



The 2007-2008 Assets and Opportunity Scorecard

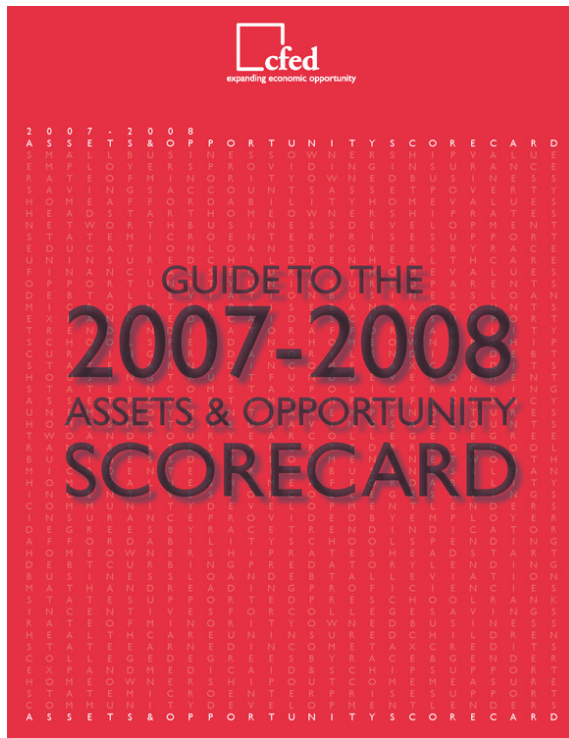
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CFED**

**Regional Equity: The Third National Summit
Innovations in Asset and Wealth Building
March 6, 2008**

CFED

- The Corporation for Enterprise Development (CFED) works to expand economic opportunity by helping low-income people save and invest, own homes, succeed as entrepreneurs, contribute to and benefit from the economy
- CFED's special expertise is to connect public policy, private markets and community practice to bring effective approaches for building wealth and financial security to scale at the local, state and national levels
- Led the development of the asset building through national demonstrations that proved that low-income could build assets for themselves and their children when provided with the same incentives and structures that we offer middle and upper-class Americans.

Assets and Opportunity Scorecard



- Most comprehensive tool measuring ownership and financial security at state level
- Provides assessment of how well states support efforts of residents to build and protect their assets
- Focus on assets is essential for low- and moderate-income Americans to enter the economic mainstream and build wealth

Scorecard Goals

- Establish the Scorecard as the definitive source of timely, reliable information on state asset outcomes and policies
- Encourage new and different kinds of stakeholders to come together across traditional issue areas and work toward a common agenda
- Raise the profile of asset building and policy activities nationally through public education campaigns, media outreach and partnerships
- Achieve real policy change through a business model that:
 - Provides the tools, resources, technical assistance and connection to state stakeholders to enhance policy impact
 - Respects the home-grown experience and expertise that each of our state partners bring
 - Facilitates peer learning and exchange in real time through training institutes, conference calls and technology

Scorecard Framework

Presents both quantitative data on 46 performance indicators and qualitative measures on 38 policies for each state and Washington, DC. Organizes data and policy information into 5 categories that define how to build and protect wealth in today's economy:

- Financial security
- Business development
- Homeownership
- Health care
- Education

Framework underscores need to integrate asset development, asset protection and social insurance across sectors to advance financial security for all Americans

New and Improved in 2007-2008

- For the 1st time, the Scorecard:
 - Includes proprietary data on debt
 - Expands analysis of data by race, gender and income
 - Highlights 12 core policies in asset development and protection as model state policy agenda
 - Linked to a network of 10 state partners with track records in policy advocacy who seek to leverage the Scorecard for policy change
 - Focus of a year-long educational campaign combining presentations, media coverage and a training Institute
 - Provides 450 separate web pages to encourage access to and application of data and policy information

Assets Across America: The National Picture

- **Good news in net worth since the 2005 Scorecard:**
 - Median household net worth rose 26% to \$65,150
 - Rose 77% to \$48,500 for women; 114% to \$11,640 for minorities
 - Caution: gains driven primarily by increasing home values, which may not be sustainable
 - CFED preparing a special 2008 Scorecard Supplement to update key data on net worth and homeownership (details later)
- **Despite gains, foundation for asset base is fragile:**
 - 15.5% of all households have zero or negative net worth
 - 21% of middle-class households are asset poor – i.e., could not survive at poverty level for 3 months if income interrupted

Assets Across America: The National Picture

- Substantial economic disparities endure:
 - For every \$1 of net worth in white households, minority households have 13 cents; for every \$1 of net worth in male-headed households, female-headed households have 59 cents; Rates of racial and gender asset inequality vary dramatically across the states
 - 1 in 10 white households (11.7%) have a zero or negative net worth, while more than 1 in 4 minority households (26%) and nearly 1 in 5 female-headed households (19%) do
 - Many Americans operate outside financial mainstream: 28% have neither checking nor savings account

National Findings

■ Business Development

- Small business ownership rates rose 33% (2003-2005) – 2nd largest component of personal net worth

■ Health Insurance

- 36% of low-income parents uninsured, compared with 16% of parents at all income levels; 18.5% of low-income children uninsured, a decrease of roughly 211,000 children since the 2005 Scorecard

■ Education

- 72% lack 4-year college degree – credential often necessary to earn a living wage






Grading

- Grades
 - Based on ranked outcome measures
 - Distributed on a curve (see right)
- Policy Ratings
 - Based on Scorecard criteria for strong, effective policy

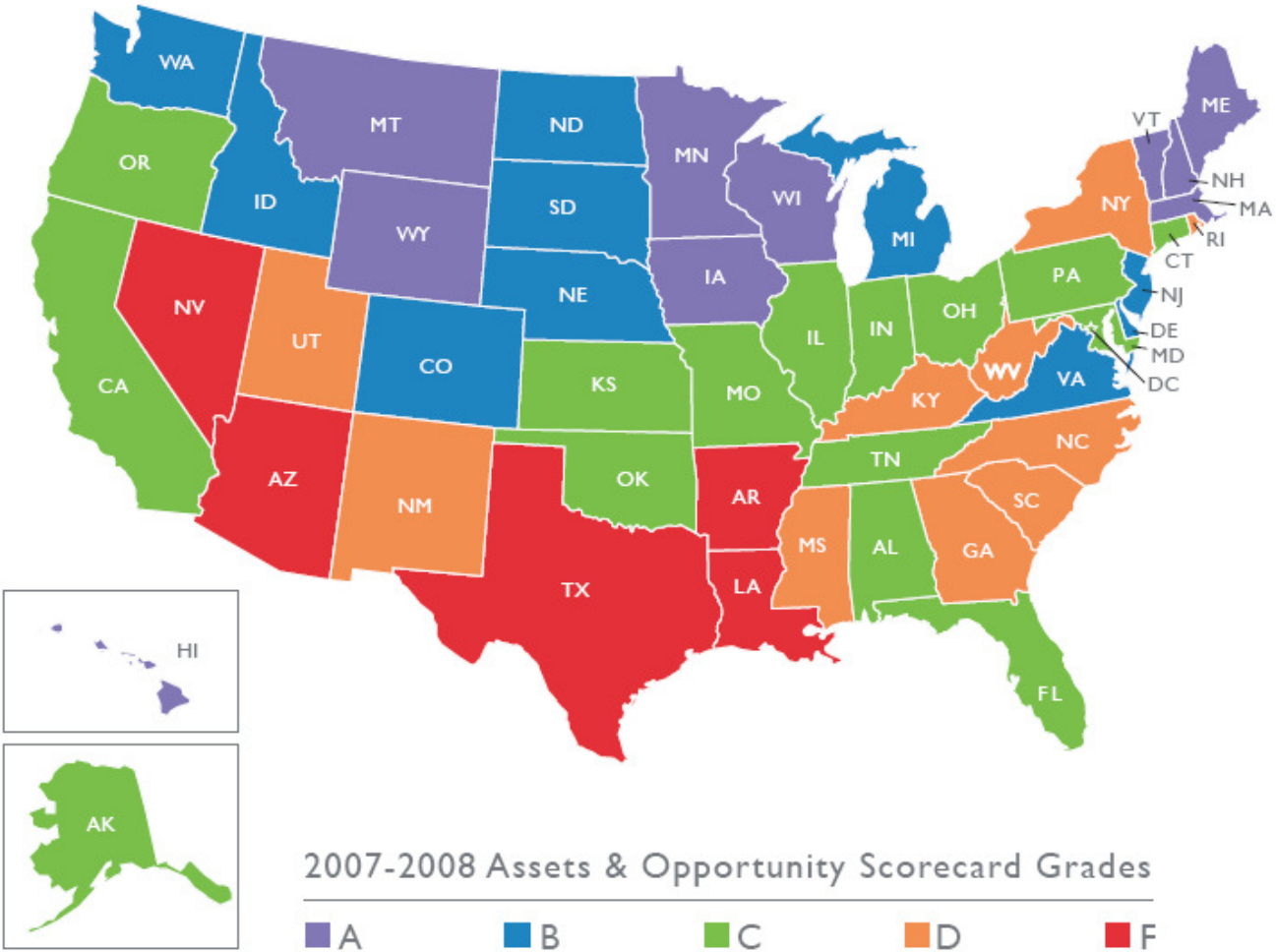
Grade distribution

Grade	Rank
A	1-10
B	11-20
C	21-36
D	37-46
F	47-51

Policy rating

	All criteria met
	Most criteria met
	Some criteria met
	Few criteria met
	No criteria met

State Grades



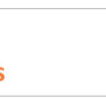


State Policy Agenda and Ratings

- Policies provide opportunities for families to build assets and safety nets to protect what they've got
- Scorecard includes 38 policies but selects 12 Core Policies as model state policy agenda for the first time
- Core Policy selection criteria and ratings:
 - Reflects inclusive asset building and protection agenda
 - Ambitious, yet achievable – all well-tested on the ground and vetted in state houses
 - Comparatively, straightforward and easy to understand
 - Knowledge of “best policy” used to rate states and prepare resource guides for policymakers and advocates


12 Core Policies


7. School Spending Fairness
8. State EITC
9. State Supported Preschool
10. Support for Community Development Lenders
11. Support for IDA Programs
12. Tax Expenditure Reports

 <h3>STATE EARNED INCOME TAX CREDIT</h3> <p>OVERVIEW</p> <p>In 2004, 12.7% of the U.S. population had incomes below the federal poverty level, and 22.4% were asset poor. The largest and most effective way to help low- and moderate-income families is the federal Earned Income Tax Credit (EITC). EITC is also a means to reducing child poverty — and to pay off debts. Families can start saving for the future.</p> <p>The EITC supplements the earned income of low- and moderate-income workers. When the EITC is greater than a worker's tax liability, it results in a refund. As a result of its success, the EITC has expanded from \$1.25 billion in 1993 to \$15.5 billion in 2007,¹ and many states have enacted their own EITC.</p> <p>WHAT STATES CAN DO</p> <p>States can enact their own EITC to supplement the federal credit, as well as whether it will be refundable. States can also determine the amount of the credit, the phase-out rate, and whether it will be refundable. States can also determine the amount of the credit, the phase-out rate, and whether it will be refundable. States can also determine the amount of the credit, the phase-out rate, and whether it will be refundable.</p>	 <h3>2007-2008 ASSETS & OPPORTUNITY SCORECARD</h3>
<p>OVERVIEW</p> <p>One in five Americans has zero or negative net worth. Twenty-two percent has so few assets that they could not stay above the poverty level for three months if their earnings were interrupted. Government policy decisions influence these outcomes. Through tax and spending decisions, government can create incentives for people to save and build assets. For example, the federal government spent \$367 billion in Fiscal Year 2005 to support asset-building for Americans. Unfortunately, most of that support went to those with very high incomes, and little to those who need it most.²</p> <p>There are, however, some policies that help low- and moderate-income people build assets. One example is a state-subsidized individual development account (IDA) program. IDAs are special savings accounts that match the deposits of low- and moderate-income savers, provided that they participate in financial education and use the savings for targeted purposes — most commonly post-secondary education, homeownership, or capitalizing a small business.³</p> <p>Extensive research on IDAs has demonstrated that these accounts are important tools that make families more financially secure and communities more stable.⁴ The American Dream Demonstration (ADD), which ran from 1997-2003, was the first systematic study of IDAs. It proved that, with the proper incentives and support, the poor can and do save. The average monthly net deposits per participant were \$19, and — with an average match rate of \$2 for every \$1 saved — participants accumulated about \$700 per year.⁵</p> <p>WHAT STATES CAN DO</p> <p>Funding for IDA programs often comes from a combination of federal and state governments, foundations, and the private sector. State funding, in addition to directly helping low- and moderate-income savers, can also leverage federal Assets for Independence Act funds, which require a one-to-one non-federal match.</p> <p>Generally, state-supported IDA programs involve a partnership between a state agency, non-profit service providers, and financial institutions. Once a state authorizes an IDA program through a legislative or regulatory process, it designates a state agency or non-governmental entity to serve as the program administrator and steward. At least half of the state programs surveyed in a recent study⁶ were administered jointly by a state agency and a non-profit.</p> <p>The program administrator sets up accounts with the financial institution partner; provides fiscal management, administration, and overall marketing; and reports results to a state auditor or evaluator. The administrator also partners with non-profit service providers to interface with accountholders. Service providers manage outreach and recruitment, data collection, and individual accounts; and provide financial education training, budget and credit counseling, and asset-specific classes.</p>	 <h3>2007-2008 ASSETS & OPPORTUNITY SCORECARD</h3> <p>1 P. Pappas and D. Burkhead (2007), <i>Assets for Opportunity: Getting Here from Federal Asset-Building Policies</i> (Washington, DC: CFED), p. 1. Retrieved 3/23/07 from http://www.cfed.org/assets/asset_building/pubs/AssetsForOpportunity.pdf</p> <p>2 The Center for Social Development, <i>Asset-Building: Opportunities to Build Wealth and Improve Economic Mobility</i> (Washington, DC: CFED), p. 1. Retrieved 3/23/07 from http://www.cfed.org/assets/asset_building/pubs/AssetBuilding.pdf</p> <p>3 Schreiner, M., Cheng, B., & Sherraden, D. (2005). <i>How Parents Support Performance in the Future: A National Demonstration of Individual Development Accounts (IDAs)</i>. Center for Social Development, Pennsylvania State University.</p> <p>4 Pappas and D. Burkhead (2007), <i>Assets for Opportunity: Getting Here from Federal Asset-Building Policies</i> (Washington, DC: CFED), p. 1. Retrieved 3/23/07 from http://www.cfed.org/assets/asset_building/pubs/AssetsForOpportunity.pdf</p>

A look at Louisiana

**STATE RATINGS:
LOUISIANA**





**2007-2008
ASSETS & OPPORTUNITY
SCORECARD**

OVERVIEW

Financial security remains a distant goal for many Louisianians. Louisiana earns an overall F grade in the 2007-2008 *Assets and Opportunity Scorecard*, performing relatively well in measures of Business Development and Homeownership (C grades) but very poorly in measures of Financial Security and Education (F grades). Louisiana households have relatively few assets (the state ranks 43rd in net worth and 42nd in households with zero or negative net worth), and are less likely to have bank accounts (38th in households with non-interest bearing accounts and 45th in households with interest bearing accounts). The state also has over a quarter of its residents living in asset poverty, resulting in a 41st rank. However, residents in the Pelican State are more responsible with their credit, holding less credit card debt (5th) and mortgage debt (7th) than most other Americans. The state also has a relatively higher rate of homeownership (19th), with the value of those homes (17th) being greater than most other states. But there are troubling signs in Louisiana's homeownership environment: the gender gap in homeownership is the worst in the nation and a high rate of foreclosures (43rd) shows that many families are being stripped of their most important asset. The state also ranks 47th in employer-sponsored health insurance and has the third highest rate of low-income parents without health insurance. Moreover, exceptionally low educational achievement threatens the long-term financial security of Louisianians; the state ranks at or near the bottom on all measures of education.













Owning a business can be an important path to financial security, but only some residents are able to successfully start and maintain their own business. Hispanic entrepreneurs are thriving in Louisiana: the state has the 4th highest rate of Hispanic business ownership, and those businesses have high value (7th). In contrast, women entrepreneurs are not as common (43rd), and the rewards to operating a business are not as favorable to African-Americans and Asians as they are to others; the state ranks last in African-American owned business value and 45th in Asian owned business value.






WHAT LOUISIANA CAN DO

Despite the bleak assessment on Louisiana's asset environment, there are signs the state is progressing. In recent years, the state has shown one of the nation's largest increases in the number of low-income children covered by health insurance and has also created a housing trust fund to support the

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CORE POLICY RATINGS

-  Asset Limits in Public Benefits Programs
-  Housing Trust Fund
-  Incentives for College Savings
-  Microenterprise Support*
-  Curbing Predatory Lending
-  Expanded Coverage for Medicaid and SCHIP
-  State Earned Income Tax Credit
-  School Spending Fairness*
-  Support for Community Development Lenders*
-  State Supported Preschool**
-  Support for IDA Programs
-  Tax Expenditure Report**

 Very strong policy
 Strong policy, but some room for improvement
 Some policy, but much room for improvement
 Minimal policy in place
 No policy in place

* Maximum possible score is 50%
 ** Maximum possible score is 25%
 *** Maximum possible score is 75%

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Index	Grade
Financial Security	F
Business Development	C
Homeownership	C
Health Care	D
Education	F

Noteworthy in Louisiana

Rank	Measure
3	Asian Business Ownership Rate
4	Hispanic Business Ownership Rate
5	Median Credit Card Debt
7	Median Mortgage Debt
7	Hispanic Owned Business Value
17	Affordability of Homes
17	Private Loans to Small Businesses

Challenges in Louisiana




Rank	Measure
51	Homeownership by Gender
51	African-American owned Business Value
50	Two Years of College
49	Low-Income Parents Without Insurance
48	Degrees by Gender
47	Employer-Sponsored Insurance
47	Four Years of College
45	Households with Zero or Negative Net Worth

Core Policies in Louisiana: Strengths and Opportunities

- Housing Trust Fund
- Asset Limits in Public Benefit Programs
- Support for Community Development Lenders
- Incentives for College Savings
- State Supported Preschool



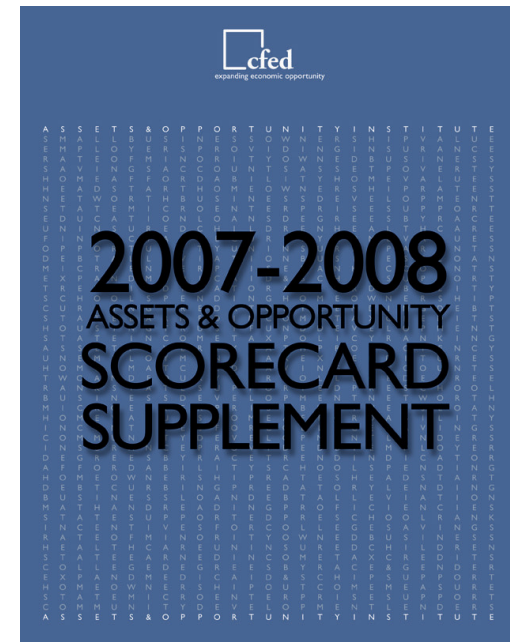
Core Policies in Louisiana: Opportunities

- Support for IDA Programs 
 - Opportunity: Expand funding to match IDAs and other matched savings accounts
- Expand Coverage for Medicaid and SCHIP 
 - Opportunity: Expand coverage to parents with incomes up to 200% of the federal poverty level
- State Earned Income Tax Credit 
 - Opportunity: Leverage federal EITC to create new source of income and savings



2008 Scorecard Supplement

- Update key information on net worth, asset poverty and homeownership and add new measures not now in Scorecard
 - Net worth analysis that disaggregates home equity from financial and other assets
 - New data on mortgage delinquency rates and foreclosure starts to show breadth of families in crisis
- Concrete strategies to protect the economic viability of households and communities during current mortgage crisis
- To be released at 2008 Assets Learning Conference in September



Scorecard Resources

www.cfed.org/go/scorecard

- All data available for download
- State summary of data
- Trend indicators showing change in 14 measures over time
- Downloadable issue briefs; policy briefs on 12 core policies
- Guide to create customized state scorecards
- CFED's center for policy advocacy
 - Monthly state policy updates (scorecardpolicy@cfed.org)
 - Federal policy updates and alerts (www.cfed.org/go/advocacy)

2008 Assets Learning Conference

Advancing America's Assets Agenda

Expanding Opportunity, Promoting Prosperity and Mobilizing Communities



- September 11-13
- Washington, DC
- www.assetslearningconference.com