ASSET BUILDING IN LOW-INCOME COMMUNITIES OF COLOR

PART 1

PREDISPOSING FACTORS AND PROMISING PRACTICES IN STATES EFFECTIVE AT BUILDING ASSETS FOR LOW-INCOME RESIDENTS

EXECUTIVE SUMMARY

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MARCH 2009

ASSET BUILDING

JOINT CENTER FOR POLITICAL AND ECONOMIC STUDIES

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FOREWORD

White Americans have, on average, nearly seven times the wealth (or net worth) of African Americans and five times that of Hispanic Americans. Narrowing these gaps by increasing asset building in communities of color would constitute a significant step toward erasing the vestiges of past inequalities and creating a more equitable and prosperous future for our country. To accomplish this, we need to increase knowledge about and understanding of what fosters asset building in communities of color.

To this end, the Joint Center for Political and Economic Studies received generous support from the Ford Foundation to identify and analyze asset-building policies, practices and programs that have proven effective at fostering wealth accumulation in selected states for communities of color. This executive summary presents findings from the first phase of analysis, in which predisposing factors (such as state tax structure or political advocacy) are examined, as are the features of state programs that have shown promise in helping low-income people build assets. States analyzed in this first phase were: Delaware, Hawai'i, Iowa, Maine, Michigan, Minnesota, New Hampshire, Vermont, Washington and Wisconsin. Findings from the second phase of this analysis, to be published at a later date, will examine similar factors and programs in states with larger communities of color.

I would like to extend special thanks to Dr. Wilhelmina A. Leigh of the Joint Center, as well as to her research assistants Anna L. Wheatley and Danielle Huff and to intern Lauren Ross. Their work, along with that of other Joint Center staff members, has produced a document that will provide insight and guidance for advocates and policymakers who are striving to close the racial/ethnic wealth gap.

Ralph B. Everett
President and CEO
Joint Center for Political and Economic Studies

EXECUTIVE SUMMARY

Identifying and expanding the knowledge about policies and programs that are effective in fostering asset building in communities of color could help narrow or close the longstanding racial/ethnic wealth gap in this country. This gap is reflected in the nearly 7:1 ratio between the median net worth of white households and African American households and in the nearly 5:1 ratio between the median net worth of white households and Hispanic households.[1] Because communities of color are disproportionately low-income, and policies and programs that foster asset building are targeted by income rather than race/ethnicity, an initial step toward identifying policies and practices to help close the racial/ethnic wealth gap would be to identify practices, policies and programs most effective at enabling low-income persons to build wealth.

This executive summary presents the findings from the first part of a two-part project whose goal is to identify the practices, policies and programs most effective in enabling low-income communities of color to build wealth.[2] These findings are based on the most current information known to us as of 1 December 2008. The first part of the project involved examining the practices, policies and programs implemented in states highly ranked for asset building among low-income residents. During the second part of the project, states with larger populations of color—and that are ranked less highly on effective practices, policies and programs—will be analyzed. Asset-building programs that operate in these states will be assessed and unmet needs will be identified. The Joint Center for Political and Economic Studies received support from the Ford Foundation for this project.

The analysis in the first part of this project was conducted with 10 states ranked highly for asset building among their low-income residents. Scorecards developed by the Corporation for Enterprise Development (CFED) in 2002, 2005 and 2007-08 ranked asset-building outcomes and policies for the 50 states and Washington, D.C. Outcome rankings on these scorecards were used to identify the states examined: Delaware, Hawai'i, Iowa, Maine, Michigan, Minnesota, New Hampshire, Vermont, Washington and Wisconsin.

Two questions guided the analysis:

- Among states that are highly ranked on asset building for low-income people, which ones rank highest on factors generally believed to support asset accumulation among these residents?
- Can promising practices, policies or programs be identified in the states consistently ranked as highly effective at building assets for low-income people?

To explore the first question, a series of factors—socioeconomic, legislative/political, statewide advocacy for asset building and tax system—were examined for the 10 selected states. To explore the second question, criteria were identified to define promising practices, policies and programs in the following areas of asset building: Individual Development Account (IDA) programs, state earned income tax credit programs (EITCs), asset limits within public assistance programs, asset protections, asset facilitation, homeownership support, college savings plans and workforce development.

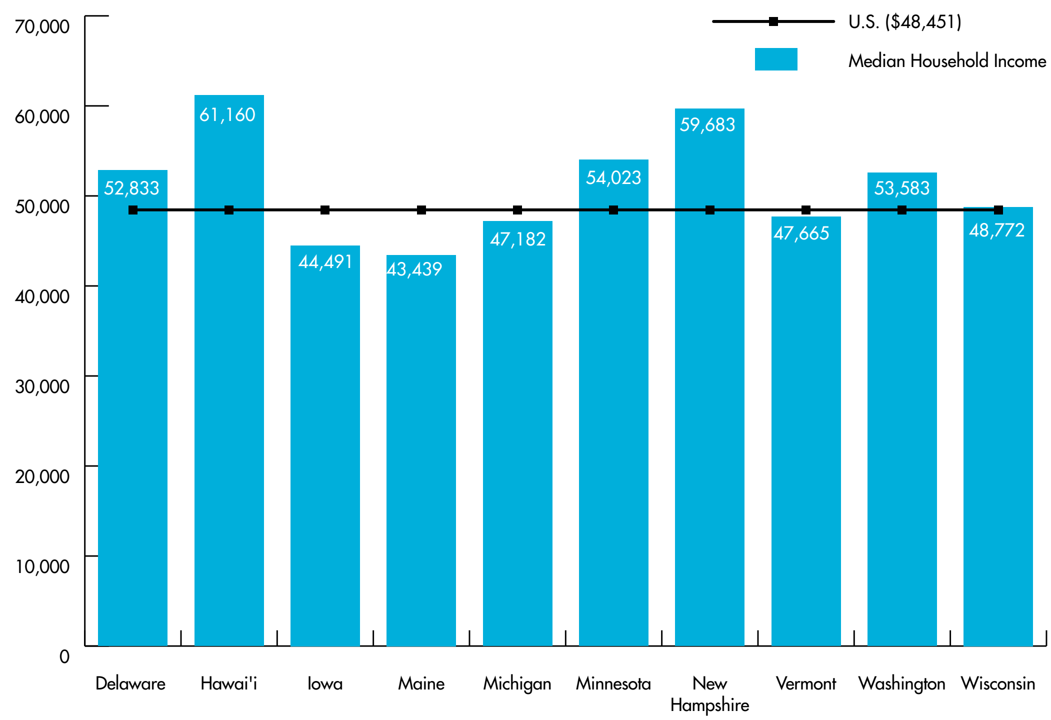
Findings from the analysis are summarized below.

Underlying Factors

- When income[3] is examined for the 10 study states, six states (Delaware, Hawai'i, Minnesota, New Hampshire, Washington and Wisconsin) are found to have median household incomes that exceed the U.S. median household income. The high median household income in Hawai'i is considered by many as misleading, however, because of the state's high cost of living.[4] Among the remaining five high-income states, Minnesota and New Hampshire have the highest median household incomes. **(Figure 1)**
- The average annual unemployment rate[5] in seven of the 10 study states was equal to or less than the U.S. average in 2006. Only Michigan, Washington and Wisconsin had unemployment rates above the U.S. average of 4.6 percent. The lowest average annual unemployment rates were found in Delaware, Hawai'i[6] and New Hampshire. **(Figure 2)**

- Educational attainment[7] often is measured by the completion of a bachelor's degree among persons 25 years of age and older. In 2006, the proportion with this level of educational attainment equaled or exceeded the U.S. average in six (Delaware, Hawai'i, Minnesota, New Hampshire, Vermont and Washington) of the 10 study states. **(Figure 3)**
- When legislative structure is evaluated by the size of a legislature (and therefore the putative greater likelihood of enacting particularized legislation such as that for asset building among low-income people[8]), four states—Maine, Minnesota, New Hampshire and Vermont—rank highly.[9]
- When the state political structure (vis-à-vis asset building) is assessed by the existence of a currently active committee, commission or task force to reduce poverty (the best available proxy for state political structure to address and support asset building for low-income people), six states rank highly. These six states are Delaware, Iowa, Michigan, Minnesota, Vermont and Washington.[10] A seventh state (Maine) is in the process of developing a Council on Poverty and Economic Security and, on this basis, also could be considered to have an active state political structure for asset building.[11]
- When legislative structure and political structure for asset building are considered jointly, three states—Maine, Minnesota and Vermont—rank highly. (See preceding two bullets.)
- Statewide advocacy for asset building for low-income people—as reflected by the existence of coalitions[12] for this purpose—is prominent in Hawai'i,[13] Michigan[14] and Washington.[15]
- The structure of a state's tax system is suggestive of the ability of state residents to save money out of disposable income and, thereby, build wealth. In states with less regressive tax systems, low-income residents are more likely to be able to accumulate

Figure 1
Median Household Income, Selected States and United States, 2006
(Dollars)



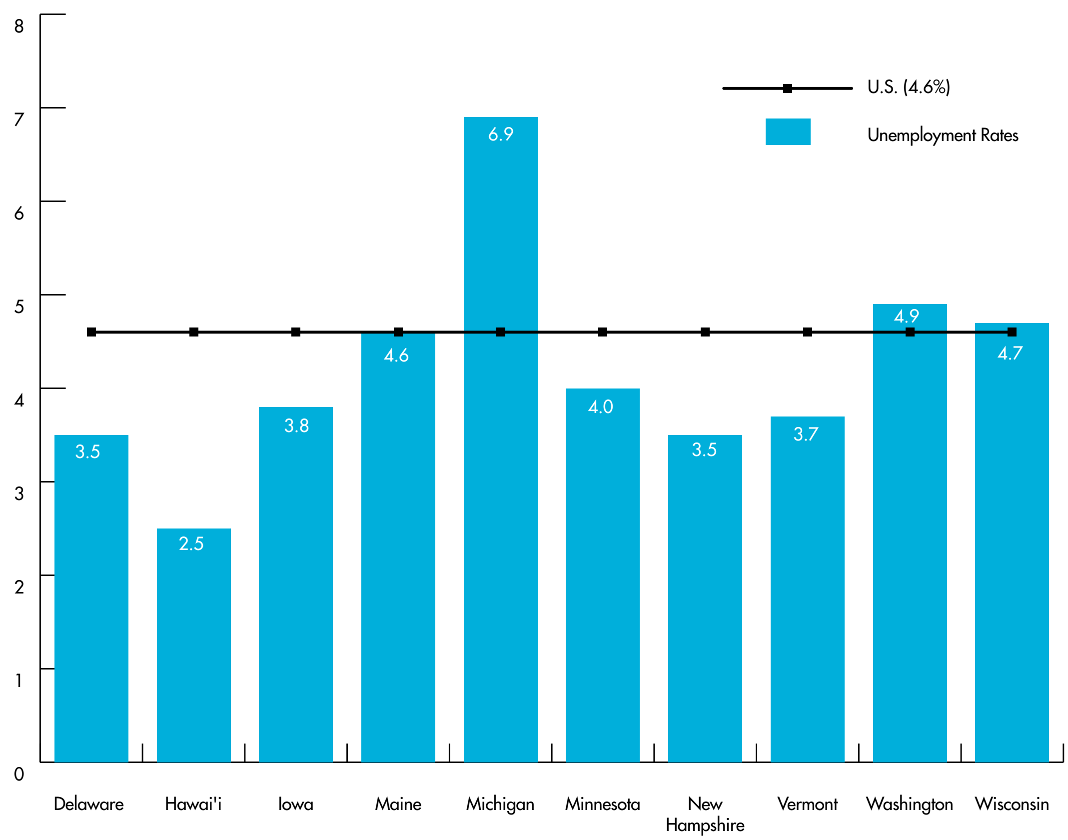
Source: U.S. Census Bureau. 2006 American Community Survey assets than they are in states with more regressive systems. Among the 10 states highly ranked on asset building for low-income people, Delaware and Vermont have the least regressive tax systems.[16]

Promising Practices, Policies and Programs

Because a complex set of factors is associated with and contributes to the inability of low-income individuals and families to build assets, there is no single way to remedy this chronic problem. Rather, a network of mechanisms is most commonly used for this purpose. Building upon the consensus identified in the work of others in the field of asset building, promising practices, programs and policies are identified in a number of broad areas—such as financial security, asset protection, asset facilitation and homeownership support. Even within states highly ranked on asset building for low-income people, differences exist in the degree to which promising practices, programs and policies are implemented **(Table 1, pg. 11).** Within these broad areas, and in others, the experience of the ten selected states is highlighted.

- **Individual Development Account (IDA) Programs.** [17] When state-supported IDA programs (currently operated by Iowa,[18] Maine, Michigan, Minnesota, Vermont and Washington) were compared, none of the programs was found to implement the full list of recommended policies, or possess the characteristics specified in the research literature for promising programs.[19] Within this group of six states, the programs operating in Michigan, Minnesota and Vermont offer the greatest savings matches, a characteristic found to attract participants to an IDA program. The Michigan IDA Partnership offers a 3:1 match for a home purchase and 2:1 match for post-secondary education/job

Figure 2
Average Annual Unemployment Rate, Selected States and United States, 2006
(Percent)

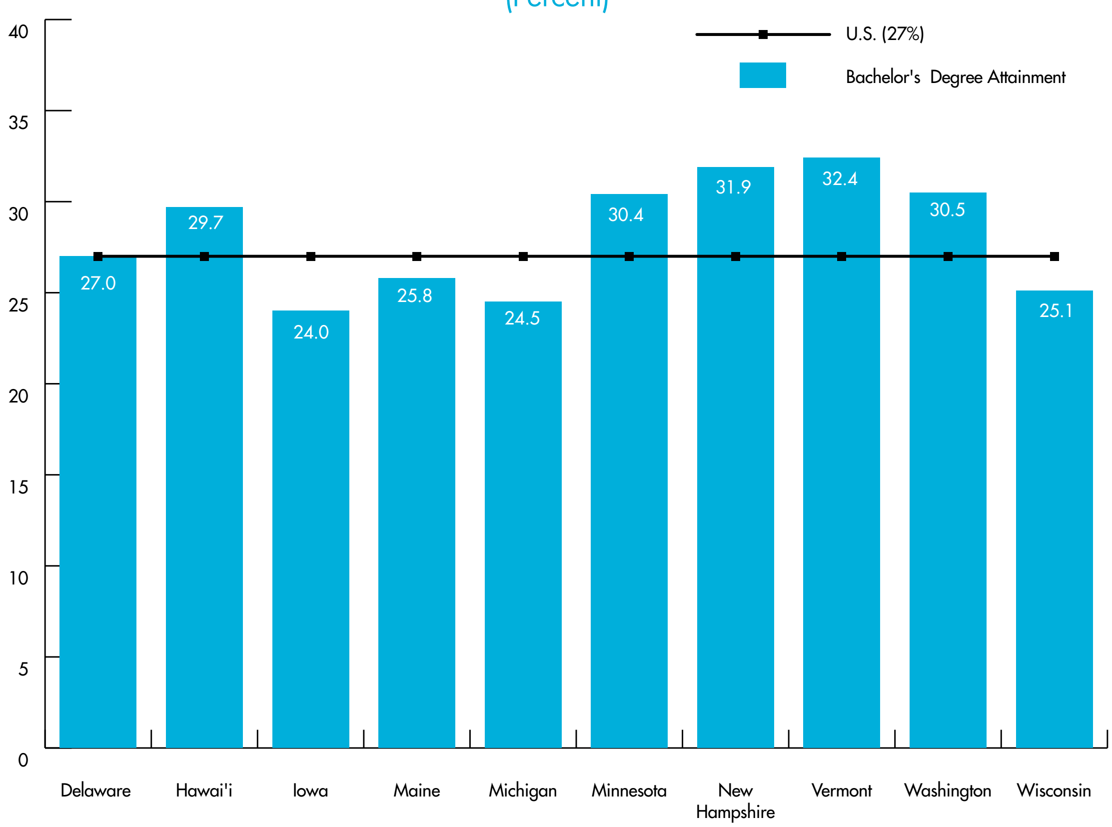


Source: Bureau of Labor Statistics. Local Area Unemployment Statistics training, or to start or expand a small business.[20] Minnesota's Family Assets for Independence in Minnesota (FAIM) offers a 2:1 match on qualified savings.[21] The Tangible Assets program, administered by the Central Vermont Community Action Council, offers a 2:1 match on qualified savings.[22] In addition, the IDA programs in Maine and Michigan are distinguished by the partnerships through which they are operated.

- **Earned Income Tax Credit (EITC) Programs.** Eight of the 10 states studied has a state EITC: Delaware, Iowa, Maine, Michigan, Minnesota, Vermont, Washington and Wisconsin.[23] Although none of these state programs have all of the characteristics noted in the research literature for promising EITC programs,[24] the programs in Michigan, Minnesota and Vermont have notable features. The Michigan EITC program has several mention-worthy attributes. It is refundable; it will be increased to 20 percent of the federal credit beginning in 2009; it provides eligibility for workers without children; and it is supported by a statewide Earned Income Tax Coalition that raises awareness of and has increased the filings for the state program. The EITC programs in Minnesota and Vermont also have several promising characteristics such as offering refundable credits, calculating the state credit as more than 15 percent of the federal credit, and allowing workers without children to qualify for the state credit.

- **Asset Limits Within Public Assistance Programs.** The differing eligibility criteria for public assistance programs (such as Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance for Needy Families (TANF) and Food Stamps[25]) make it difficult to identify which states do the best job of reducing the barrier to wealth accumulation

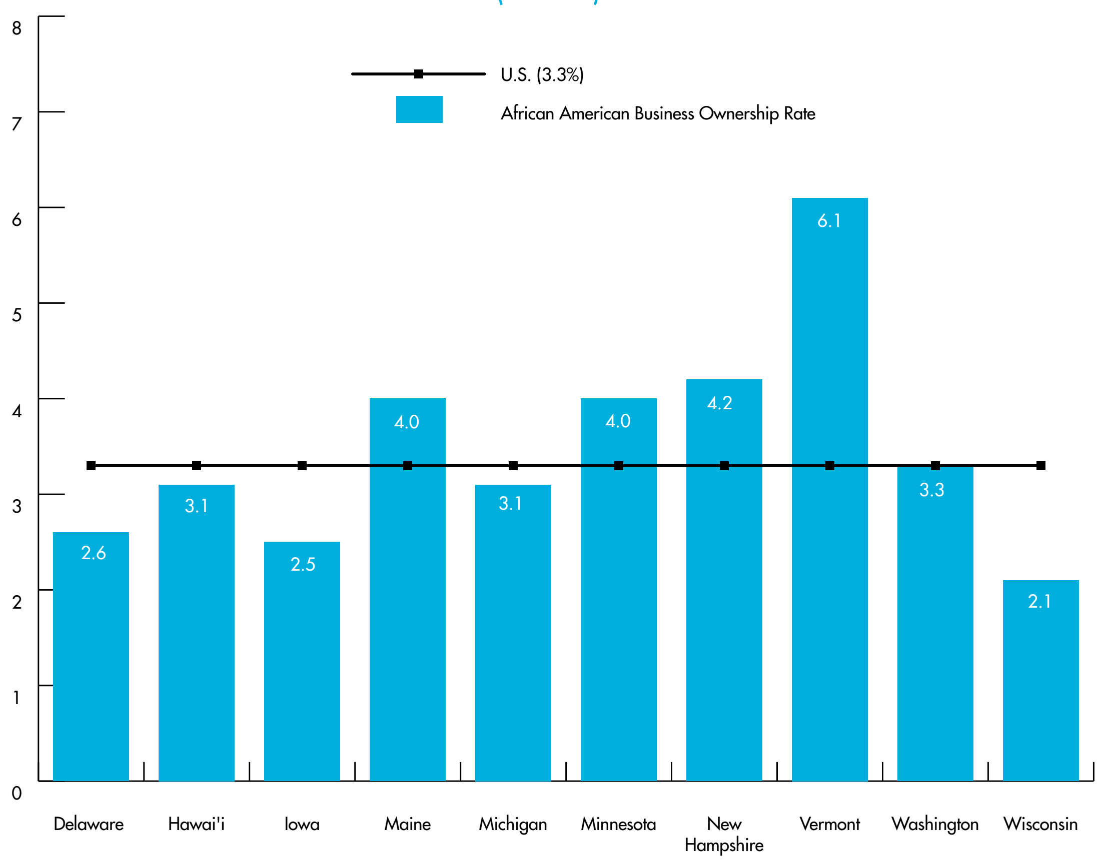
Figure 3
Population Age 25 and Older Who Have Completed a Bachelor's Degree, Selected States and United States, 2006
(Percent)



Source: U.S. Census Bureau. 2006 American Community Survey that asset limits represent. Of the ten sample states, Hawai'i, Iowa, Michigan, Minnesota, Washington and Wisconsin provide the highest asset limits for recipients of TANF benefits.[26] Of these six states, three—Michigan, Washington and Wisconsin—also have streamlined their eligibility assessment processes for Food Stamps by considering certain households to be "categorically eligible," regardless of the assets they own.[27] In these three states, households in which all members receive SSI, general assistance, or benefits funded with TANF-block-grant or state maintenance-of-effort (MOE) funds are categorically eligible to receive Food Stamps. The use of this form of categorical eligibility within the Food Stamp program places these states administratively ahead of the other states in our study that do not confer categorical eligibility. In other words, residents of states that do not confer categorical eligibility still must satisfy an asset limit before they are able to qualify for Food Stamps.

- **Asset Limits Within Public Assistance Programs: Minnesota.** Minnesota differs in the approach it takes to reduce asset limits as a barrier to wealth accumulation among low-income individuals who are eligible for federal assistance programs. Rather than eliminating the asset limit for households found to be categorically eligible for Food Stamps, the state of Minnesota has increased its Food Stamp asset limit to $7,000. In other words, households not found to be categorically eligible for Food Support

Figure 4
African American Business Ownership Rate, Selected States and United States, 2002
(African American owned business per African American population)
(Percent)



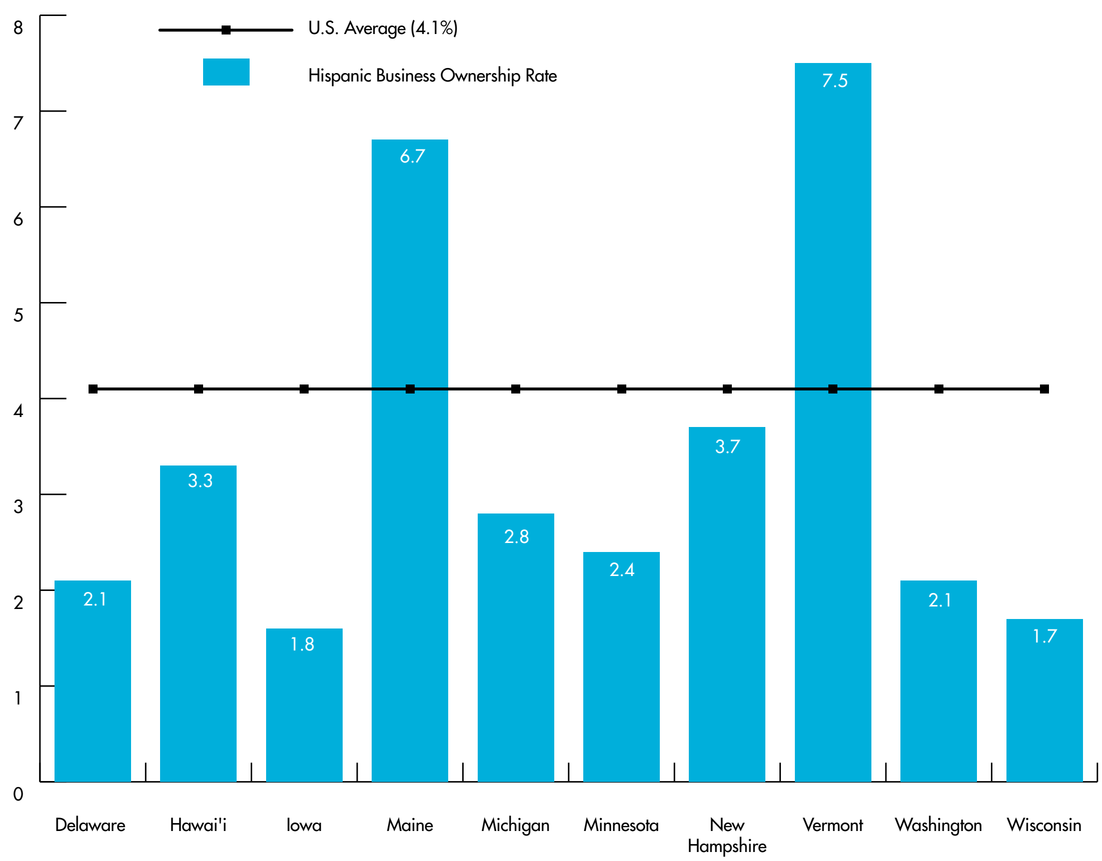
Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2002 Survey of Business Owners http://www.census.gov/csd/sbo/hispanic2002.htm and July 2002 Population Estimates http://www.census.gov/popest/national/asrh/2007-nat-res.html

(Minnesota's Food Stamp program) must have assets valued at less than $7,000 (not including the value of vehicles) to qualify for the program.[28]

- **Asset Protection: Unemployment Insurance Allowances.** Although the 10 study states generally offer more inclusive unemployment insurance (UI) coverage than the remaining 40 states in the nation, several states stand out because of their program allowances. The UI programs in six states—Hawai'i, Maine, New Hampshire, Vermont, Washington and Wisconsin—have two features that are generally recommended for providing benefits to a greater number of low-wage workers.[29] These features are the use of alternative base periods (other than the first four of the last five recently completed calendar quarters of work[30]) and extending unemployment benefit eligibility to workers seeking part-time work.[31]

- **Asset Protection: Unemployment Insurance Enhancements.** Among the six states in our study that offer UI in ways that benefit a greater number of low-wage workers (Hawai'i, Maine, New Hampshire, Vermont, Washington and Wisconsin), Maine stands out for enhancing UI payments to unemployed workers with children and for indexing benefit levels to the growth of wages in the state (to keep pace with inflation). Vermont and Washington stand out for indexing their benefit levels and for implementing a total unemployment rate "trigger" policy that automatically extends unemployment benefits during periods of high unemployment.[32]

Figure 5
Hispanic Business Ownership Rate, Selected States and United States, 2002
(Hispanic owned business per Hispanic population)
(Percent)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2002 Survey of Business Owners http://www.census.gov/csd/sbo/hispanic2002.htm and July 2002 Population Estimates http://www.census.gov/popest/national/asrh/2007-nat-res.html

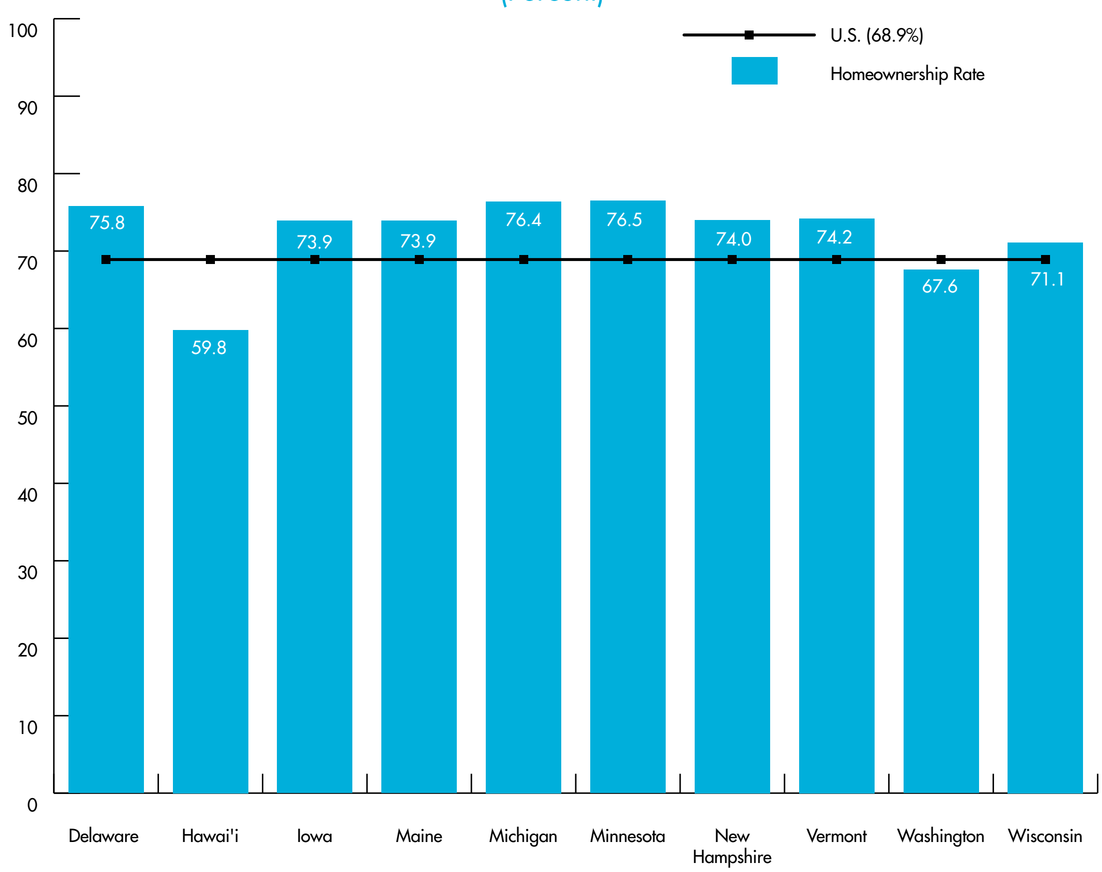
- **Asset Facilitation: Business Development.** The ten states differ widely in their initiatives and programs intended to encourage business development. In Program Year 2006, half of our study states (Maine, New Hampshire, Vermont, Washington and Wisconsin) allocated a portion of their Community Development Block Grant[33] funds to microenterprise support programs, an expenditure generally viewed to facilitate development of assets by low-income individuals.[34] When the financing of businesses by Small Business Investment Companies[35] is considered, Maine and New Hampshire rank among the top 10 of the 50 states.

- **Unemployment Insurance and Business Development.** Delaware, Maine and Washington offer program innovations that help persons eligible for UI who want to develop a business. These three states allow individuals who are eligible for UI and who are seeking to start a business to collect a weekly self-employment allowance while getting their businesses off the ground.[36]

- **Business Development Outcomes.** Of the states discussed above for their business development practices, Maine and Vermont also excel in business development *outcomes*. Maine and Vermont are among the top 10 of the 50 states in microenterprise and small-business ownership rates, and in the rates of business ownership by African Americans and Hispanics.[37] **(Figures 4 and 5)**

- **Asset Facilitation: Financial Literacy.** It is argued that low-income individuals—who disproportionately lack both financial know-how and relationships with financial institutions—are especially vulnerable to the hazards of a sophisticated financial marketplace. Thus, financial education

Figure 6
Homeownership Rate, Selected States and United States, 2005
(Percent)

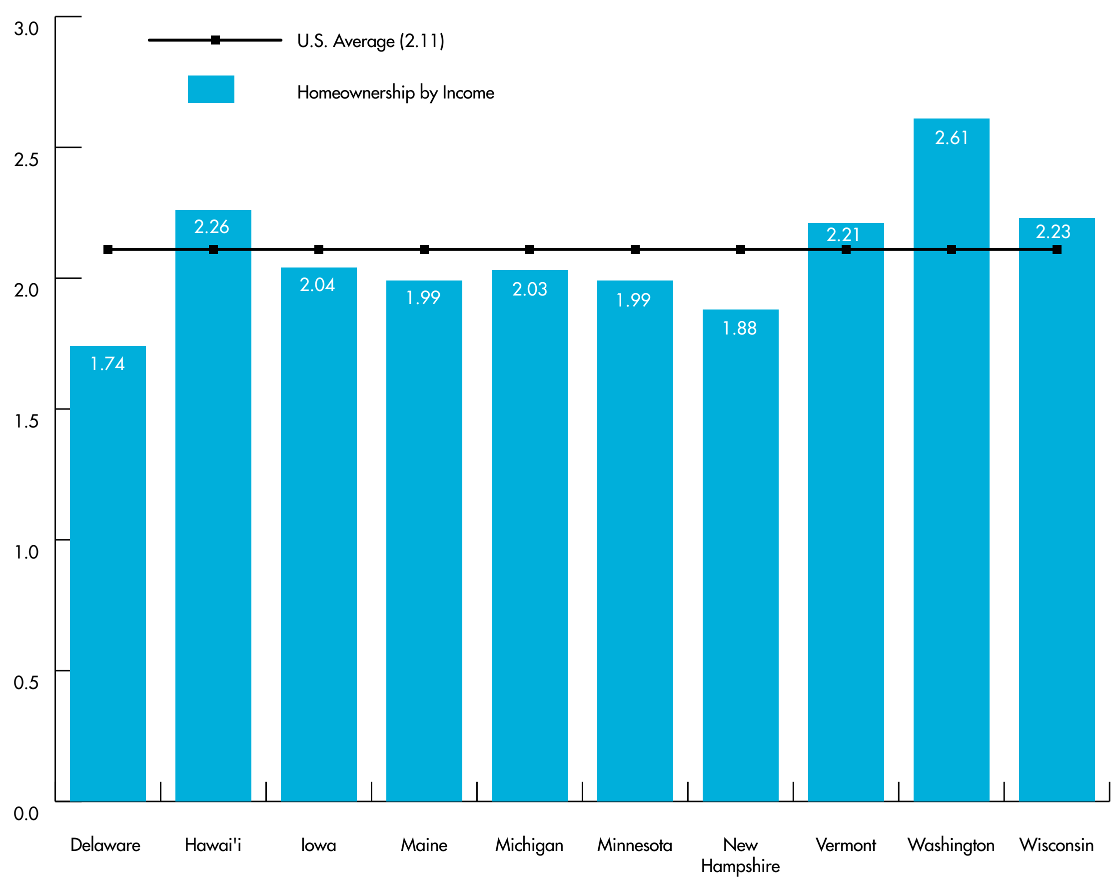


Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard is encouraged to improve the financial literacy of all individuals, but particularly those with lower incomes.[38] One policy generally recommended to foster this goal is to include financial and economic principles in public education curricula. Of our 10 study states, Delaware, Hawai'i, Maine, Michigan and Minnesota currently require that both economic education and personal finance education standards, guidelines or proficiencies be implemented.[39] State governments also are taking steps to increase the financial literacy of their residents who are not enrolled in their educational systems. Delaware, Maine, Washington and Wisconsin have been particularly active in this regard.[40]

- **Homeownership Support: Housing Trust Funds.** Nine of our ten study states—all except Michigan—have a dedicated source of funding for a housing trust fund,[41] a highly rated source of support for homeownership. Housing trust funds support homeownership and housing affordability through a variety of methods, including construction and rehabilitation of affordable housing, preservation of affordable rental housing, first-time homeownership assistance, emergency repair and foreclosure prevention.[42]

- **Homeownership Support: Other Initiatives.** States also can support homeownership through programs

Figure 7
Index of Homeownership by Income, Selected States and United States, 2004
(Rate among households in the highest income quintile of the population divided by the rate among households in the lowest income quintile of the population)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2004 American Community Survey, 5% Public Use Microdata Sample (PUMS), accessed using DataFerrett at http://dataferrett.census.gov/

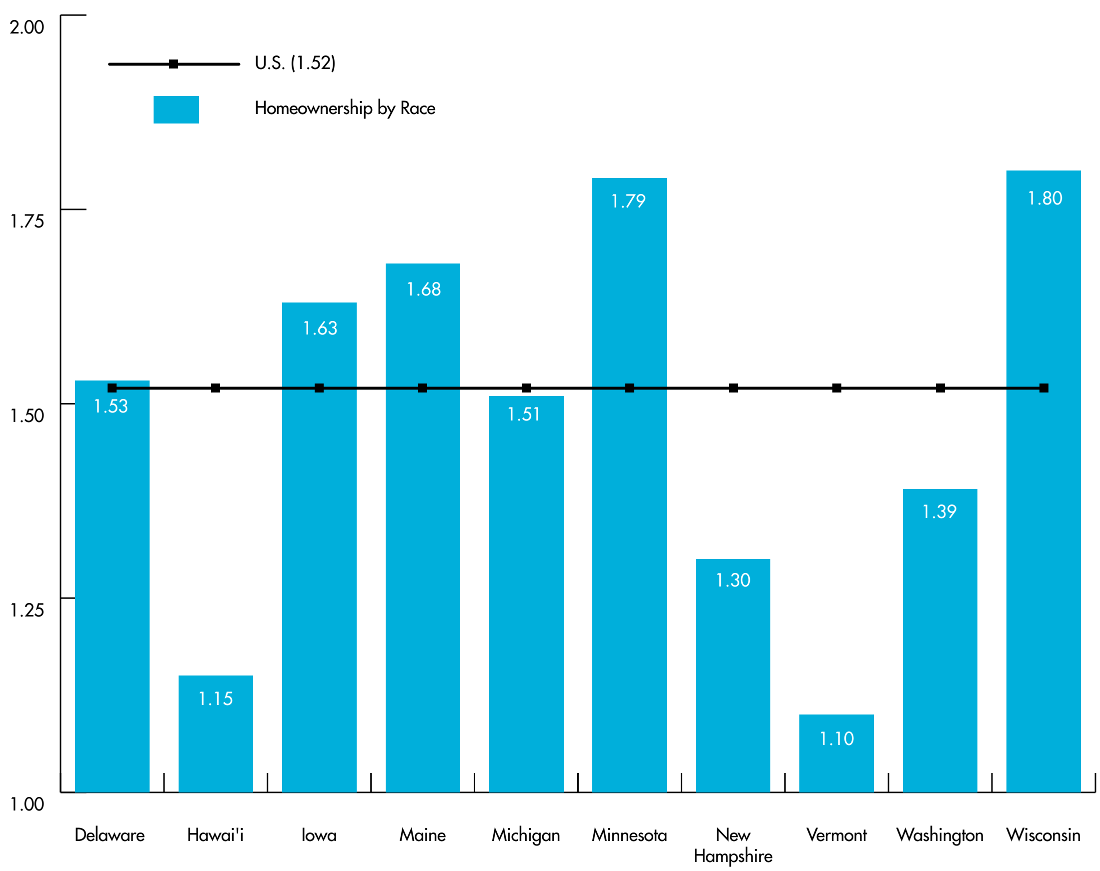
aimed at low-income and first-time homebuyers. Of the housing finance agencies in the 10 study states, eight—all except Hawai'i and Vermont—provide homeownership counseling.[43] In addition, Iowa provides direct grants and construction assistance. Michigan stands out for its provision of direct lending and construction assistance.

- **Homeownership Outcomes.** There is evidence that some of the 10 states have been successful in supporting homeownership among their residents. Half of our 10 study states (Delaware, Michigan, Minnesota, New Hampshire, and Vermont) rank among the top ten in the nation on homeownership rates.[44] In addition, only two states (Hawai'i and Washington) have homeownership rates below the U.S. average. **(Figure 6)**

- **Homeownership Outcomes by Income.** Only two (Delaware and New Hampshire) of the study states ranked among the top 10 states in the nation on the 2007-08 CFED index of homeownership by income.[45] This index compares the homeownership rate among the population in the highest income quintile (or top 20 percent of the income distribution) to the homeownership rate among the population in the lowest income quintile (or bottom 20 percent of the income distribution).

Figure 8
Index of Homeownership by Race, Selected States and United States, 2004

(Homeownership rate among households headed by persons self-identified as White divided by the homeownership rate of households headed by persons self-identified as non-White)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2004 American Community Survey, 5% Public Use Microdata Sample (PUMS), accessed using DataFerrett at http://dataferrett.census.gov/

Thus, the index tells us that in Delaware and New Hampshire, the homeownership rates of households in the highest and lowest quintiles of the income distribution are closer to one another than in the other eight study states. **(Figure 7)**

- **Homeownership Outcomes by Race.** Three states—Hawai'i, New Hampshire and Vermont—are ranked among the top 10 states in the nation on the 2007-08 CFED index of homeownership by race.[46] This index is calculated by dividing the homeownership rate of white households by the homeownership rate of non-white households. Thus, in Hawai'i, New Hampshire and Vermont, the homeownership rates of non-white households are closer to the homeownership rates of white households than in the other seven states. **(Figure 8)**
- **College Savings Plans: Features.** Although each college savings plan has useful features, it is difficult to compare and rank the 529 savings plans operating within our 10 study states in terms of attractiveness to low-income residents. The many differences in plan attributes—e.g., whether advisor-sold or direct-sold, nature of fees, contribution minimums and maximums, and asset treatment—limit our ability to make meaningful comparisons. Three states—Maine, Michigan and Minnesota—offer matching grants that may encourage people with lower incomes to participate in their plans.[47] However, the plan in one of these states (Maine) also has features—such as a high initial minimum contribution value (unless participants are enrolled in an automatic payment plan)—that may discourage participation by low-income people.[48]
- **College Savings Plans: Taxability.** Few states exclude the value of a college savings account from income when determining eligibility for financial aid to attend state schools.[49] Among the 10 study states, only in Iowa and Wisconsin are these accounts excluded from income. In other words, in the remaining eight states, the savings accrued in 529 accounts can potentially decrease the amount of financial aid for which an applicant to state schools is eligible, because they are counted as an asset of the account owner (in most cases this will be a parent, rather than the beneficiary).
- **Workforce Development.** Because of challenges associated with assessing promising workforce development practices, policies and programs,[50] we focus only on the structuring of state government support for workforce development as indicative of promising workforce development practices and programs in the 10 study states.[51] Using these criteria with our 10 states, Iowa,[52] Michigan,[53] Minnesota,[54] Washington[55] and Wisconsin[56] stand out. Of these five states, three—Iowa, Washington and Wisconsin—have an independent state agency devoted solely to administering workforce development policies and programs. The workforce development systems in Michigan and Minnesota benefit from direct gubernatorial input in their structure and functioning. Wisconsin has both a separate agency devoted to workforce development and direct interest by its governor in promoting its economic and workforce development plan.

Conclusion

Among the 10 states selected because they rank highly on asset building for low-income people, five states (Maine, Minnesota, Vermont, Washington and Wisconsin) rank highly either on factors that may predispose them to such rankings (such as socioeconomic status or legislative/political structure), or on promising practices, policies and programs. Minnesota ranked highly on both. In the second part of this project, findings for all 10 highly ranked states will be compared to factors and practices, policies and programs in states with larger populations of color and that rank less highly on asset building for low-income people.

Table 1. Promising Practices, Policies and Programs in Selected States, as of December 1, 2008

This table provides a snapshot of practices, policies and programs implemented in the ten selected states that are viewed as supportive of asset building for low-income individuals and families. An 'X' indicates that a given practice, policy or program is implemented in the state. In the endnotes additional policies, practices and programs—also noted in the literature as promising—are listed. Some of these are present in the ten selected states, but are not included within the table because it is difficult to gauge their degree of implementation. Other promising characteristics included in the endnotes were not identified in the ten selected states.

	DE	HI	IA	ME	MI	MN	NH	VT	WA	WI
IDA Programs[1]										
State-supported IDA program			X	X	X	X		X	X	
Savings match greater than 2:1 in state-supported IDA program					X	X		X		
Statewide body dedicated to IDAs				X	X					
EITC Programs[2]										
State EITC offered	X		X	X	X	X		X	X	X
Refundable state EITC			X		X	X		X	X	X
State credit >15% of federal credit	X					X		X		
Childless workers qualify	X		X	X	X	X		X	X	
Asset Limits Within Public Benefit Programs[3]										
Highest TANF asset limits (of the ten states)		X	X		X	X			X	X
Categorical eligibility used for Food Stamp program	X			X	X	X			X	X
Asset Protection: Unemployment Insurance[4]										
Alternative Base Period used to determine eligibility		X		X	X		X	X	X	X
Individuals seeking part-time work are eligible		X	X	X		X	X	X	X	X
Enhanced UI payments to workers with children			X	X	X					
Benefit levels indexed to state wage growth		X	X	X		X		X	X	
Extended Benefit Trigger							X	X	X	
Asset Facilitation: Business Development[5]										
CDBG funds allocated to microenterprise support				X			X	X	X	X

Table 1. Promising Practices, Policies and Programs in Selected States, as of December 1, 2008 (cont'd)

	DE	HI	IA	ME	MI	MN	NH	VT	WA	WI
Self-employment UI allowance	x			x					x	
Asset Facilitation: Financial Literacy[6]										
Economic education requirements in schools	x	x		x	x	x		x		x
Personal financial education requirements in schools	x	x		x	x	x				
Homeownership Support[7]										
Dedicated funding for Housing Trust Fund	x	x	x	x		x	x	x	x	x
Direct lending by state housing agency		x			x		x			
Homeownership counseling provided by state housing agency	x		x	x	x	x	x		x	x
Direct grants for downpayments provided by state housing agency			x	x					x	
Construction assistance provided by state housing agency	x		x		x				x	x
College Savings Plans[8]										
529 college savings plan offered	x	x	x	x	x	x	x	x		x
Matching grants offered				x	x	x				
529 account savings excluded from financial aid consideration			x							x
Workforce Development[9]										
Independent state agency devoted to workforce development			x						x	x

Sources:

Corporation for Enterprise Development. 2008. *2007-2008 Assets and Opportunity Scorecard*, http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2471 (accessed December 1, 2008).

Mazzeo, C., B. Roberts, C. Spence and J. Strawn. 2006. *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity*. Workforce Strategy Center, www.workforcestrategy.org/publications/WSC_workingtogether_12.1.06_3.pdf (accessed December 1, 2008).

Parrish, L., H. McCulloch, K. Edwards and G. Gunn. 2006. *State Policy Options for Building Assets*. The New America Foundation and the Center for Social Development, http://www.newamerica.net/files/Doc_File_3134_1.pdf (accessed December 1, 2008).

Table 1 Notes

1 Other promising characteristics of and recommendations for IDAs include:

- Use of Community Development Block Grant (CDBG) and Temporary Assistance for Needy Families (TANF) funds to support IDA programs;
- Offering a tax credit for individuals and businesses who contribute money to an IDA program;
- Use of state general revenue funds (including money leveraged from state IDA tax credits) for IDA administration, technical assistance and matching components as well as to leverage federal matching funds through the Assets for Independence Act;
- Allowing funds to be used to cover program administration and operating costs, as well as technical assistance to providers.
- Designating a state agency as program steward. Specifically, to allow for a more broad-based asset-building strategy, a state should designate a department with a broader focus—such as economic development or banking—as the IDA program administrator;
- Providing initial deposits to program participants to spur savings and interest in becoming financially educated; and
- Allowing savings in IDAs to be used for debt reduction.

2 Other promising characteristics of and recommendations for state EITCs include:

- Launching or expanding an EITC awareness campaign;
- Providing a bonus for EITC funds deposited into a savings or investment account;
- Allowing people to split their income tax refund and deposit a portion directly into a savings account or other savings product, such as an Individual Retirement Account; and
- Defining earned income in a manner broad enough to accommodate the income of Native Americans.

3 Other promising characteristics of and recommendations for asset limits in public benefit programs include:

- Eliminating (or increasing substantially) asset limits from eligibility considerations;
- Excluding certain asset holdings—e.g., education, health, and retirement savings, a vehicle, and EITC refunds—from eligibility test; and
- Indexing asset limits to inflation (if state has not eliminated asset limits altogether).

4 Another promising characteristic of and recommendation for Unemployment Insurance:

- Modifying eligibility rules to require a minimum number of hours worked rather than an earning threshold.

5 Other promising characteristics of and recommendations for business development include:

- Creating a state microenterprise loan fund;
- Supporting state microenterprise intermediaries that strengthen the capacities of local programs;
- Funding microenterprise support programs through the appropriation of general funds, the allocation of discretionary funds at the state agency level, and the allocation of funds from federal programs such as Temporary Assistance for Needy Families (TANF), and the Workforce Investment Act (WIA);
- Supporting Community Development Financial Institutions (CDFIs), thereby helping to increase the capital available to low-wealth entrepreneurs;
- Supporting revolving loan funds to spur small business growth; and
- Supporting below-market-rate business loans, education and training, supportive procurement policies, small business centers and state funds earmarked for nontraditional entrepreneurs.

6 Other promising characteristics of and recommendations for financial literacy include:

- Creating opportunities for teachers to receive financial education training;
- Providing incentives for and facilitating workplace financial education;
- Allowing financial education to fulfill TANF work requirements; and
- Supporting public awareness and financial education campaigns.

7 Other promising characteristics of and recommendations for homeownership support include:

- Supporting and expanding lease purchase programs, affordable housing construction, and employer-assisted housing;
- Promoting federal programs that support homeownership opportunities for low-income households;
- Enacting a state-level Community Reinvestment Act (CRA) to expand the pool of mortgages in underserved communities;

- Enacting inclusionary zoning policies that require private developers to include units that are affordable to low- and moderate-income families;
- Supporting alternative affordable homeownership strategies, such as community land trusts, housing cooperatives, self-help housing and manufactured housing;
- Allocating tax increment revenues to support affordable homeownership; and
- Eliminating caps on the housing trust fund.

8 Other promising characteristics of and recommendations for college savings incentives/support include:

- Automatic enrollment in 529 savings plan at birth for all children born in the state;
- Minimizing fees and service charges in 529 plans; and
- Reaching out proactively to low- and moderate-income families.

9 Other promising characteristics of and recommendations for workforce development include:

- Increasing the percentage of state Temporary Assistance for Needy Families (TANF) funds spent on workforce training and education;
- Increasing the percent of Workforce Investment Act (WIA) beneficiaries who are receiving training;
- Marketing postsecondary workforce education and financial aid to adults as a tool for getting a better job;
- Making postsecondary workforce education more affordable by keeping tuition low and by having adult-friendly financial aid policies;
- Aligning related policies to help lower-skilled adults access education and training;
- Incorporating employer demand and state economic priorities in workforce educational planning; and
- Building workforce education into state economic development policy and regional economic priorities.

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