State Asset-building Coalition Cluster (SALC)
August 2013 Convening Report

Building on impressive efforts made toward advancing asset-building initiatives and policies in the United States, statewide advocacy groups continue to benefit from capacity-building opportunities and technical support. Through the development and support of state asset-building coalitions and cross-coalition convenings at the state and national levels, policymakers, researchers, and practitioners are able to share innovative ideas and effective practices for increasing financial security among low- and moderate-income (LMI) families through savings and investments.

The convening of the State Assets Learning Cluster (SALC) represented in this report was the first of two convenings held in 2013. The two convenings represented the continuation of an ongoing effort to build the capacity and knowledge base of 12 state-level coalitions that focus mainly on increasing asset-building opportunities for LMI individuals and families. With support from the Charles Stewart Mott Foundation, SALC has met two to three times per year since 2009.

About The SALC Initiative

The original SALC project ran from January 2009 through December 2011 and included three capacity-building convenings per year, as part of several project objectives and goals. SALC partners were chosen by a leadership team (selected and supported by the C. S. Mott Foundation), on a competitive basis through an RFP process. A report on the goals and results of the original project was completed by the Institute for Assets and Social Policy (IASP) at Brandeis University. In 2012, Mott granted additional support to continue semi-annual SALC convenings through a foundation-administered project. Then, in 2013, the Center for Social Development (CSD) was granted Mott support for a capacity-building project that includes facilitating the SALC convenings in 2013 and 2014.

Twelve states are represented by SALC and reflect variation by region and culture. They are: Arkansas, California, Illinois, Maryland, Massachusetts, Michigan, Mississippi, New Mexico, North Carolina, Ohio, Texas, and Washington. SALC convening participation consists of two leaders from each state asset-building coalition. Cluster participation is limited to established state coalition partners.

Since January 2012 (the first year after the original project ended), SALC convening agendas have been developed by a three-state Steering Committee chosen annually by cluster partners, in collaboration with a project leadership team. In 2013 the SALC-selected Steering Committee members represented Illinois, North Carolina, and Texas coalitions.

The August 2013 SALC Convening

The agenda for the first convening in 2013 focused on a "deep dive" into two policy areas: (1) establishment of children's savings accounts (CSAs) at the state level, and (2) developing effective state-level anti-predatory lending laws and related alternative lending products. In addition to two policy discussions, a four-hour long Getting Equity Advocacy Results (GEAR) training was offered – spread over two days – by Solana Rice of PolicyLink. The final session was Benchmark Policy Innovations. Sharing innovative policy ideas and initiatives has been established as a capacity-building tool for the partners. A summary of each session is provided below. (See Appendices A and B for the meeting agenda and attendee list.)

Establishing Children's Savings Accounts (CSAs) Initiatives

Representatives of Texas and Illinois asset-building coalitions presented on the policy side of CSAs (based on their own experiences in developing children's savings policies and initiatives in their respective states). Key points and lessons from the presentations and ensuing group discussion follow.

- A major goal of every state effort regarding CSAs should be that every child in the state receives a savings account – preferably at birth. College Savings (529) Plans may provide features that make them an effective model for establishing CSAs, but not all cluster states expressed interest in pursuing a progressive 529 model for the accounts.
- In lieu of proposing that savings-type accounts be government-supported for all children in a particular state (since budgetary constraints are still an issue for most states), targeted pilot programs could be established. However, pilots should serve the greatest number of children possible and cover a diverse geographical and socioeconomic area.
- CSA plans should include annual matches on deposits for children from low-income households. Some form of financial education or financial capability training should be made available to all participating children *and* their parents or guardians.
- To promote full participation, special allowances should be included in children's savings policies for children and parents with immigrant status.
- Program implementers should make a concerted effort to bridge the racial wealth gap as CSAs are established (inclusion). Participants noted that they knew of teachers in some states discouraging economically disadvantaged students from pursuing post-secondary education, encouraging them instead to go directly into the workforce after high school. Capturing state-level data relating to issues of educational bias against poor children and children of color may be helpful when promoting and planning CSA initiatives.
- Sound data and research on the benefits of children's savings should be made available to all state legislators and policy partners as part of CSA policy advocacy efforts.

- Policy barriers exist in many states that could inhibit efforts to establish CSAs on a large scale. A sound strategy for identifying and overcoming such policy barriers should be developed.
- If states do not support progressive education policies (at a significant level – including at the pre- and post-secondary levels), college savings account programs will be less effective and successful (lower account uptake and college attendance), and competition for educational needs may occur. In one state, parents with low-incomes perceived the promotion of a college savings program in the state as taking attention away from the closing of public schools in their areas.
- A motivational approach to policy advocacy will likely work better in some states than in others. For example, a few states have achieved significant buy-in from legislators by presenting CSA policy primarily as a good business proposition for the state.
- The concept of universality might be promoted more effectively if connected to the achievement of specific goals, such as completing college and/or job training for employment (retention of highly skilled workers in a state). It would be helpful to learn what specific incentives (related to completing education) appeal to people in any particular state, since there is a growing national gap between college enrollment and completion.

Representatives of New Mexico and North Carolina asset-building coalitions presented on the program/plan/product development side of a CSA strategy (based on their own experiences in developing children's savings policies and initiatives in their respective states). Key points and lessons from the presentations and ensuing group discussion follow.

- There seems to be increasing recognition in state policy and business circles that families should be started on a path towards acquiring financial aid for their children's post-secondary education as early as possible – preferably at birth. Increased awareness in that area could be incorporated into CSA initiative planning.
- College access networks can be effective tools for helping parents and children prepare for post-secondary education; framing college attendance in terms of both access and completion. Focusing initial CSA policy efforts on expanding the effectiveness and impact of college access programs already in place in the state could be a place to start; including expanding support for existing low-touch interventions (rather than developing and initiating new and more expansive – and expensive – high-touch approaches).
- Program and product development should make allowances for the complex needs of all children and families served: establishing emergency savings accounts for parents could help keep money in kids' accounts, and financial capability training for adults could help parents achieve their own developmental goals as they save for the developmental needs of their children.
- Financial education should be offered with any CSA product – for both children and adults.
- Policymakers and program administrators should consider innovative designs for account access, including making CSA funds available in stages or tiers. For example, the first draw down of funds could occur upon earning a high school diploma or a GED, and the next at age twenty-three or older – for other developmental uses (such as homeownership, business development, or retirement savings).

- If considering developing an alternative product to a College Savings (529) Plan account, policymakers and program administrators should consider whether or not the savings in that product will impact college grants and loans.
- CSA-related financial education initiatives should be tied to clear and desirable outcomes. Financial education may correlate directly with the development of confidence levels related to attaining higher education.
- CSA programs or plans will likely be difficult to bring to scale at the state level if high costs are associated with the plans (due to constrained state budgets). Even state policymakers who want to increase the rate of college completion in their state may turn away from CSA policy if the fiscal note is perceived as a threat to the continuation of established popular services and programs – or to business development in the state.
- It would be helpful if the field could identify four or five of the most important elements to be in place in children's lives for increasing the likelihood of college completion. A consistent and coherent national message is needed to effectively promote CSA policy at the state level.

Developing effective state-level anti-predatory lending laws and related alternative lending products

Representatives of Arkansas and Texas asset-building coalitions presented on policy efforts in their states to eliminate predatory lending practices. Key points and lessons from their presentations and the ensuing discussion follow.

- Capping interest rates, fees, and the number of individual loans offered over time are the most common policy strategies states have used to curb growing predatory lending practices. These strategies have met with varying rates of success.
- Other state laws sometimes hamper attempts to cap interest rates in a way that offers real protections against abusive lending practices for the consumer. For example, in some states, businesses providing repetitive high-interest short-term loans to consumers have a parent company that is not located in the state, making them exempt from most state anti-predatory lending laws.
- In some states, the lending lobby (businesses and lobbyists associated with check cashing, auto title loans, payday loans, and tax refund loans) are so numerous and powerful that cogent political arguments against their practices are inadequate to change policies and practices. The concepts of personal responsibility and high demand are used by these groups as the primary reasons for maintaining the status quo.
- The debt-settlement business model in many states is flawed and seldom helpful to anti-predatory lending policy efforts.
- Increasing the opportunity for widespread consumer financial education may be the most effective way to curb predatory lending policies and practices in many states. However, alternative financial products should also be made available for that strategy to be most effective.
- Helpful web sites include www.stoppaydaypredators.org, and www.alicelaw.org. The ALICE site (American Legislative & Issue Campaign Exchange) is the foil group of ALEC (the American Legislative Exchange Council – a group that supports market concerns related to

state laws and practices). ALICE explains how to get state-level progressive lending regulation legislation introduced. Governing Magazine is also helpful with articles on the correlation between effective asset building and adequately regulated lending laws.

Representatives of Illinois and Texas asset-building coalitions presented on policy efforts made in their respective states to eliminate predatory lending practices. Key points and lessons from their presentations, and the ensuing discussion, follow.

- Linked Loan Loss Reserve Fund in Illinois may be a good public model (the fund was created through legislation) – see http://www.theshriverbrief.org/2010/07/articles/asset-opportunity/asset-building/the-changing-landscape-for-alternative-smalldollar-loans/. The Fund allows its alternative loans to be used only in an emergency and the loan is guaranteed by the Fund. Borrowers cannot be denied because of credit score, and interest is set at prime plus 8%.
- Employer-based small dollar loans in Texas may be another good model – see http://www.rgvcommunityloancenter.com/. These loans require 18% interest to be paid, and the borrower has one year to repay the loan. The initiative is currently making a profit for participating lenders (implementation took 19 months). However, some implementation issues are still being addressed.
- To minimize use of predatory loans, overdraft protection is one of the benefits associated with promoting the use of public benefit cards.
- Hidden fees are one of several unresolved issues with prepaid cards but they could be a good alternative product.
- Payroll cards offer interesting opportunities but concerns include the lack of consumer protections. Readily available financial services for the unbanked continue to be elusive in most states. Until the problem is seriously addressed, predatory lending practices will likely continue to increase and thrive in areas where high populations of low- to moderate-income earners live and work (including a highly disproportionate percentage of people of color.

Benchmark Policy Innovations

This session was instituted at the first SALC convening in 2009. On the first convening day, coalition partners from each state give a short presentation on a policy innovation that they are promoting, supporting, or implementing. The policy innovation must address one or more of five benchmark areas: (1) increasing stakeholder engagement, (2) establishing a policy framework, (3) research development and/or utilization, (4) sustainability, and (5) increasing scale. Convening participants vote on three innovations to be presented the following day.

Presentations by state asset-building coalition representatives from Michigan, Illinois, and Massachusetts were selected:

- The Michigan state assets coalition created a three minute video on VITA program services using personal stories from VITA clients. The VITA program in Michigan encourages asset-building and this video could be used to support a variety of asset-building policies and programs and is available at http://youtube/Ut0vDnxOfUM.

- The Illinois coalition helped to eliminate the asset test for TANF policy in the state. For more information, see http://www.illinoisassetbuilding.org/content/webinar-video-encouraging-savings-how-hawaii-and-illinois.
- The Massachusetts coalition developed a financial confidence and coaching campaign that links people to certified financial coaching resources online. The project currently has a funding sponsor. They hope to create a national model for free financial coaching. Learn more at http://www.masssaves.org/.

GEAR Training by PolicyLink

The GEAR training session complemented and strengthened policy sessions by offering new strategies to bring representatives of populations most affected by the lack of asset-building policies into state, regional, and local policy development discussions. Information on the GEAR training presented by Solana Rice and additional information is available at: http://www.policylink.org/site/c.lkIXLbMNJrE/b.8372439/k.47E8/GETTING_EQUITY_ADVOCACY_RESULTS__text_version.htm.

Future meetings

The second 2013 SALC meeting was held from December 4 – 6, 2013. Convening notes may be found on CSD's "Asset Builders Learning Collective" web page at: http://csd.wustl.edu/OurWork/AssetBuilding/Pages/Convenings.aspx.

Appendix A Convening Agenda
C. S. Mott Foundation State Assets Coalition Cluster Convening
August 7 through August 9, 2013
Hotel Monaco, Chicago

Wednesday, August 7

Dinner	6:30 PM

Thursday, August 8

Breakfast	7:30 AM to 8:30 AM
Ice breaker and introductions, ending with a short break	8:30 AM to 9:45 AM
Getting Equity Advocacy Results (GEAR) Training Solana Rice, Senior Program Associate, PolicyLink	10:00 AM to Noon
Lunch	Noon to 1:00 PM
Policy "Deep-dive" Dual Track: 1) Children's Savings Accounts & 2) Anti-Predatory Lending Policies and Products	1:00 PM to 4:00 PM
Break	4:00 PM to 4:15 PM
Policy innovations proposals for selection by vote	4:15 PM to 5:00 PM
Dinner on own	

Friday, August 9

Breakfast	8:00 AM to 9:00 AM
PolicyLink GEAR Training, continued	9:00 AM to 11:00 AM
Break	11:00 AM to 11:15AM
Policy Innovations presentations	11:15 AM to 12:30 PM
Working Lunch: Strategy discussion related to future convenings	12:30 PM – 2:00 PM

Meeting closes at 2:00 PM

Appendix B Attendee List

Foundation Representatives:

Benita Melton, Program Officer, Income Security, Charles Stewart Mott Foundation
Kilolo Kijakazi, Program Officer, Ford Foundation

Project Partner Leadership:

Karen Edwards, Principal of KME Consulting, LLC; Project Consultant and Project Manager for the Center for Social Development (CSD) at Washington University in St. Louis
Carolyn Hayden, President of One World Consulting Group, LLC; Project Consultant for CSD
Thomas Shapiro, Director, Institute on Assets and Social Policy, Brandeis University
Martha Cronin, Research Associate, Institute on Assets and Social Policy, Brandeis University

Presenter:

Solana Rice, Senior Associate, PolicyLink [GEAR Policy Training]

Learning Cluster Partners (listed in alphabetical order by state represented):

1) Meredith Covington, Policy and Communications Manager, Southern Bancorp Community Partners (Arkansas)
2) Tamika Silverman Edwards, Director of Public Policy, Southern Bancorp Community Partners (Arkansas)
3) Ethan Brown, Program Associate, Illinois Asset Building Group (Illinois)
4) Lucy Mullany, Senior Policy Associate, Illinois Asset Building Group (Illinois)
5) Lara Henneman, Program Manager, Maryland CASH Campaign (Maryland)
6) Robin McKinney, Director, Maryland CASH Campaign (Maryland)
7) Nika Elugardo, Director, Massachusetts Financial Education Collaborative (Massachusetts)
8) Gosia Tomaszewska, Asset Development Director, MIDAS (Massachusetts)
9) Megan Kursik, Coordinator, Community Economic Development Association of Michigan (Michigan)
10) Ross Yednock, Director, Economic Opportunity Initiatives and Coordinator, Michigan Earned Income Credit Coalition (Michigan)
11) Melbah Smith, State Director, Coalition for a Prosperous Mississippi (Mississippi)
12) Evelyn Njoroge, Program Manager, Coalition for a Prosperous Mississippi (Mississippi)
13) Sarah Nolan, Founder and Director, New Mexico Communities in Action and Faith (New Mexico)
14) Ona Porter, President and CEO, Prosperity Works (New Mexico)
15) Donna Gallagher, Executive Director, IDA and Asset Building Collaborative of North Carolina (North Carolina)

16) Lucy Gorham, Senior Research Associate, University of North Carolina at Chapel Hill Center for Community Capital (North Carolina)
17) Kalitha Williams, Policy Liaison for Asset Building, Policy Matters Ohio (Ohio)
18) Don Baylor, Economic Opportunity Senior Policy Analyst, Center for Public Policy Priorities (Texas)
19) Woody Widrow, Executive Director, RAISE Texas (Texas)
20) Jordan Tampien, Community Economic Development Specialist, Washington State University (Washington)
21) Karan Gill, Public Policy Manager, Burst for Prosperity (Washington)

[California partners were absent due to a scheduling conflict]

Project Support Staff:

Tiffany Heineman, Administrative Coordinator, Center for Social Development at Washington University in St. Louis