterns. *Social Science and Medicine*, 32, (10), 1105-1110.

Rakoff, R. (1977). Ideology in everyday life: The meaning of the house. *Politics and Society*, 7, 85-104.

Robert, S. & House, J. (1996). SES differentials in health by age and alternative indicators of SES. *Journal of Aging and Health*, 8, (3), 359-388.

Rocha, C. (1997). Factors that contribute to economic well-being in female headed households. *Journal of Social Service Research*, 23, (1), 1-17.

Rohe, W. & Basolo, V. (1997). Long-term effects of homeownership on the self-perceptions and social interaction of low-income persons. *Environment and Behavior*, 29, (6), 793-819.

Rohe, W. & Stegman, M. (1994). The effects of homeownership on the self-esteem, perceived control and life satisfaction of low-income people. *Journal of the American Planning Association*, 60, (2), 173-184.

Rohe, W. & Stegman, M. (1994b). The impact of homeownership on the social and political involvement of low-income people. *Urban Affairs Quarterly*, 30, (1), 152-172.

Rohe, W. & Stewart, L. (1996). Home ownership and neighborhood stability. *Housing Policy Debate*, 9 (1), 37-81.

Rosenbaum, J. & Popkin, S. (1991). Employment and earnings of blacks who move to middle-class suburbs. In C. Jencks & P. Petersen (Eds.), *The urban underclass*. Washington, DC: The Brookings Institute.

Rossi, P. & Weber, E. (1996). The social benefits of homeownership: Empirical evidence from national surveys. *Housing Policy Debate*, 7, (1), 1-35.

Rutherford, S. (1999). *The poor and their money: An essay about financial services for poor people*. Manchester, England: University of Manchester, Institute for Development Policy and Management.

Saegert, S. & Winkel, G. (1998). Social capital and the revitalization of New York City's distressed inner city housing. *Housing Policy Debate*, 9, (1), 17-60.

Saunders, P. (1978). Beyond housing classes: The sociological significance of private property rights in means of consumption. *International Journal of Urban and Regional Research*, 18, (2), 202-227.

Saunders, P. (1990). *A nation of homeowners.* London: Unwin Hyman.

Sawhill, Isabelle (1989). "The Underclass: An Overview," *The Public Interest* 96(summer): 3-15.

Scanlon, E. (1997). *The economic, psychological and social effects of homeownership on individuals and households. Area of specialization statement*. Washington University in St. Louis, George Warren Brown School of Social Work, Doctoral Program.

Scanlon, E. (1998). Low-income homeownership policy as a community development strategy. *Journal of Community Practice*, 5, (2), 137-154.

Schreiner, M., Sherraden, M., Clancy, M., Johnson, L., Curley, J., Grinstein-Weiss, M., Zhan, M. & Beverly, S. (2001). *Savings and asset accumulation in IDAs: Downpayments on the American Dream Policy Demonstration, a national demonstration of Individual Development Accounts*. St. Louis, MO: Washington University in St. Louis, Center for Social Development.

Schuler, S. & Hashemi, S. (1994). Credit programs, women's empowerment, and contraceptive use in rural Bangladesh. *Studies in Family Planning*, 25, (2), 65-76.

Sen, Amartya (1985). *Commodities and Capabilities*. Amsterdam: North-Holland Publishing Company.

Sen, Amartya (1993). Capability and Well-being, in M. Nussbaum and A. Sen, eds., *The Quality of Life*, 30-53. Oxford: Clarendon Press.

Sherraden, Michael (1991). *Assets and the poor. A new American welfare policy*. Armonk, NY: M.E. Sharpe.

Sherraden, Michael (1997). Conclusion: Social Security in the Twenty-first Century, in James Midgley and Michael Sherraden, eds., *Alternatives to Social Security: An International Inquiry*, Foreword by Senator John Breaux. Westport, CT: Auburn House.

Sherraden, Michael (2001). Asset building policy and programs for the poor. In T. M. Shapiro & E. N. Wolff (Eds.), *Assets for the poor: Benefits and mechanisms of spreading asset ownership.* New York: Russell Sage Foundation.

Sherraden, M., Nair, S., Vasoo, S., Liang, N. T. & Sherraden, M. S. (1995). Effects of asset accumulation among members of Singapore's Central Provident Fund. Paper presented at the Seventh International Conference of the Society for the Advancement of Socio-Economics, April 7-9, Washington, DC.

Sherraden, Michael; Johnson, Elizabeth; Clancy, Margaret; Beverly, Sondra; Schreiner, Mark; Zhan, Min; & Curly, Jami (2000). *Saving Patterns in IDA Programs.* St. Louis: Center for Social Development, Washington University.

Sherraden, Michael; Page-Adams, Deborah; and Yadama, Gautam (1995). Assets and the Welfare State: Policies, Proposals, Politics, and Research, in R.E. Ratcliff, M.L. Oliver, and T.M. Shapiro, eds., *The Politics of Wealth and Inequality* (*Research in Politics and Society*, vol. 5): 241-268.

South, S. J. & Spitze, G. (1986). Determinants of divorce over the marital life course. *American Sociological Review*, 51, (4), 583-590.

South, S. J., Crowder, K. D. & Trent, K. (1998). Children's residential mobility and neighborhood environment following parental divorce and remarriage. *Social Forces*, 77, (2), 667-685.

Steinberger, P. (1981). Political participation and community: A cultural/interpersonal approach. *Rural Sociology*, 46, (1), 17-19.

Stronks, K., van de Mheen, H., van de Bos, J. & Mackenbach, J. (1997). The interrelationship between income, health, and employment status. *International Journal of Epidemiology*, 26, (3), 592-600.

The World Bank (1994). *Averting the old age crisis*. Washington: The World Bank.

Tobin, James (1968). *Raising the Incomes of the Poor*, in K. Gordon, ed., *Agenda for the Nation*, 77-116. Washington: Brookings Institution.

U.S. Congress, Joint Committee on Taxation (1998). *Estimates of Federal Tax Expenditures for the Years 1999-2003.* Washington: U.S. Government Printing Office.

U.S. Executive Office of the President, Office of the Press Secretary (1999). *Press Briefing by Director of the National Council Gene Sperling, and Deputy Secretary of the Treasury Larry Summers*. Washington: The White House, April 14.

Varady, D. P. (1986). *Neighborhood Upgrading: A realistic assessment*. New York: State University of New York Press.

Vitt, L. (1993) Homeownership, well-being, class and politics: Perceptions of American homeowners and renters. Doctoral dissertation, American University, Department of Sociology.

Williams, L., Mehta, K. & Lin, S. (1999). Intergenerational influence in Singapore and Taiwan: The role of the elderly in family decisions. *Journal of Cross Cultural Gerontology*, 14, (4), 291-322.

Wolff, E. N. (2001). Recent trends in wealth ownership. In T. M. Shapiro & E. N. Wolff (Eds.), *Assets for the poor: Benefits and mechanisms of spreading asset ownership.* New York: Russell Sage Foundation.

Wolff, Edward N. (1987). Estimates of Wealth Inequality in the U.S., 1962-1983, *Review of Income and Wealth* 33(3): 231-242.

Yadama, G. & Sherraden, M. (1996). Effects of assets on attitudes and behaviors: Advance test of a social policy proposal. *Social Work Research*, 20, 3-11.