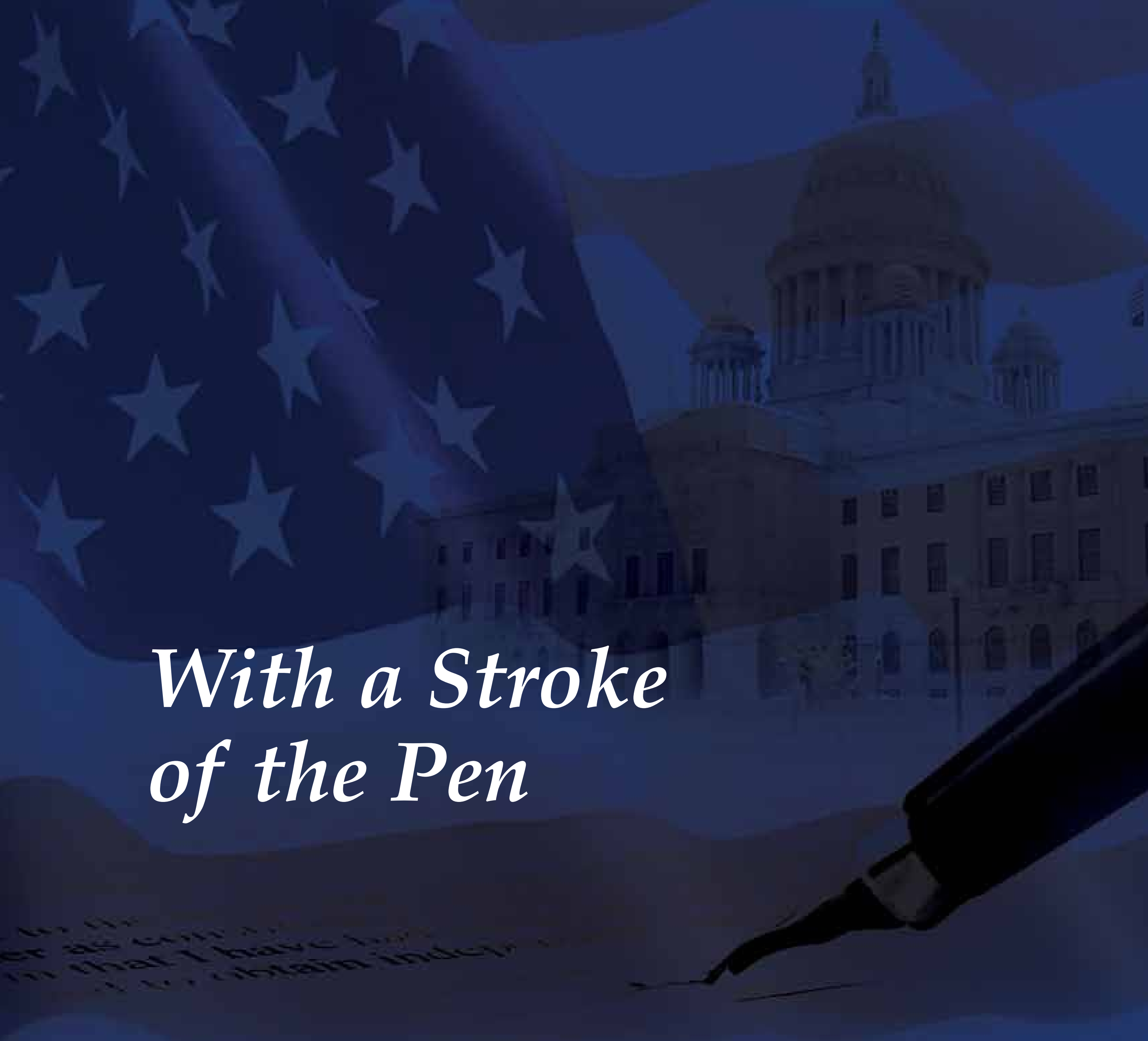


With a Stroke of the Pen

Two Dozen Low-cost, Politically Viable State Policy Ideas to Increase Financial Security and Opportunity in Tough Fiscal Times

cfed
expanding economic opportunity

CHALLENGES AND OPPORTUNITIES: LAYING THE GROUNDWORK FOR FUTURE ECONOMIC PROSPERITY

Although the country emerged from official recession more than two years ago, states continue to face budget shortfalls. High unemployment continues to both decrease tax revenue and increase demand for services. By law, most states must balance their budgets. The options they have for closing the gaps are to increase revenue, decrease spending or both. The choices state policymakers are forced to make are undeniably painful – and in some cases, shortsighted. State policymakers should take a balanced approach to closing state budget gaps that includes raising revenue by eliminating ineffective tax expenditures, as well as careful spending cuts.

It is critical that existing programs and policies that provide financial security and opportunity for vulnerable families be protected. At the same time, policymakers can and should be laying the groundwork for future state economic prosperity. While there is clearly no appetite for new state spending in this environment, states' hands are not tied. There are a host of cost-neutral policies that expand economic opportunity and that are also political winners.

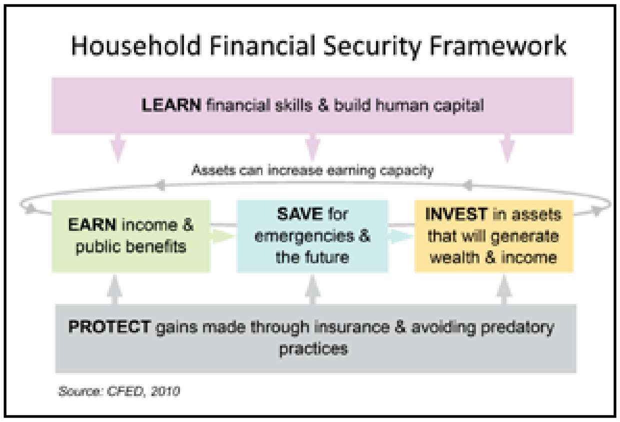
Financial Security and Opportunity: A winning political platform that …

- *Brings federal dollars into local communities to stimulate the economy.*
- *Helps people learn the skills to better manage what they've got and begin building a personal safety net to weather future crises.*
- *Creates jobs through self-employment.*
- *Safeguards homeownership as a route to the middle class.*
- *Cracks down on unscrupulous actors that would unfairly undermine financial security.*

In a weak economy, with high unemployment and shrinking services, constituents are hungry for some "good news" about what policymakers are doing to improve constituents' economic prospects. This report provides two dozen examples of positive steps government can take to help constituents – more and more of whom are facing financial insecurity – weather a bad economy.

WHAT FAMILIES NEED: A HOUSEHOLD FINANCIAL SECURITY FRAMEWORK

Certainly, increasing job growth and helping people land those jobs is critical. However, from a household's perspective, income is only part of what families need to get back on their feet and to a place where they can prosper. CFED developed the Household Financial Security Framework to describe what families need to move from financial instability to economic opportunity. The Framework has five elements: LEARN, EARN, SAVE, INVEST and PROTECT, which are milestones along the path to economic opportunity. With appropriate incentives, financial products and knowledge, families can iteratively move along this path toward financial security and opportunity.



The iterative path begins by maximizing income – increasing earnings, utilizing tax credits, and stabilizing housing, transportation and other essential goods and services. It moves from there to connecting people to the financial mainstream and opportunities to save by providing access to basic bank accounts and savings incentives, such as Individual Development Accounts. With savings for emergencies and future needs, families can then begin investing in long-term assets – such as education, a home or business. At each stage, increasing knowledge and skills enable success in and navigation of the labor and financial markets. Protecting income, savings and assets through insurance and consumer protections is essential every step of the way.

HOW THIS DOCUMENT IS ORGANIZED

This report presents 24 ideas that we believe are comparatively achievable in the current fiscal context. In developing the list of ideas, we considered whether each policy was meaningful, moveable and manageable.

- **Is the policy meaningful?** While there is often a correlation between a policy's cost and its impact (consider, for example, the nearly $59 billion-federal Earned Income Tax Credit, which lifts roughly four million people out of poverty each year[1]), there are many meaningful policy changes that cost little or nothing, but which can protect vulnerable families, bring federal dollars into a local community or lay the groundwork for future investment.
- **Is the policy moveable?** In this climate, the "moveabilty" of a policy is determined, first and foremost, by its cost. However, we also considered other factors, including whether there was political will and interest by policymakers in the idea, whether there was limited political opposition to the policy, and the policy mechanism necessary to make the change (for example, an administrative policy change is often easier to make than a legislative one).
- **Is the policy manageable?** Advocates sometimes come up with "great ideas" to solve social problems that are easier said than done. In assessing each policy, we also considered the feasibility of implementing the policy – acknowledging that feasibility will vary from state to state depending on a range of factors.

This report presents 24 policy ideas that are achievable in the current fiscal context.

The policies described in this report are grouped under the five categories in the Household Financial Security Framework: **LEARN**, **EARN**, **SAVE**, **INVEST** and **PROTECT**. For each policy, we make the case for why the policy is meaningful. We describe the specific policy lever that a legislator or administrator can use to make the change. We also give examples of how the policy has been implemented or an overview of the number of states that have adopted the policy across the country. Each policy description ends with recommendations for where to go for additional resources. CFED has a wealth of resources on our website, www.cfed.org, and can connect policymakers to experts and advocates across the country.

TWO DOZEN IDEAS TO INCREASE FINANCIAL SECURITY AND OPPORTUNITY IN TOUGH FISCAL TIMES

LEARN

1. Integrate financial education in schools
2. Allow financial education to count as a Temporary Assistance for Needy Families work activity
3. Integrate financial education into Workforce Investment Act One-Stops

EARN

4. Fund EITC outreach and public awareness campaigns to increase take-up of federal and/or state credit
5. Simplify and coordinate public benefits programs
6. Lift asset limits in public benefit programs

SAVE

7. Encourage financial institutions to offer low-cost, convenient savings and transaction products
8. Increase capacity of credit unions to serve community needs by allowing local government entities to deposit funds in credit unions
9. Encourage financial institutions to locate in underserved neighborhoods
10. Encourage direct deposit by clarifying employer obligations
11. Encourage workplace retirement savings through Automatic Individual Retirement Accounts
12. Allow financial institutions to offer "prize-linked savings"
13. Collect data to make the case for college savings incentives and remove barriers to participation

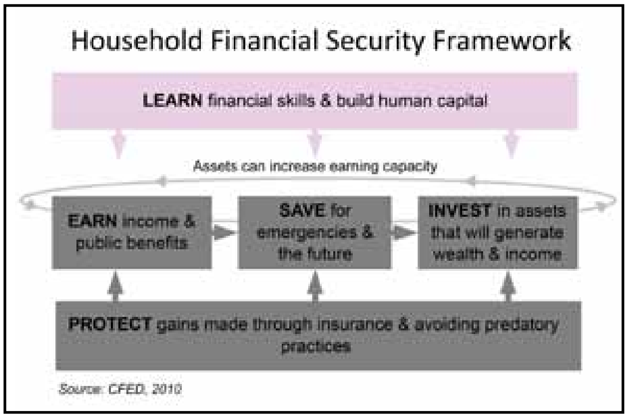
INVEST

14. Help adults build credit histories by affirming utility companies' permission to report on-time payments
15. Ensure success of first-time homeowners through homeownership counseling
16. Preserve long-term affordability of homes and "recycle" the subsidy through shared equity policies
17. Make it easier for owners of manufactured homes to convert their home titles from personal property to real property
18. Include microenterprise development in existing programs and funding streams
19. Require community colleges to participate in the federal student loan program
20. Recognize CDFIs as eligible delivery mechanisms for all community economic development programs

PROTECT

21. Require lenders to report data on predatory small dollar loans
22. Strengthen state consumer protection statutes
23. Protect consumers from predatory debt collectors
24. Increase mortgage servicer regulation and accountability

LEARN



Financial capability – the ability to make informed judgments and effective decisions about the use and management of money – can be as important a determinant of an individual's long-term financial security as his or her income, health or level of education. From understanding the meaning of one's credit score to possessing the necessary skills to balance a checkbook, financial capability is essential to a family's ability to build and protect assets. As the subprime mortgage crisis and proliferation of predatory short-term loan products attests, the ability to discern between safe and dangerous financial products is especially important to low- and moderate-income families who often lack sufficient savings to weather an unforeseen loss.

State policymakers can adopt a number of low-cost, politically viable and administratively feasible approaches to increasing financial capability of children and adults. They can integrate financial education for children into the K-12 school system and into programs serving financially vulnerable adults, such as the workforce development system and public benefit programs.

1. INTEGRATE FINANCIAL EDUCATION IN SCHOOLS

Teaching children the fundamentals of financial capability early in life means that they will have a chance to build healthy financial habits and enjoy financial success later on in life.

Teaching children the fundamentals of financial capability early in life means that they will have a chance to build healthy financial habits and enjoy financial success later on in life.[2] Financial education helps even young children gain a deeper understanding of how money works and how it affects their lives.

A growing body of research demonstrates that financial education in schools can encourage healthy financial behaviors later in life. College students from states that require a mandatory financial education course as a condition of high school graduation are more likely to create and adhere to a budget and less likely to engage in risky credit behaviors.[3]

States can promote financial capability among children and youth by requiring that financial education be taught and tested in the classroom. Across the country, states have adopted a range of policies – of varying strength and impact – including the following, listed from weakest to strongest.

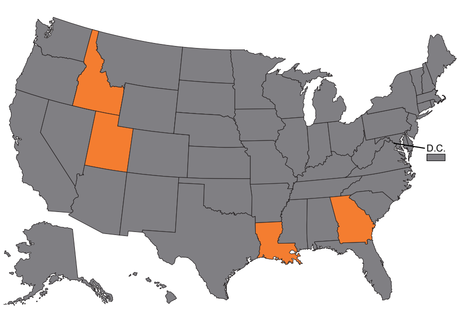
States have required school districts to:

- Include personal finance in state K-12 curriculum standards
- Implement those standards
- Offer a personal finance course
- Make taking a personal finance course a high school graduation requirement
- Test student knowledge in personal finance.

DID YOU KNOW ...

Research shows that college students from states that require a mandatory financial education course as a condition of high school graduation are more likely to create and adhere to a budget and less likely to engage in risky credit behaviors.

States with the strongest policies around financial education in schools



STATES' EXPERIENCE INTEGRATING FINANCIAL EDUCATION IN SCHOOLS

Nationwide, there is a continued and growing commitment among policymakers to promoting personal finance in schools. The number of states requiring students to take a personal finance course as a high school graduation requirement has almost doubled between 2007 and 2009, from seven to 13 states. Forty-four states now include personal finance as part of the state's education standards, up from 40 states in 2007 and 21 states in 1998.[4]

For more information, including on the strength of financial education policies in all 50 states, steps states can take to strengthen their policies, case studies and more, see CFED's *Assets & Opportunity Scorecard* Resource Guide on Financial Education. The Council for Economic Education also has a wealth of information and resources on the topic.

2. ALLOW FINANCIAL EDUCATION TO COUNT AS A TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WORK ACTIVITY

Public benefit programs, such as Temporary Assistance for Needy Families (TANF), have a vested interest in helping clients navigate the financial marketplace. Possessing the skills to manage debt, build a credit score, and save for emergencies and future needs can create a personal safety net that will help families weather financial storms. States have options for how they help TANF recipients build financial capability.

Possessing the skills to manage debt, build a credit score, and save for emergencies and future needs can create a personal safety net that will help families weather financial storms.

Funding to support financial education is critical and federal law currently gives states the authority to use TANF funds to support this type of programming. However, if direct funding is not an option, **states can encourage TANF recipients to participate in financial education by including it on the list of eligible work activities**, which is permissible under federal law.

Because this change can be made administratively by the state agency administering TANF, it is easier to adopt than a change requiring the legislature to act. To adopt the policy, the agency would need to add financial education to the list of eligible activities, develop a list of approved financial education programs and/or curricula, and adopt procedures for documenting successful completion.

ILLINOIS' EXPERIENCE INTEGRATING FINANCIAL EDUCATION INTO TANF

In Illinois, the Department of Human Services, in partnership with the University of Illinois Extension and a statewide coalition administered by the Sargent Shriver National Center on Poverty Law, used the flexibility under the TANF program to create and provide financial education that counts as a TANF work activity. The University of Illinois Extension receives grants from the Department of Human Services to train community-based organizations to offer the program, which uses its "All My Money" and "Your Money & Your Life" curricula.[5,6]

For more information about policies to improve and integrate financial education into state TANF programs, see the New America Foundation's report: *Policy Options to Improve Financial Education*.

3. INTEGRATE FINANCIAL EDUCATION INTO WORKFORCE INVESTMENT ACT ONE-STOPS

Financial capability is critical to success on the job: lacking it can lead to financial problems, stress and distraction – all of which diminish employees' productivity and quality of life.

Local Workforce Investment Act (WIA) One-Stops provide a range of services to job seekers. WIA's tiered structure of services offers Core Services to a broad set of customers, Intensive Services to those who need additional assistance finding work, and Training Services to a limited set of customers who require skill-building to secure employment. To be work ready, individuals need a range of supportive services in addition to skill-building and job-search assistance. One service critical to success on the job is financial capability – having the knowledge to confidently make decisions about budgeting income (including making the most of workplace benefits), using credit and debt, and planning for the future. A lack of financial capability can lead to financial problems, stress and distraction – all of which diminish employees' productivity and quality of life.[7] While financial education is an allowable activity, states should emphasize it as a critical service to One-Stop customers.

There are a number of ways that states can integrate financial education into the workforce development system.

- Under Core Services, **One-Stops can make space available to financial education providers and list financial education workshops in catalogs of services**.
- **State Workforce Investment Boards (WIBs) can encourage local areas to make financial education widely available** by requiring local WIBs to include financial education (referred to as "financial literacy" in WIA) in their local plans.
- **States can create a directory of local resources for financial education** that local WIBs and One-Stops can use for partnering purposes.
- In addition, **states can include "financial literacy" in the list of Intensive Services** that local One-Stops will offer in their WIA State Plans.

Each of these policy changes can be made by a state or local WIB or local One-Stop, avoiding the need for a legislative change.

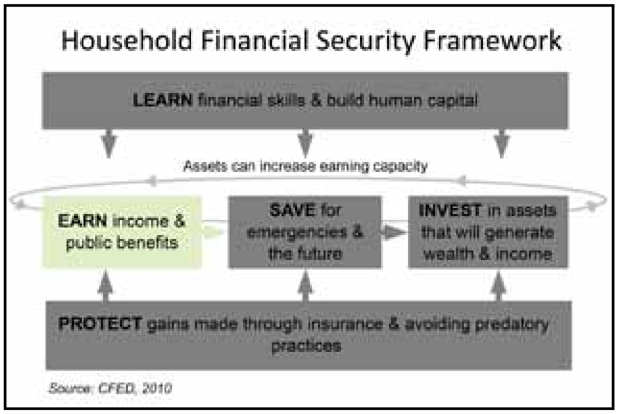
CALIFORNIA'S EXPERIENCE INTEGRATING FINANCIAL EDUCATION INTO WIA ONE-STOPS

In California, local workforce boards have integrated financial education programs into services offered at One Stop Career Centers. Sacramento One Stops, for example, offer access to classes and workshops on financial planning, financial literacy, money management, saving and investing, getting banked, and understanding personal budgets and household cash-flow.

For more information, see the 2001 Department of Labor Employment and Training Administration Training and Employment Guidance Letter (TEGL) that encourages One Stops to use the FDIC's Money Smart Curriculum to teach basic financial literacy and budgeting skills to WIA customers.

EARN

Stabilizing and maximizing income is a critical step toward financial security and economic opportunity. Without sufficient income, families do not have the wherewithal to meet basic needs, let alone save for the future. For many low-wage workers, however, employment can be unstable and earnings unpredictable. In addition, the wages for jobs that are available to those without post-secondary education have stagnated over the past several decades. As a result, many are forced to incur debt just to finance basic needs.



State policymakers can adopt several high-impact, low-cost strategies to boost family income, including increasing take-up of federal and state tax credits, streamlining application process for public benefits, and lifting asset limits in public benefit programs.

4. FUND EITC OUTREACH AND PUBLIC AWARENESS CAMPAIGNS TO INCREASE TAKE-UP OF FEDERAL AND/OR STATE CREDIT

Despite its impact, many low-income families fail to claim the EITC, leaving anywhere from a few hundred dollars to a few thousand dollars on the table. When families fail to claim the credit, states and localities forego an important economic stimulus.

The federal Earned Income Tax Credit (EITC) is one of the largest and most effective wage support programs for low- and moderate-income families. The federal credit was first enacted in 1975 and has been dramatically expanded from $1.3 billion to nearly $59 billion in 2011.[8] Since the federal credit was enacted, 24 states and the District of Columbia have enacted state-level EITCs, and several local jurisdictions – San Francisco, New York and Montgomery County, MD – have enacted local credits that piggy-back on the federal credit.

Despite its impact, many low-income families fail to claim the EITC, leaving anywhere from a few hundred dollars to a few thousand dollars on the table. National estimates of EITC-eligible taxpayers who fail to claim their EITC range from 13% to 25%.[9] Families are not the only ones affected when the credit goes unclaimed; local economies lose out too. Families often spend EITC refunds in local communities – spurring job creation and increasing state and local income and sales tax revenue. When families fail to claim the EITC, states and localities forego an important economic stimulus.

Whether a state has an EITC that piggy-backs on the federal credit or not, it can maximize the take-up of the credit(s) by funding outreach efforts.

DID YOU KNOW ...

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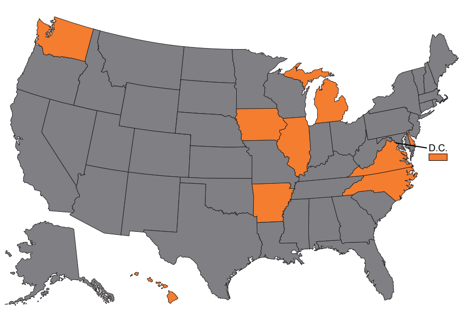

EXAMPLES OF STATES THAT CURRENTLY FUND OR RECENTLY FUNDED EITC OUTREACH EFFORTS

The amount spent on outreach is modest, ranging anywhere from $50,000 to over $500,000, depending on the size of the state and scope of the outreach effort. States fund a broad range of EITC outreach services, including: volunteer tax preparation sites for low-income residents, advertising and media public awareness campaigns, and referral hotlines. Funding for these outreach services comes from a variety of sources, including: Temporary Assistance for Needy Families block grants, Community Development Block Grants, funds from the governor's discretionary budget, and state appropriations.[10] Some recent examples include:

- Arkansas, which enacted legislation in 2011 providing $250,000 per year to expand VITA sites and EITC outreach across the state.
- Virginia, which in 2010 enacted legislation appropriating $185,725 over two years to support the Virginia Earned Income Tax Coalition.
- Washington State, where the Department of Social and Health Services created a toll-free hotline to provide eligibility information and referrals to tax providers.

At least 10 states either currently fund EITC outreach efforts or have funded efforts in the recent past.

For more information on EITC outreach efforts, see the National Conference of State Legislature's report, *Tax Credits for Working Families: Earned Income Tax Credit*, or the Annie E. Casey Foundation's paper, *State and Local Support for Earned Income Tax Credit Campaigns*. For more general information about tax credits for working families, see CFED's *Assets & Opportunity Scorecard* Resource Guide on Tax Credits for Working Families.

5. SIMPLIFY AND COORDINATE PUBLIC BENEFITS PROGRAMS

Unnecessary complexity across public benefit programs results in confusion, inefficiency and ultimately the underutilization of valuable supports and services.

State and federal governments offer an array of income supports and services to low-income families – including the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), Medicaid, the Children's Health Insurance Program (CHIP), child care assistance, housing vouchers, Temporary Assistance for Needy Families, Low-Income Heating and Energy Assistance Program (LIHEAP), and the EITC, among others. Together, these programs provide families a safety net to weather economic hardships; a means to stabilize income; and the services that put them on a path to financial security. However, programs in this patchwork "system" are not coordinated with one another and rules for eligibility and processes for enrollment are not consistent across programs. This unnecessary complexity results in confusion, inefficiency and ultimately the underutilization of valuable supports and services. For example, in 2008 only 54% of eligible working families claimed SNAP benefits and only 64% of the 7.3 million eligible children claimed Medicaid or CHIP.

- Within programs, **states can reduce paperwork requirements, eliminate complicated and unnecessary rules, and streamline the intake and enrollment process through use of technology.**
- To coordinate benefits across programs, **states can align eligibility criteria across and share data between programs**.

DID YOU KNOW …

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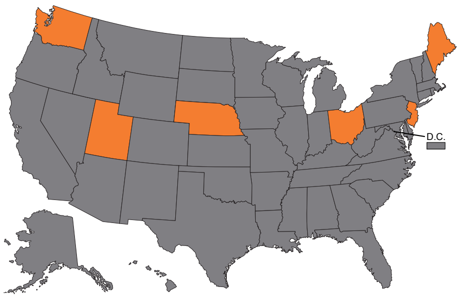


EXAMPLES OF STATES THAT HAVE INTRODUCED SYSTEMS TO SIMPLIFY PUBLIC BENEFIT PROGRAMS

Across the country, states are adopting many of these approaches, demonstrating the significant will to improve these systems. For example, several states are using CHIP's new Express Lane Eligibility system to determine eligibility for Medicaid and CHIP using data from other state agencies.

- Families in New Jersey who are eligible for SNAP automatically qualify for LIHEAP.
- In Ohio, families applying for child care subsidies can apply for Medicaid on the same form.
- Families in Maine and Nebraska are asked if they are interested in applying for other benefit programs when they apply for Medicaid.
- Utah electronically scans applicants' enrollment forms so they don't have to supply the same documents twice.
- Washington state recently overhauled its system based on a "one and done" philosophy. Among other systemic improvements, the new streamlined system allows clients to apply for and enroll in multiple benefit programs at once.[11]

For more information, see the Center on Budget and Policy Priorities' report, *Improving the Delivery of Key Work Supports: Policy & Practice Opportunities at A Critical Moment*.

6. LIFT ASSET LIMITS IN PUBLIC BENEFIT PROGRAMS

Another way to increase access to public benefits is to eliminate or increase the limits on the assets that one can own and still qualify for benefits. Many public benefit programs – cash assistance, Medicaid, food assistance – limit eligibility to those with few or no assets. If individuals or families have assets exceeding the state's limit, they must "spend down" longer-term savings in order to receive what is often short-term public assistance.

These asset limits, which were originally intended to ensure that public resources did not go to "asset-rich" individuals, are a relic of entitlement policies that in some cases no longer exist. Cash assistance programs, for example, now focus on quickly moving families to self-sufficiency, rather than allowing them to receive benefits indefinitely. Personal savings and assets are precisely the kind of resources that allow individuals and families to move off public benefit programs. Asset limits discourage some from accessing critical income-boosting benefits in the first place and others who are already receiving benefits from saving for the future.

States determine many key policies related to families receiving benefits. They have discretion in setting or eliminating asset limits for Temporary Assistance to Needy Families (TANF), Medicaid, the Children's Health Insurance Program (CHIP) and the Supplemental Nutrition Assistance Program (SNAP).

States should eliminate asset test in each of public benefit programs. If it is not feasible to eliminate the limits entirely, states can take the intermediate steps of increasing limits or exempting certain kinds of assets – such as college savings or retirement accounts. However, the existence of an asset limit, no matter how high, sends a signal to program applicants and participants that building assets should be avoided.

Evidence from states that have eliminated asset limits suggests that the administrative cost savings outweigh any real or potential increases in caseload. For instance, eliminating Medicaid asset limits in Oklahoma resulted in administrative cost savings of close to $1 million.[12]

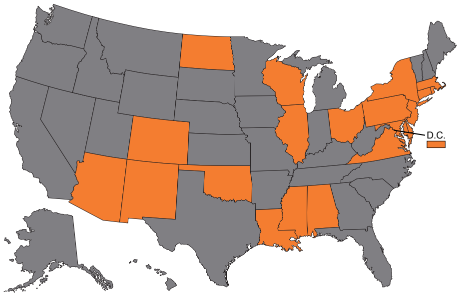
Recent changes in federal law have and will continue to impel states to drop their asset tests for SNAP and Medicaid. The 2008 Farm Bill eased SNAP asset tests in three important ways: it adjusted asset limits for inflation, harmonized program rules pertaining to retirement accounts, and excluded education savings and retirement accounts from counting as resources. In addition, during the Farm Bill debate in 2008, federal policymakers went on record in support of eliminating the asset tests. The 2010 Health Care Reform Bill requires that by 2014, all states drop their Medicaid asset tests.

Asset limits are a relic of entitlement policies that, in some cases, no longer exist. Personal savings and assets are precisely the kind of resources that allows families to move off public benefit programs.

DID YOU KNOW …

Eliminating Oklahoma's Medicaid asset test resulted in administrative cost savings of nearly $1 million.

States that have eliminated asset limits in at least 2 of 3 public benefit programs

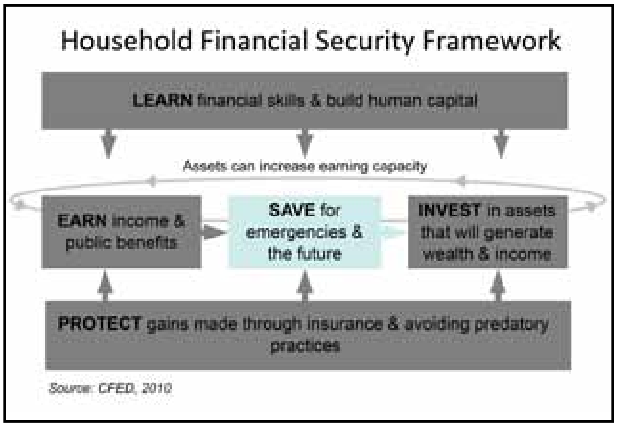


STATES' EXPERIENCE ELIMINATING ASSET LIMITS

There is growing momentum to eliminate asset tests nationwide. All states but Texas have eliminated asset tests for CHIP.[13] Thirty-eight states have eliminated the SNAP asset test. Twenty-four states have eliminated the asset test for family Medicaid. Even in TANF, where states have had the authority to eliminate the asset test since 1996, interest among state policymakers has increased after a long period of inaction. Two states – Ohio and Virginia – eliminated their asset tests soon after the 1996 federal law was enacted; however, more than a decade passed before a third state – Louisiana – eliminated its TANF asset test in 2009. In 2010, two more states Alabama and Maryland – joined this growing group by eliminating their TANF asset tests.

For more information, including the strength of asset test policies in all 50 states, steps states can take to strengthen their policies, case studies and more, see CFED's *Assets & Opportunity Scorecard* Resource Guide on Lifting Asset Limits in Public Benefit Programs.

SAVE



A household's ability to save depends on a number of factors: minimizing costs for basic goods and services, access to convenient, low-cost financial products and structures, and financial capability related to money management, financial products and credit. For many low-income households, the reality is that their incomes are insufficient to reliably cover basic costs – let alone unexpected emergencies – and so they must rely on credit to bridge the gaps. Use of high-cost credit products creates a cycle of debt that increases monthly expenses and further limits the ability to save.

Checking and savings accounts are the basic building blocks for participating in the financial mainstream. Yet, more than 30 million U.S. households are unbanked or underbanked, meaning they do not have or fully use a basic bank account. In addition to convenient and affordable basic accounts, people also need access to lower-cost forms of short-term credit. Savings "structures" such as direct deposit of wages or public benefits and automatic enrollment into savings and retirement plans can also facilitate savings. Finally, providing direct incentives to save – such as the opportunity to win a "prize" for making deposits – can impel people to move from the intention to save to actually doing so. To help families save, states can adopt policies that are meaningful, manageable and moveable; policies that connect households to the financial mainstream, make savings easier, and even make savings fun.

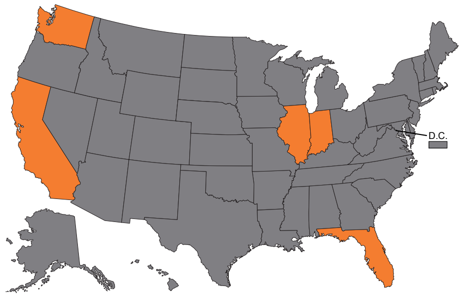
7. ENCOURAGE FINANCIAL INSTITUTIONS TO OFFER LOW-COST, CONVENIENT SAVINGS AND TRANSACTION PRODUCTS

Checking and savings accounts are the basic building blocks for participating in the financial mainstream. Yet, more than 30 million U.S. households are unbanked or underbanked.

One successful strategy for encouraging financial institutions to offer financial products that meet the needs of low-income customers is through local or state "Bank On" programs. Bank On programs are city- or state-led coalitions that bring together local or state government, financial institutions, and community organizations to help increase access to safe and affordable financial products for unbanked and underbanked individuals. Bank On initiatives work with financial institutions to design free or low-cost bank accounts specifically targeted at underserved populations. In addition, some Bank On programs partner with nonprofits and other organizations to offer financial education with the account.

States can create a statewide Bank On program to provide consistency and create economies of scale. Creation of a state-level Bank On program is usually led by a policymaker, such as a governor or treasurer, who uses his or her authority to create the program within a state agency. This agency is responsible for managing and coordinating the statewide Bank On efforts. State-level Bank On programs act as an umbrella for local Bank On programs within the state and serve two important functions: (1) Streamlining and harmonizing the requirements and procedures of local programs, and (2) Creating efficiencies and economies of scale that can reduce the resource needs of local programs. A state-level coordinator can organize local programs, provide a clear and focused point of contact for financial institutions participating in multiple local programs, and provide technical assistance and other support to reduce the burden on local programs. State programs often coordinate many of the tasks associated with financial institution involvement – such as tracking the number of accounts opened and financial product design and negotiation. In many cases, financial institutions prefer to standardize a common Bank On account across all local programs, rather than negotiating the product design with each local Bank On program. A state Bank On initiative can also bolster local efforts in other ways. For example, state Bank On programs can pull together statewide data and other evidence that access to mainstream financial services is an important issue. Policymakers can then advocate for policies that protect consumers in the financial marketplace and expand access to financial services.[14]

STATES WITH STATEWIDE BANK ON PROGRAMS



The City of San Francisco's Office of the Treasurer launched the first local Bank On initiative in 2006, closely followed by the cities of Seattle and Evansville in 2008. San Francisco's success sparked a movement of Bank On initiatives across the country; the Bank On model is now being replicated in approximately 40 cities, regions and states nationwide. At the state level, California launched the first state Bank On initiative in 2008, and it has been greatly appreciated by financial institutions that had previously operated on a piecemeal approach with local Bank On programs. Four more states – Indiana, Illinois, Florida and Washington – have launched state initiatives since then.[15]

For more information about Bank On programs, visit www.joinbankon.org. Additionally, see the recently released report, *Banking On Opportunity: A Scan of the Evolving Field of Bank On Initiatives*, which describes the landscape of Bank On programs, their origins and their context within a broader financial access field.

8. INCREASE CAPACITY OF CREDIT UNIONS TO SERVE COMMUNITY NEEDS BY ALLOWING LOCAL GOVERNMENT ENTITIES TO DEPOSIT FUNDS IN CREDIT UNIONS

Credit unions offer safe and affordable banking products and services to underserved and low-income communities. Government can support local credit unions by depositing funds in them.

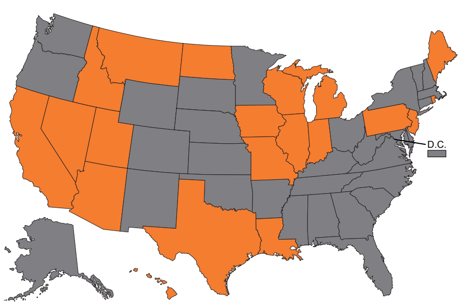
Because credit unions are member-owned not-for-profit entities, they are often more focused on service to members than on profitability. In addition, many credit unions exist to further community development goals. As a result, credit unions often offer safe and affordable banking products and services to underserved and low-income communities. One way to support local credit unions is to deposit funds in them. Increased deposits allow credit unions to serve more customers and make more loans to small business owners, homeowners and other community organizations. In many states, local government entities – including fire districts, schools and libraries – deposit funds in credit unions as a way to support local community development and to keep money in the community.

In a number of states, however, local government entities are prohibited from making deposits in credit unions. These prohibitions are outdated and antiquated; some were enacted more than 100 years ago, before credit unions existed.

States can increase the capacity of local credit unions to serve community needs by removing prohibitions against depositing public funds. Not only does doing so support local economic development, it also promotes competition among providers of government banking services, which can save taxpayer dollars.

EXAMPLES OF STATES' EXPERIENCE ALLOWING CREDIT UNIONS TO ACCEPT GOVERNMENT DEPOSITS

Examples of states that allow public entities to deposit funds into credit unions



In 2011, New Jersey joined the at-least 19 other states that allow public entities to deposit funds in credit unions and allow credit unions to accept deposits from public entities.[16] New Jersey Governor Chris Christie signed legislation in August 2011 that allows local government entities to choose credit unions as a depository for public monies.

There has been recent movement in New York to reform municipal deposit laws. In his 2010 State of the City address, Mayor Michael Bloomberg asked the state legislature to allow for local depositary choice and pledged to place $25 million of deposits into credit unions serving low- and moderate-income neighborhoods throughout New York City if this law is changed. The New York Conference of Mayors, the Association of Towns of the State of New York and the New York Association of Counties all support municipal deposits reform. Legislation was introduced in 2011 but has not been enacted to date.

For more information about this policy, see the Credit Union National Association.

9. ENCOURAGE FINANCIAL INSTITUTIONS TO LOCATE IN UNDERSERVED NEIGHBORHOODS

One of the primary reasons low-income households are financially underserved is that they lack access to safe and affordable financial products. One factor contributing to this lack of access is that banks and credit unions often do not establish branches in low-income neighborhoods.

Many low-income households lack access to safe and affordable financial products, in part, because banks and credit unions often do not establish branches in low-income neighborhoods.

States can create a Banking Development District (BDD) program to encourage financial institutions to locate in underserved neighborhoods and to provide affordable financial services to the un- and underbanked.

In a BDD program, the state banking agency designates areas of the state that have a demonstrated need for and would likely benefit from more financial institutions as "banking development districts." Financial institutions that locate branches in these designated districts are rewarded with special incentives from the state, including access to below-market public funds, a reduction in real property taxes, Community Reinvestment Act credit and additional tax incentives.[17]

NEW YORK'S EXPERIENCE WITH BANKING DEVELOPMENT DISTRICTS

New York enacted legislation to create a Banking Development District program in 1997, and there are now over 38 BDDs in the state.[18] Participating banks and other stakeholders in New York believe that BDDs have played a vital role in increasing access to banking services in the state. More recently, California introduced legislation in 2011 to create a statewide BDD program similar to New York's program.

For more information about Banking Development Districts, see the New York State Banking Department's report, *10 Years In: A Review of the Banking Development District Program*, or the New America Foundation's policy brief on the topic.

10. ENCOURAGE DIRECT DEPOSIT BY CLARIFYING EMPLOYER OBLIGATIONS

Employees who receive their pay through direct deposit are nearly twice as likely to save some portion of their income as individuals who are paid in cash.

Behavioral economics research demonstrates that intentions to save are rarely carried out absent an enabling environment that makes saving easy and automatic. Savings "structures" such as direct deposit of wages can facilitate savings. Employees who receive their pay through direct deposit are nearly twice as likely to save some portion of their income as individuals who are paid in cash (36% versus 16%).[19] Direct deposit also helps people avoid check cashing fees and trips to a bank; it guarantees that employees receive their wages automatically each month; it is fast and safe and eliminates the risk of stolen checks; and it saves money by avoiding the cost of printing and mailing checks. However, the one significant drawback to direct deposit has been that – until the advent of payroll cards – it required the employee to have a bank account to participate.

Payroll cards were introduced as a way to bring the benefits of direct deposit to employees who do not have bank accounts. A payroll card is a pre-paid, reloadable card issued directly or indirectly by an employer for the purpose of receiving wages. Each pay period, funds are transferred from the employer's payroll account to the financial institution issuing the payroll card. Employees can access their wages through ATM withdrawals, bank teller transactions or purchases with a cash-back option. Most payroll card programs allow employees to withdraw their entire net pay or to transfer an amount into a checking or savings account at least once each pay period at no cost.[20]

Despite the advantages of direct deposit for both employers and employees, employers in some states have been reluctant to move to exclusive payment of wages through electronic options (i.e., to eliminate the option for employees to be paid via paper check) either because state policy is silent on employer obligations or because state policy specifically requires employers to offer a paper check option.

In states where state policy is silent on the issue of electronic wage payment, federal law and guidance should apply. The Federal Reserve Board's interpretation of federal Electronic Fund Transfers Act states that employers may require direct deposit of wages provided that employees may choose the institution that will receive the deposit.

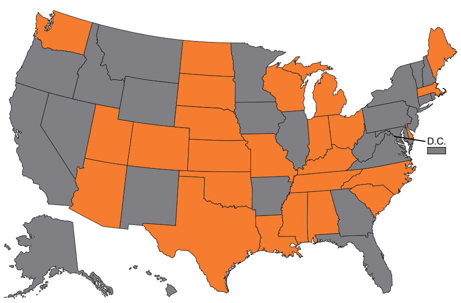
- **In states where state policy is silent, policymakers should issue guidance affirming that employers may offer employees the choice between receiving their wages via direct deposit or a payroll card without also having to offer a paper paycheck option.**
- **In states where electronic wage payment statute specifically requires employers to offer a paper check option, state policy should be amended to remove this requirement.**

In all states, policymakers should ensure that authorized payroll cards are sound financial products that limit processing fees, restrict overdrafting, and provide clear terms and conditions, among other key regulations.[21] With a strong set of consumer protections, payroll cards can financially empower low-income workers.[22]

STATES' EXPERIENCE ENCOURAGING DIRECT DEPOSIT

Twenty-five states either expressly permit or can be interpreted as allowing employers to eliminate paper checks and offer employees a choice between direct deposit and payroll cards. The remaining states should amend their policies to remove the requirement that employers must offer a paper check option.

States allowing direct deposit



For more information on the benefits of direct deposit and one city's experience with paperless payday, see CFED and the San Francisco Office of Financial Empowerment's white paper, *Financial Empowerment Through Employer Engagement: Migrating a City to a Paperless Payday*. For more information on consumer protections on payroll cards, see the 10 core principles regarding the use of payroll cards.

11. ENCOURAGE WORKPLACE RETIREMENT SAVINGS THROUGH AUTOMATIC INDIVIDUAL RETIREMENT ACCOUNTS

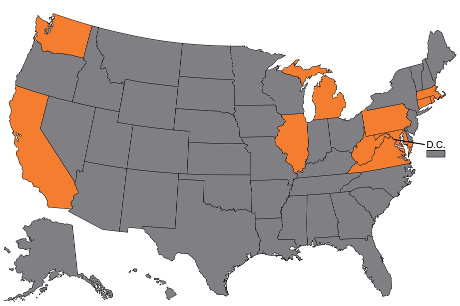
Nearly 75 million adults in the United States have no access to an employer-based retirement plan. Those with lower incomes and less education are less likely to be financially prepared for retirement than those with higher incomes and more education.

Retirement savings is an important source of income and financial stability for older adults. With the decline in availability of defined-benefit pensions, income from retirement savings accounts is a key way retired adults can augment Social Security benefits. Unfortunately, nearly 75 million adults in the United States have no access to an employer-based retirement plan.[23] Those adults with lower incomes and less education are less likely to be financially prepared for retirement than those with higher incomes and more education. Adults who are low-income, low-skilled, young, or working part-time or for small organizations tend to lack access to employer-based retirement plans.

States can adopt Automatic Individual Retirement Accounts (Auto-IRAs) as a state-administered alternative for workers who have no access to an employer-based retirement plan. Auto-IRAs – also known as Universal Voluntary Retirement Accounts – use a state's existing retirement or investment infrastructure to pool the investments of thousands of workers at small- and medium-sized businesses to lower fees, provide professional fund management and allow smaller businesses to offer competitive benefits.[24] Employers that do not offer a retirement plan, such as a 401(k), automatically enroll employees in the Auto-IRA system, which provides a mechanism to directly deposit a portion of employees' wages into an IRA.

One of the major advantages of Auto-IRA is that the accounts are portable from job to job. Additionally, a state Auto-IRA system removes the onus of administering a savings program from individual employers, thereby equalizing access to retirement savings options. States can minimize the cost of administering Auto-IRA by piggybacking on existing state systems. For example, accounts can be housed and administered by the same state agency that administers a state's 529 plan.

States that have introduced Auto-IRA legislation



STATES' EXPERIENCE WITH AUTO-IRA

Eleven states have introduced Auto-IRA legislation in recent years.[25] However, no state has yet enacted Auto-IRA into law. The details of legislative proposals vary, but all attempt to make more retirement savings opportunities available to workers in the state.

For more information about Auto-IRA, see CFED's *Assets & Opportunity Scorecard* Policy Innovation Brief on the topic. The Sargent Shriver National Center on Poverty Law has also examined this issue.

12. ALLOW FINANCIAL INSTITUTIONS TO OFFER "PRIZE-LINKED SAVINGS"

In addition to increasing access to appropriate and affordable financial products and making it simpler to save, another important strategy to encourage savings is to provide a financial incentive to do so. There are a range of ways to offer incentives – such as providing a tax breaks to those who save, matching deposits into special-purpose accounts (such as Individual Development Accounts), and newer strategies such as "prize-linked savings."

Prize-linked savings programs incent saving by giving accountholders the opportunity to win prizes when they make deposits. The possibility of a prize encourages greater savings.

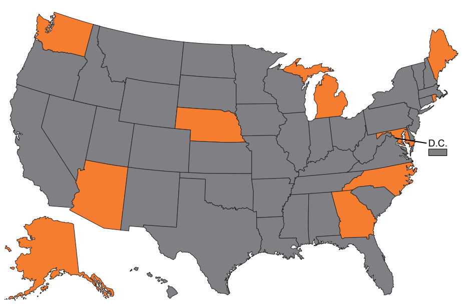
Prize-linked savings (PLS) programs give savings accountholders the opportunity to win prizes when they make deposits. In these programs, financial institutions offer consumers a savings product with a low minimum balance requirement; accountholders make monthly deposits, which qualify them for monthly and/or annual drawings. The possibility of a prize encourages greater savings. Unlike gambling, however, no one loses from participation in a PLS program. Prize-linked savings programs focus on the entertainment value and fun of winning prizes, but without risking any principle and with the knowledge that one is building an asset.[26] Not everyone "wins" one of the prizes, but everyone comes out ahead with increased savings.

States should ensure that banking and gaming regulations do not prevent financial institutions from holding private lotteries to enable prize-linked savings programs.

STATES' EXPERIENCE WITH PRIZE-LINKED SAVINGS

Offered around the globe, interest in PLS programs among policymakers in the United States is growing.[27,28] Some states, such as Michigan, include a savings raffle "carve out" which makes PLS programs feasible.[29] States where PLS programs are not currently permissible can follow a similar approach and can exempt financial institutions or credit unions from these regulations. Maine, Maryland and Rhode Island made such changes in 2010; Washington, Nebraska and North Carolina did so in 2011. Four other states – Arkansas, Iowa, Mississippi and New Mexico also introduced legislation to allow PLS programs in 2011.[30]

States that allow credit unions to offer prize-linked savings



For more information on prize-linked savings, including empirical analysis and program reports, visit the D2D Fund.

13. COLLECT DATA TO MAKE THE CASE FOR COLLEGE SAVINGS INCENTIVES AND REMOVE BARRIERS TO PARTICIPATION

Personal savings not only helps cover costs of college, it also increases the likelihood of going to and succeeding in college. Unfortunately, low-income and minority families are less likely to participate in college savings plans.

DID YOU KNOW …

Among youth who expect to attend college, those with a savings account in their names are about seven times more likely to actually attend.

Post-secondary education is one of the best investments an individual can make in his or her economic future. Yet escalating costs discourage many from pursuing post-secondary education. For low-income families, the net out-of-pocket cost of a four-year public university education – even after grant aid – can be as high as 39% of total income.[31]

To make paying for college more feasible, families can draw on a range of resources, including grants, scholarships, loans and personal savings. Personal savings not only help to cover costs, the act of saving also increases the likelihood of going to and succeeding in college.

- Children in families with as little as $3,000 in savings are more likely to graduate from high school than children in families without savings.[32]
- Children with savings dedicated for college education are four times more likely to attend college. Among youth who expect to attend college, those with a savings account in their names are about seven times more likely to actually attend.[33]
- Savings and other financial assets are a consistent predictor of college graduation, even after controlling for variables such as income.[34]

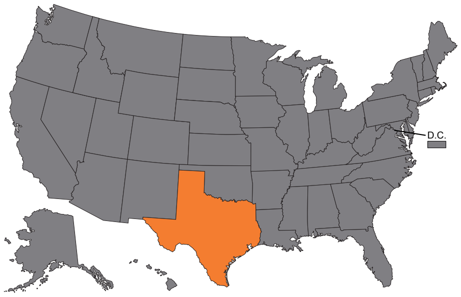
Federal law created a tax-advantaged mechanism for families to save for college – called 529 college savings plans, named for the relevant section of the tax code. Each state offers its own plan through a designated financial institution, for which it can determine features such as fees, minimum deposits and savings incentives. While federal law does not require states to collect data on participation of various demographic groups, data from states that do collect this data suggest that lower-income families and minorities are less likely to participate.

To encourage greater participation in college savings plans by lower-income and minority families, states can take a number of actions, including providing financial incentives – matching individuals' deposits to their 529 accounts or providing a tax credit that reimburses accountholders for the deposits they have made – and minimizing barriers to participation – for example, eliminating minimum deposit requirements and minimizing fees and service charges. In a budget-constrained context, minimizing barriers to participation may be more feasible in the near-term.

As another no-cost option, **states can require data collection on current 529 plan participation** – participants' race, income and parents' educational attainment. This basic information can inform future policy decisions about the changes necessary to increase participation by particular groups.

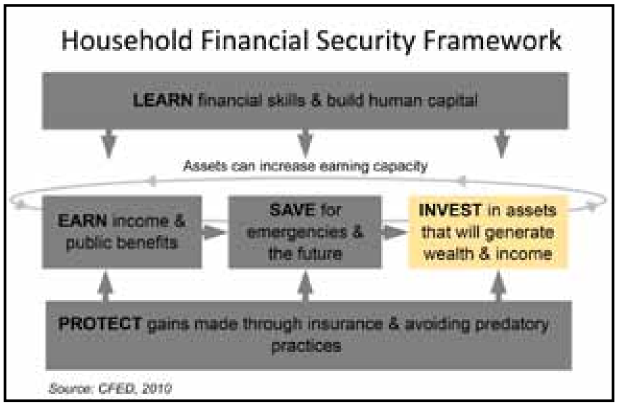
TEXAS' EXPERIENCE COLLECTING DATA ON COLLEGE SAVINGS INCENTIVES

Data from the Texas 529 prepaid tuition plan showed that only 17% of 2008-2009 beneficiaries were African-American or Hispanic, even though, together, these populations represent a majority of Texans under age 18. Moreover, only 5.4% of tuition contract purchasers had incomes below $50,000, even though 41.4% of Texas families earn less than $50,000 per year.



For more information about incentives for college savings, see CFED's *Assets & Opportunity Scorecard* Resource Guide on College Savings Incentives.

INVEST



Emergency savings are essential for families to weather crises in the short term. In the longer term, however, families get ahead when they have mastered savings behavior and are able to leverage their savings – together with affordable financing and public subsidies – into appreciable assets such as an education credential, home or business.

There are a number of no- and low-cost approaches states can take to help families build assets. They can help families address critical preconditions for asset ownership – such as building a credit history/score necessary to qualify for "good" debt (e.g., a mortgage) and building financial capability to make wise choices through asset-specific financial education.

States can also allow existing programs to better support asset building without increasing costs to the state. For example, they can open up existing homeownership programs to shared-equity arrangements and allow programs that currently serve low-income and unemployed workers to support business ownership. Similarly, they can require community colleges to participate in the federal student loan program, making safe and affordable loans available to all students at no cost to the state.

Another no-cost strategy for increasing affordable homeownership is to make it easier for owners of manufactured homes to convert their home titles from personal property to real property. States can also increase the availability of a range of asset-building opportunities by allowing Community Development Financial Institutions to deliver a range of small business and economic development strategies.

14. HELP ADULTS BUILD CREDIT HISTORIES BY AFFIRMING UTILITY COMPANIES' PERMISSION TO REPORT ON-TIME PAYMENTS

An estimated 35 to 54 million Americans are excluded from the mainstream credit system.[35] This financial exclusion occurs not because of bad credit history, but because of no credit history, i.e., because of a lack of credit information. Credit scores are not only necessary to qualify for a mortgage, they are also are checked for employment, insurance, apartment rental and other financial services. No or low credit scores can result in reduced access to mainstream credit, precluding some from the opportunity to own a home or start a business, and forcing borrowers toward higher priced lenders. A straightforward solution for the millions of people who are credit-worthy but lack payment evidence to create a robust credit score is to simply add more information to their credit files.

Building a credit score is a critical precondtion for asset ownership. No or low credit scores can result in reduced access to mainstream credit, precluding some from the opportunity to own a home or start a business, and forcing borrowers toward higher-priced lenders.

All utility and telecommunications providers report delinquent payments; however, very few providers report on-time payments. By reporting both on-time and delinquent payment information, known as "full-file reporting," millions of Americans with little or no credit history can establish payment histories and gain access to mainstream affordable credit. Full-file reporting is not only beneficial to customers, it also benefits utility and telecommunications providers. Full file reporting encourages customer to pay bills on time and to pay electronically, which lowers costs for the utility provider.

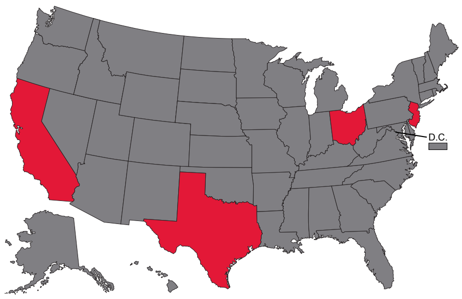
DID YOU KNOW ...

An estimated 35 to 54 million Americans are excluded from the mainstream credit system.

In many states, the laws around this issue are complicated and unclear, which discourages providers from full-file reporting. In these states, **policymakers should enact legislation affirming that utility and telecommunications providers have permission to report on-time payment information to credit bureaus**. In the states that explicitly prohibit utility companies from reporting on-time payments, **policymakers should eliminate the prohibition**.

STATES THAT PROHIBIT UTILITY COMPANIES FROM REPORTING ON-TIME PAYMENTS

There are four states that currently explicitly prohibit on-time utility payment reporting: California, New Jersey, Ohio and Texas. California recently introduced legislation to address this issue; however, it has not yet been enacted.



For more information about this policy, see the Political and Economic Research Council (PERC).

15. ENSURE SUCCESS OF FIRST-TIME HOMEOWNERS THROUGH HOMEOWNERSHIP COUNSELING

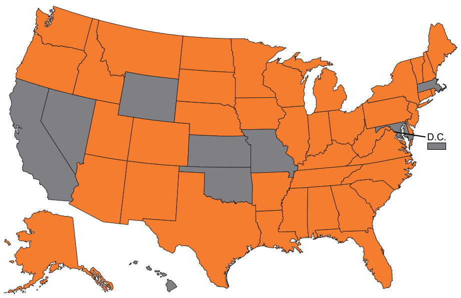
Even in today's challenging housing market, a home continues to be the main asset for many American households. Yet, many enter the process with little information about what to expect or how to protect their interests. Counseling for first-time homebuyers promotes responsible practices.

Even in today's challenging housing market, a home remains the primary asset for many American households. Although home equity has dropped since its peak in 2006,[36] housing remains the largest source of equity for families.[37] For lower-income and minority families, who have far more wealth concentrated in home equity than other populations, homeownership continues to be a critical asset-building strategy.[38] Because mortgage payments can be substituted for rent, even households with very modest incomes can, over time, build assets through homeownership.

Low- and moderate-income families face a number of barriers to achieving homeownership. Among other challenges – which include saving for a downpayment and obtaining an affordable, consumer-friendly mortgage product – many enter the homebuying process with little or no information about what to expect and how to protect their interests. The foreclosure crisis has led to questions about whether homeownership is the right strategy for all individuals; counseling first-time homebuyers promotes responsible practices.

Educating first-time homebuyers on the purchase process and helping them make informed decisions about their housing investment is one important way to ensure a successful transaction and decrease the likelihood of foreclosure. Homeownership counseling is correlated with lower mortgage payment default rates and makes a significant impact on first-time and low- and moderate-income homebuyers.

States can help families make a successful transition to homeownership by providing funding for homeownership counseling. With the elimination of federal funding for HUD-administered first-time homeownership counseling, many states are looking to fill the void. Homeownership counseling programs are low-cost compared to other forms of homeownership assistance, making it a relatively efficient use of funding.



STATES THAT PROVIDE HOMEOWNERSHIP COUNSELING

Despite difficult funding environments, states continue to offer counseling for first-time homebuyers. MaineHousing, for example, has provided $75,000 per year since 2005 to fund homebuyer education courses, serving an average of 2,500 attendees annually. Forty-one states fund homeownership counseling.

For more information, see CFED's *Assets & Opportunity Scorecard* Resource Guide on First-Time Homebuyer Assistance. The National Council for State Housing Agencies also has a wealth of information on the topic.

16. PRESERVE LONG-TERM AFFORDABILITY OF HOMES AND "RECYCLE" THE SUBSIDY THROUGH SHARED EQUITY POLICIES

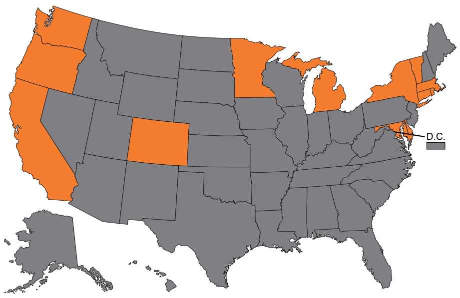
Shared equity homeownership is an affordable housing and homeownership strategy in which a government or nonprofit agency acts as a co-investor with a new homebuyer to reduce homeownership costs. In return for public support, homebuyers agree to limit their equity appreciation in order to preserve affordability for future lower-income buyers. While these programs restrict the extent to which a family can profit from housing price increases, they offer significant wealth creation opportunities for families otherwise priced out of homeownership and a stepping-stone between rental housing and homeownership.[39] Because affordability is preserved, today's public investment contributes to a growing portfolio of homes that offer this safe wealth-building opportunity to one generation after another.

Shared equity homeownership – an affordable housing and homeownership strategy where a government entity acts as a co-investor with a homebuyer to reduce homeownership costs – preserves long-term affordability of the housing stock and "recycles" the government subsidy for future homeowners.

There are hundreds of shared equity homeownership programs operating under different names throughout the United States. For the most part, these programs have been initiated by local governments or community-based organizations. A few states, however, have taken leadership in encouraging local homeownership programs to preserve long-term affordability. They have removed barriers to make it easier for local programs to succeed; incorporated long-term affordability requirements into state homeownership subsidy programs; and developed systems to ensure that local shared equity programs are well managed, adequately staffed and well understood by homebuyers.

The policy changes required to make shared equity homeownership possible are either no- or very low-cost. For example, state housing agencies can:

- **Allow developers of shared equity homes to access direct subsidies and tax increment financing.**
- **Include shared equity homeownership in regulatory inducements of private developers to create affordable housing units.**
- **Revise program guidelines to allow income-eligible buyers of shared equity homes to access mortgages financed with tax-exempt bonds.**
- **Revise policies to ensure that local affordable housing restrictions do not prevent mortgage lenders from enforcing their rights in foreclosures.**
- **Develop clear guidelines for local tax collectors to ensure price-restricted homes are assessed for property taxes in a manner that reflects the impact of resale restrictions.**



STATES THAT SUPPORT SHARED EQUITY HOMEOWNERSHIP

At least 13 state housing finance agencies have policies that allow them to finance buyers of shared equity homes.

- Washington's Housing Finance Commission developed downpayment assistance programs specifically for buyers of shared equity homes.
- The California Board of Equalization developed guidelines for local tax assessors that clarify that a home's "fair market value" must reflect any restrictions imposed by local governments on the use of the property, including affordable housing resale price restrictions.
- Vermont funds the Vermont Housing and Conservation Trust Fund through a statewide property transfer tax.
- New Jersey requires all jurisdictions to ensure that affordable housing units are created along with new market-rate housing. Its Uniform Housing Affordability Controls ensures that units are kept affordable for at least 30 years. The state also requires each jurisdiction to designate an Affordable Housing Administrator and provides a standard job description for the position.

For more information about shared equity homeownership, see CFED's *Assets & Opportunity Scorecard* Policy Innovation Brief on shared equity homeownership. For additional information on how states can support shared equity homeownership, visit www.homesthatlast.org.

17. MAKE IT EASIER FOR OWNERS OF MANUFACTURED HOMES TO CONVERT THEIR HOME TITLES FROM PERSONAL PROPERTY TO REAL PROPERTY

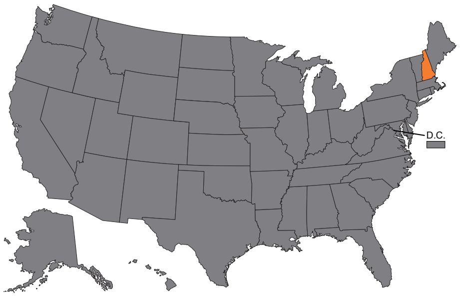
More than 17 million people in the United States live in 6.8 million manufactured homes. Yet, nearly half of those homes (2.9 million) are not appreciating assets because they are placed in land-lease manufactured home communities in states that require the homeowner own the land – as well as the home – for it to be titled as real estate. Despite the fact that nearly all manufactured homes are never actually moved after installation, they are often titled as personal property (like a car) rather than real property (like a site-built home). A home's classification as real or personal property significantly affects its asset-building potential, largely due to tax and financing implications.

Titling manufactured homes as personal property prevents owners from obtaining mainstream mortgage financing and from receiving the same consumer protections and opportunity to build wealth enjoyed by owners of site-built homes. In addition, when a home is classified as personal property, the homeowner may have difficulty reselling it because many lenders are not willing to finance a "used" manufactured home, which – because it is not classified as real property – is essentially a depreciating asset. When manufactured homes are titled as real property, homeowners receive greater protections for their heirs; enjoy more equitable safeguards upon default; qualify for homestead exemptions; are taxed equivalent to site-built homeowners; and can access conventional mortgage products and services.

States should ease, clarify and rationalize the process for converting titles from personal to real property.

Treatment of manufactured homes as real estate is appropriate and consistent with laws related to commercial buildings: Many commercial buildings are not owned by the same entity that owns the land, yet these buildings are generally classified as real property. Similarly, community land trust homes sit on land leased by the homeowner, yet are often classified as real property.

More than 17 million people in the United States live in 6.8 million manufactured homes. Yet, nearly half of those are not appreciating assets because they are placed in land-lease communities that require the homeowner own the land – as well as the home – for it to be titled as real estate. A home's classification as real or personal property significantly affects its asset-building potential.



NEW HAMPSHIRE'S EXPERIENCE CONVERTING MANUFACTURED HOMES FROM PERSONAL PROPERTY TO REAL PROPERTY

About three-quarters of the states have statutes that describe a procedure for converting manufactured homes from personal property to real property. However, the conversion process is often irrational, inconsistent and sometimes poorly framed.

For example, many states do not permit homes on leased land to be converted, and those that do, often require the permission of the landowner, particular types of financing and long-term lease terms. Other state statutes are unclear about the implications of conversion, often specifying that the home will be taxed as real property without clarifying whether the home is subject to treatment as real property in other circumstances, such as foreclosure. Many state conversion laws also require homes to meet onerous foundation requirements or require procedures that are simply too complex for homeowners to navigate on their own, requiring them to hire an attorney. The lack of uniformity in state laws increases transaction costs for homeowners and prevents many from completing a title conversion and enjoying increased security and asset-building potential through homeownership.

New Hampshire, however, is one state with a straightforward conversion policy: a manufactured home is automatically titled as real estate once it is placed on a site (regardless of whether the site is owned or leased) and connected to utilities. Lending institutions are allowed to treat manufactured homes the same as realty for the purposes of securing loans to finance the home.

For more information about this policy, see CFED's Manufactured Housing Advocacy Center. In addition to easing the process for converting titles from personal to real property, there are also many other low-cost policies that can make ownership of a manufactured home an asset-building opportunity for homeowners living in manufactured home communities, such as giving homeowners the opportunity to purchase the land on which their home sits.

18. INCLUDE MICROENTERPRISE DEVELOPMENT IN EXISTING PROGRAMS AND FUNDING STREAMS

Very small businesses, or microenterprises, are a proving ground for new entrepreneurs and a key income generation and economic revitalization strategy. Microenterprises increase income for the poor, help people move out of poverty and off of public assistance, and help poor households build both business and personal assets over time. Of the estimated 20 million Americans who operate microenterprises, at least half face disadvantages in establishing and operating their own businesses – including women, minorities, low-income individuals and people with disabilities. To succeed, microenterpreneurs need capital, as well as training and technical assistance. States can and should support programs that help individuals succeed as entrepreneurs. Short of providing new state funding for programs, however, there are steps policymakers can take to demonstrate support of microenterprise and leverage existing funding sources.

Microenterprises are a proving ground for new entrepreneurs and a key income generation and economic revitalization strategy. They also increase income for the poor, help them move out of poverty and off of public assistance, and help them build both business and personal assets over time.

States can codify microenterprise development as part of a balanced approach to economic development. One step policymakers can take is to recognize microenterprise development as part of a balanced approach to economic development by including it in their economic development plans. They can also use their bully pulpits to champion and raise awareness about the importance of microenterprise by codifying the states' support for disadvantaged entrepreneurs, for example by establishing a state Microenterprise Day.

DID YOU KNOW …

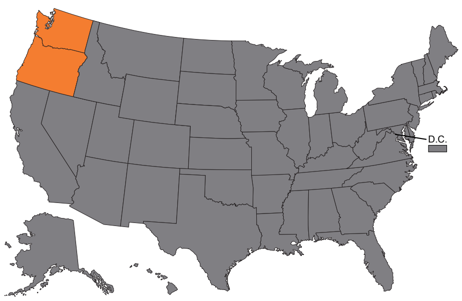
Of the estimated 20 million Americans who operate microenterprises, at least half face disadvantages in establishing and operating their own businesses.

States can leverage federal funding to support microenterprise. Three federal sources – Temporary Assistance for Needy Families (TANF), the Workforce Investment Act (WIA), and the Community Development Block Grant (CDBG) – may be used to fund microenterprise training, capital and living expenses for start-up microentrepreneurs. States policymakers can either designate microenterprise as an allowable activity or allocate funding for microenterprise development from these sources.

- **TANF:** States can allow participation in microenterprise training and self-employment to satisfy work participation requirements. Doing so supports very low-income entrepreneurs as they get their businesses off the ground. States can also use TANF block grant funding to support microenterprise training and technical assistance.
- **WIA:** Microenterprise training is an allowable activity and self-employment is an allowable employment outcome under the Workforce Investment Act. States should take advantage of this flexibility and describe their support for microenterprise in their WIA state plans.
- **CDBG:** Community Development Block Grant funds may be used to provide direct financial assistance to businesses through grants, loans and loan guarantees. CDBG funds can also be used for training, technical assistance and

support services for microentrepreneurs. Policymakers should include microenterprise as an eligible activity in consolidated CDBG state plans.

States can allow entrepreneurs to receive unemployment insurance while they are starting new businesses. Under federal law, states can create Self-Employment Assistance (SEA) Programs that allow eligible individuals to receive unemployment insurance (called a self-employed allowance) while they work to create their own jobs by starting a business. A self-employed allowance supports unemployed workers while they receive business training and establish their business. States can allocate as little as 1%-2% of unemployment funds to establish a SEA Program. To date, Delaware, Maine, Maryland, New Jersey, New York, Oregon, Pennsylvania and Washington have Self-Employment Assistance programs.[40]



STATES WITH STRONG SUPPORT FOR MICROENTERPRISE

Two states with a history of strong support for microenterprises are Oregon and Washington.

- Oregon's state-level support for microenterprise development includes CDBG funding, targeted funding for services to minority-owned businesses, an active Self-Employment Assistance Program, lending capital to emerging entrepreneurs, and funding for the state's State Microenterprise Association, the Oregon Microenterprise Network (OMEN). OMEN, in turn, has been instrumental in creating and expanding ongoing state support for microentrepreneurs.
- In 2007, Washington's State Microenterprise Association successfully advocated for enactment of the Microenterprise Development Act, which provided $250,000 per year for microenterprise development, administered by the Department of Commerce.

For more information, including the strength of microenterprise policies in all 50 states, steps states can take to strengthen their policies, case studies and more, see CFED's *Assets & Opportunity Scorecard* Resource Guide on State Microenterprise Support. More information on the Self-Employment Assistance Program is available on the Department of Labor's website.

19. REQUIRE COMMUNITY COLLEGES TO PARTICIPATE IN THE FEDERAL STUDENT LOAN PROGRAM

The more than 1,100 community colleges across the country educate nearly half of all students in higher education. Attending community college is an investment in human capital, providing students with the knowledge and skills they need to succeed in today's complex economy. For low-income students in particular, community college represents an important pathway into higher-paying careers and economic security. However, despite comparatively low tuition and fees, the cost of community college is often a significant barrier for many students. Students at community colleges are less likely than their peers at four-year schools to get sufficient financial aid to cover expenses.

Safe and affordable student loans – along with grants and scholarships – are a critical component of a financial aid package. Federal student loans are the safest and most affordable type of student loan available. Without access to these loans, students often resort to more risky and expensive loan options, or even drop out altogether because they are unable to cover expenses.[41]

Yet in most states, community colleges may "opt out" of participating in the federal loan program. According to the Institute for College Access and Success, approximately 9% of community college students nationally are enrolled in institutions not participating in the federal loan program. That share increases to 16.4% for African-American students and 18.5% for Native-American students, the two groups least likely to have federal loan access.[42] Community colleges generally give two reasons for opting out of the federal loan program: an assumption that students will not repay their loans, which might affect the college's reputation and access to federal grant aid; or the perception that their students do not need to borrow. Research has demonstrated that neither of these concerns is valid.[43]

States can require all community colleges in the state to participate in the federal William D. Ford Stafford Loan Program to ensure that all students have access to safe and affordable loan options to help finance the cost of college.

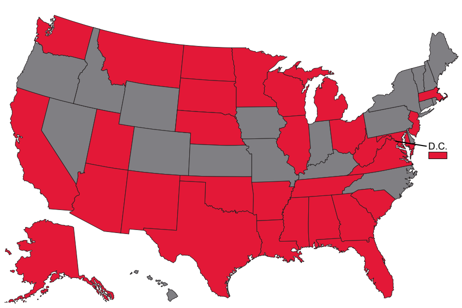
Community colleges are critical institutions for building human capital, and providing pathways to well-paying careers and economic security. However, despite comparatively low tuition and fees, cost is often a barrier. Students at community colleges are less likely than their peers at four-year schools to get sufficient financial aid to cover expenses.

DID YOU KNOW ...

Approximately 9% of community college students nationally are enrolled in institutions not participating in the federal loan program. That share increases to 16.4% for African-American students and 18.5% for Native-American students, the two groups least likely to have federal loan access.

STATES WHERE COMMUNITY COLLEGES OPT OUT OF THE FEDERAL LOAN PROGRAM

Individual community colleges have opted out of the federal loan program in 31 states.[44] North Carolina was the first state to enact legislation requiring all community colleges in the state to participate in the federal loan program by 2011-2012.



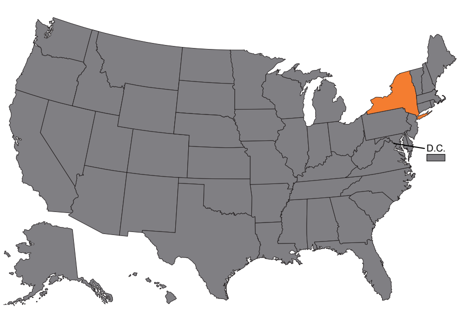
For more information, see the Institute for College Access and Success. For more detailed information about community colleges' participation in federal loan programs, see the Project on Student Debt's report, *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans*.

20. RECOGNIZE CDFIs AS ELIGIBLE DELIVERY MECHANISMS FOR ALL COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

CDFIs not only finance small business start-ups, affordable housing and community facilities, they also offer unbanked individuals alternative financial products and run financial literacy, matched savings, housing assistance, small business development and rural development programs.

Community Development Financial Institutions (CDFIs) are financial institutions – certified by the U.S. Department of the Treasury – that provide credit and financial services to underserved communities. They primarily target traditionally underrepresented areas and groups such as inner cities, remote rural communities, Native American reservations, first-time homebuyers, minorities, women and immigrants. While CDFIs have a variety of structures – community development banks, community development loan funds, community development credit unions, microenterprise funds, community development corporations and community development venture funds – they are all market-driven, locally-controlled private-sector organizations.

CDFIs finance economic development projects like small business start-up and expansions, creation and renovation of affordable housing, and construction of community facilities. They also provide personal financial assistance and financial literacy services, and bring the unbanked into the financial mainstream by providing them with bank accounts and lower-cost alternatives to payday loans. CDFIs can effectively implement a range of programs, such as those that offer matched savings accounts, housing assistance, small business development and rural development. However, in order to provide these services **state programs must recognize CDFIs as eligible delivery mechanisms**. Their inclusion in pre-existing programs is costless for state administrators; it increases the number of qualified service providers available to implement state community economic development programs; and it increases funding options for CDFIs.

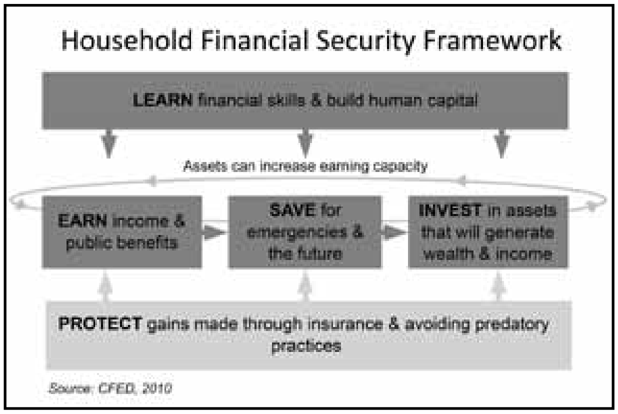


NEW YORK'S EXPERIENCE SUPPORTING CDFIs

New York has a history of strong support for CDFIs. In 2007, the New York Governor signed into law a bill that passed the legislature with strong bipartisan support, creating the New York State CDFI Fund. A first-in-the-nation example, the New York CDFI Fund is modeled after the federal CDFI Fund and provides for the creation of a full-fledged CDFI program to be administered by the Empire State Development Corporation (ESD), New York State's lead economic development agency.[45]

For more information, including synopses of CDFI-specific legislation introduced in the 2010 legislative session and case studies highlighting CDFIs and their advocacy efforts at the state level, see the Opportunity Finance Network report, *The 2010 State CDFI Legislation and Advocacy Report*.

PROTECT



Source: CFED, 2010

In addition to ensuring families have opportunities to learn, earn, save and invest, a final element of household financial security is protection against loss of income or assets, extraordinary costs, and harmful or predatory external forces. Financial setbacks due to loss of income can be significantly cushioned or even avoided if households have access to adequate, affordable and fairly-priced health, unemployment, disability and life insurance. Similarly, assets and wealth gains can be protected through access to adequate, affordable and fairly-priced property insurance, as well as consumer protections from deceptive or predatory financial products and practices, and foreclosure prevention programs and counseling.

There are a number of low-cost, politically viable approaches that states can take to protect consumers including requiring small-dollar lenders to report data on the loans they make; strengthening state consumer protections statutes; protecting consumers from predatory debt collectors; and increasing mortgage servicer regulation and accountability.

21. REQUIRE LENDERS TO REPORT DATA ON PREDATORY SMALL DOLLAR LOANS

Predatory small dollar lending not only hurts individual consumers, it also drains millions of dollars from communities every year.

Predatory small dollar lending refers to the subset of small dollar credit products that strip wealth from low- and moderate- income consumers. It includes practices where lenders charge exorbitant fees and interest rates, lend without regard to borrowers' ability to repay, continually refinance loans over a short period of time, and commit outright fraud and deception.[46] For instance, one study found that payday lending in California cost low-income African-American and Latino communities $247 million in fees over the course of a year.[47]

The best policy is to prohibit payday and car-title lending altogether or to impose an interest rate caps of 36% annual percentage rate (APR) or less. However, given the opposition by the small dollar lending industry, enacting this type of legislation is a long and uphill battle that often takes many years.

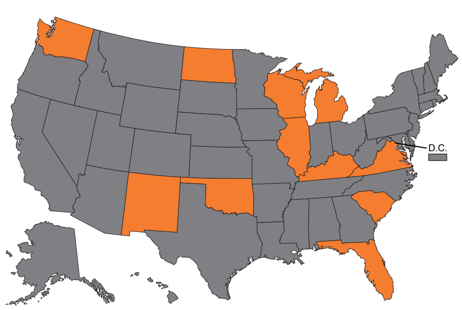
As an interim step, **states can require lenders and brokers to report individual-level consumer loan data to the state**. These data can include aggregate statistics that paint a picture of the overall lending landscape – such as average loan amount, terms and fees – along with information about how loans are utilized, e.g., default rates, percentage of customers who are repeat borrowers, and long-term indebtedness. Requiring consumer loan data reporting allows state regulators to better patrol the payday and consumer loan landscape and ensure that lenders are following rules and engaging in lawful lending. In addition, comprehensive consumer lending data allow researchers to analyze the impact of loans on borrowers, and inform future policy debates.

DID YOU KNOW ...

Payday lending in California cost low-income African-American and Latino communities $247 million in fees over the course of a year.

STATES' EXPERIENCE REQUIRING LENDERS TO REPORT DATA ON PREDATORY SMALL DOLLAR LOANS

States that require lenders and brokers to report consumer loan data



Eleven states require lenders and brokers to report consumer loan data.[48] States have found that requiring small dollar lenders to report transactions helps ensure compliance with regulations. A recent analysis of 11,000 borrowers in Oklahoma's loan database revealed that the typical payday borrower remains in payday loan debt for much of the year, and many borrowers remain indebted in payday loans for extended periods of time.

For more information about this policy, see the Center for Responsible Lending (CRL). A recent CRL report, *Payday Loans, Inc.: Short on Credit, Long on Debt*, discusses states with payday loan databases and some of the research findings that have come out of these databases.

22. STRENGTHEN STATE CONSUMER PROTECTION STATUTES

Unfair and Deceptive Acts and Practices (UDAP) statutes are the main lines of defense for individuals in the consumer marketplace. These state statutes protect consumers from predatory, unfair and deceptive practices by sellers and creditors across a broad range of industries. Prior to the passage of state UDAP statutes in the 1970s and 1980s, individuals had little or no protection from fraud and abuse in the marketplace. The typical UDAP statute gives power to a state agency, usually the Attorney General, to patrol the consumer marketplace, including prohibiting sellers and creditors from engaging in particular practices, imposing civil penalties and fines for violations, and allowing consumers who have been the victim of unfair practices to seek remediation.

UDAP statues vary widely from state to state – their strength depends on: the general prohibitions of unfairness and deception; the scope; the state's enforcement power; and consumers' rights for remediation.

- To protect consumers, s**tates should ensure their UDAP statutes broadly prohibit deception and unfairness, rather than limiting prohibitions to a finite list of specific practices**. Doing so allows the state enforcement agency to tackle new methods of deception and unfairness as they arise.
- **State UDAP statutes should also cover all of the main industries, including credit, insurance, utilities, post-sale acts and real estate**. Many states currently have loopholes that exempt some of these industries from statutes.
- In addition, **states should ensure that the enforcement agency has strong enforcement power**, which includes the power to impose meaningful civil penalties and to seek restitution without proving intent.
- Finally, **states should ensure that consumers are allowed to take predatory businesses to court and to seek fair remediation**.[49]

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EXAMPLES OF STATES WITH STRONG UDAP STATUTES

Although states' UDAP statutes vary widely, there are a handful of states with stronger statutes than the rest. In these states, the UDAP statutes broadly prohibit all types of deception and unfairness; the statutes have broad scope over most major industries; there is a strong state enforcement agency; and there are generally appropriate and fair remedies for consumers.

For more information about this policy, see the National Consumer Law Center's paper, *Consumer Protection in the States: A 50-State Report on Unfair and Deceptive Acts and Practices Statutes*.

23. PROTECT CONSUMERS FROM PREDATORY DEBT COLLECTORS

The debt collection industry has exploded in recent years, targeting low-income, elderly and disabled individuals. Debt buyers often file frivolous lawsuits against individuals who lack the reources to defend themselves in court.

In recent years, the debt collection industry has exploded, mainly targeting low-income, elderly and disabled individuals who do not have the resources to effectively defend themselves. Debt buyers purchase defaulted debt, including credit card debt, car loans, student loans, cell phone bills and medical bills, for a tiny fraction of the amount of debt owed. Unfortunately, however, debt buyers regularly do not have sufficient consumer records to verify the legitimacy and legality of the debt; that is, they do not have enough information to confirm that they are collecting the correct amount of debt from the correct person. The result is that debt buyers file millions of frivolous lawsuits against individuals, often without notifying the individual and without having proof of the claims. Because low-income individuals do not have the resources to defend themselves in court, debt buyers win more than nine out of 10 of these lawsuits – usually by default because the individual sued does not appear in court.

A recent study of debt collection practices in New York City found that 26 debt buyers filed 457,322 lawsuits from January 2006 to July 2008, resulting in an estimated $1.1 billion in judgments and settlements. Debt buyers prevailed in 94.3% of these lawsuits, usually by default judgments. Ninety-five percent of people with default judgments entered against them lived in low-and moderate-income neighborhoods, only 10% of the alleged debtors responded to summons and complaints, and only 1% had legal representation.[50] In 2009, the four largest publicly-traded debt buyers purchased almost $20 billion in debt.

States can enact legislation that prohibits debt buyers from filing lawsuits without sufficient evidence. Requiring evidence and adequate information about the alleged debts would significantly cut down on the number of meritless lawsuits filed by debt buyers.

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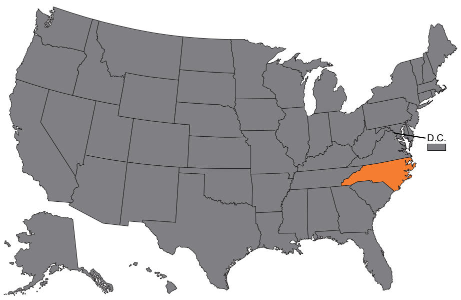

NORTH CAROLINA'S EXPERIENCE WITH DEBT COLLECTION

North Carolina recently enacted a law requiring debt collectors to prove that the consumer owns the debt being collected on. Additionally, debt collectors must be able to verify the actual amount owed.[51]

For more information about this policy, see the National Consumer Law Center.

24. INCREASE MORTGAGE SERVICER REGULATION AND ACCOUNTABILITY

As of October 2010, 2.5 million homeowners have been foreclosed upon, and another 5.7 million are at imminent risk of foreclosure.[52] Homeownership is still the single largest source of equity for American households. The steep rise in mortgage delinquencies and foreclosures revealed deep-seeded problems within the housing industry, including the dangers of high-risk mortgage products and predatory lending practices in the subprime market. It also, however, shed light on unfair and irresponsible practices by mortgage servicers, who are responsible for the day-to-day management of mortgage loan accounts and have the power to modify or refinance loans.

Even when a loan modification is a viable alternative to foreclosure, homeowners often do not receive them because mortgage servicers have a financial incentive to foreclose a home rather than modify a loan. The incentive structure for mortgage servicers creates this bias: servicers are more highly compensated to foreclose on a home than to modify a loan, and as a result, many homes have been unnecessarily foreclosed upon. There has been much media coverage of problems in the mortgage servicer industry, including the "robosigning" scandal in 2010, which showed that servicers were quickly signing-off on thousands of foreclosure documents without reading them. The exposure of these irresponsible practices has spurred political momentum to reform the servicer industry at the federal and state level – federal regulators have demanded more servicer oversight and the 50 state attorneys general have come together to investigate servicer practices.

States have exclusive control over foreclosure laws and therefore, are in a strong position to mitigate the impact of the foreclosure crisis.[53,54] States can ensure that homeowners are protected during the foreclosure process in several ways.

- **States can require servicers to abide by a general duty of good faith and fair dealing.**
- They can also **require servicers to disclose the "net present value" analysis they use to decide whether it is more profitable to modify a loan and accept lower payments or to let the borrower go into foreclosure**.
- Another alternative is to **require servicers to provide a "loss mitigation affidavit," which is a sworn statement that the servicer explored a range of alternatives before letting a home go into foreclosure**.

Requiring servicers to document their process gives homeowners the ability to take servicers to court if the homeowner detects unfair or irresponsible behavior.

The foreclosure epidemic revealed deep-seeded problems within the housing industry, including unfair and irresponsible practices by mortgage servicers, who have the power to modify or refinance loans.

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NEW YORK'S EXPERIENCE REGULATING MORTGAGE SERVICERS

Across the country, states have been addressing problems in the mortgage servicing industry. In 2010, the New York Banking Department adopted what is widely regarded as the strongest set of state regulations of mortgage servicers in the nation. The regulations are comprehensive in the protections afforded to homeowners during the foreclosure process, including a requirement for a general duty of good faith and fair dealing and that an affordable and sustainable loan modification be considered if it meets an NPV test (the analysis a servicer performs to decide if it more profitable to modify a loan and accept lower payments or to let the home go into foreclosure). The Banking Department worked closely with New Yorkers for Responsible Lending, a statewide coalition with over 150 members, to develop regulations that ensure that homeowners at risk of default are protected from abusive servicer practices.

For more information about this policy, see CFED's *Assets & Opportunity Scorecard* Resource Guide on foreclosure prevention and protections. The Center for Responsible Lending also has a wealth of information and resources on the topic, including a policy brief that addresses mortgage servicing protections at the state level.

RESOURCES

1. Integrate financial education in schools

- CFED's *Assets & Opportunity Scorecard* Resource Guide on Financial Education (http://cfed.org/scorecard/financial_education_in_schools/)
- The Council for Economic Education (http://www.councilforeconed.org/)

2. Allow financial education to count as a Temporary Assistance for Needy Families work activity

- New America Foundation's report: *Policy Options to Improve Financial Education* (http://www.newamerica.net/files/Doc_File_3135_1.pdf)

3. Integrate financial education into Workforce Investment Act One-Stops

- 2001 Department of Labor Employment and Training Administration Training and Employment Guidance Letter (http://wdr.doleta.gov/directives/attach/TEGL2-01.pdf)

4. Fund EITC outreach and public awareness campaigns to increase take-up of federal and/or state credit

- National Conference of State Legislature's report: *Tax Credits for Working Families: Earned Income Tax Credit* (http://www.ncsl.org/documents/sfn/EITCReport2011.pdf)
- Annie E. Casey Foundation's paper: *State and Local Support for Earned Income Tax Credit Campaigns* (http://www.orlando.org/clientuploads/temp/eitc.pdf)
- CFED's *Assets & Opportunity Scorecard* Resource Guide on Tax Credits for Working Families (https://www.cfed.org/assets/scorecard/2011_2012/rg_TaxCreditsWorkingFamilies.pdf)

5. Simplify and coordinate public benefits programs

- Center on Budget and Policy Priorities' report: *Improving the Delivery of Key Work Supports: Policy & Practice Opportunities at A Critical Moment* (http://www.cbpp.org/files/2-24-11fa.pdf)

6. Lift asset limits in public benefit programs

- CFED's *Assets & Opportunity Scorecard* Resource Guide on Lifting Asset Limits in Public Benefit Programs (https://cfed.org/assets/scorecard/2011_2012/rg_AssetLimits.pdf)

7. Encourage financial institutions to offer low-cost, convenient savings and transaction products

- National Bank On website: http://www.joinbankon.org
- U.S. Department of the Treasury, Office of Financial Education and Financial Access report: *Banking On Opportunity: A Scan of the Evolving Field of Bank On Initiatives* (http://joinbankon.org/resources/banking_on_opportunity_a_scan_of_the_evolving_field_of_bank_on_initiatives)

8. Increase capacity of credit unions to serve community needs by allowing local government entities to deposit funds in credit unions

- Credit Union National Association (http://www.cuna.org/)

9. Encourage financial institutions to locate in underserved neighborhoods

- New York State Banking Department's report: *10 Years In: A Review of the Banking Development District Program* (http://www.dfs.ny.gov/banking/bddreview.pdf)
- New America Foundation's policy brief: *Banking Development Districts Issue Brief* (http://assetsca.newamerica.net/publications/policy/banking_development_districts)

10. Encourage direct deposit by clarifying employer obligations

- CFED and the San Francisco Office of Financial Empowerment's white paper: *Financial Empowerment Through Employer Engagement: Migrating a City to a Paperless Payday* (http://cfed.org/programs/innovation/White_Paper_Fin_Empowerment_thru_Employer_Engagement_2011_03_final.pdf)
- The American Payroll Association, Consumers Union, the Electronic Payroll Coalition, and the National Consumer Law Center report: *Joint Core Principles for Payroll Cards* (http://www.defendyourdollars.org/pdf/Payroll_Cards_Core_Principles.pdf)

11. Encourage workplace retirement savings through Automatic Individual Retirement Accounts

- CFED's *Assets & Opportunity Scorecard* Policy Innovation Brief on Universal Voluntary Retirement Accounts (http://scorecard2009.cfed.org/downloads/pdfs/innovationBriefs/InnovBrief_UVRAs.pdf)
- The Sargent Shriver National Center on Poverty Law (http://www.povertylaw.org/)

12. Allow financial institutions to offer "prize-linked savings"

- D2D Fund (http://www.d2dfund.org/topic/prize_linked_savings)

13. Collect data to make the case for college savings incentives and remove barriers to participation

- CFED's *Assets & Opportunity Scorecard* Resource Guide on College Savings Incentives (https://www.cfed.org/assets/scorecard/2011_2012/rg_CollegeSavingsIncentives.pdf)

14. Help adults build credit histories by affirming utility companies' permission to report on-time payments

- Political and Economic Research Council (http://www.perc.net/)

15. Ensure success of first-time homeowners through homeownership counseling

- CFED's *Assets & Opportunity Scorecard* Resource Guide on First-Time Homebuyer Assistance (https://www.cfed.org/assets/scorecard/2011_2012/rg_FirstTimeHomebuyer.pdf)
- The National Council for State Housing Agencies (http://www.ncsha.org/)

16. Preserve long-term affordability of homes and "recycle" the subsidy through shared equity policies

- CFED's *Assets & Opportunity Scorecard* Policy Innovation Brief on Shared Equity Homeownership (http://scorecard2009.cfed.org/downloads/pdfs/innovationBriefs/InnovBrief_SharedEquityHomeownership.pdf)
- NCB Capital Impact's Shared Equity Homeownership Initiative (www.homesthatlast.org)

17. Make it easier for owners of manufactured homes to convert their home titles from personal property to real property

- CFED's Manufactured Housing Advocacy Center (http://cfed.org/programs/manufactured_housing_initiative/manufactured_housing_advocacy_center/)

18. Include microenterprise development in existing programs and funding streams

- CFED's *Assets & Opportunity Scorecard* Resource Guide on State Microenterprise Support (https://www.cfed.org/assets/scorecard/2011_2012/rg_Microenterprise.pdf)
- Self-Employment Assistance Program on the Department of Labor's website (http://www.workforcesecurity.doleta.gov/unemploy/self.asp)

19. Require community colleges to participate in the federal student loan program

- The Institute for College Access and Success (http://www.ticas.org/)
- The Project on Student Debt's report: *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans* (http://projectonstudentdebt.org/files/pub/still_denied.pdf)

20. Recognize CDFIs as eligible delivery mechanisms for all community economic development programs

- Opportunity Finance Network's report: The 2010 State CDFI Legislation and Advocacy Report (http://www.opportunityfinance.net/public/files/State_CDFI programs Final 2010.pdf)

21. Require lenders to report data on predatory small dollar loans

- Center for Responsible Lending (http://www.responsiblelending.org/)
- Center for Responsible Lending's report: *Payday Loans, Inc.: Short on Credit, Long on Debt* (http://www.responsiblelending.org/payday-lending/research-analysis/payday-loan-inc.pdf)

22. Strengthen state consumer protection statutes

- National Consumer Law Center's paper: *Consumer Protection in the States: A 50-State Report on Unfair and Deceptive Acts and Practices Statutes* (http://www.nclc.org/images/pdf/udap/report_50_states.pdf)

23. Protect consumers from predatory debt collectors

- National Consumer Law Center's Debt Collection Resource Section (http://www.nclc.org/issues/debt-collection.html)

24. Increase mortgage servicer regulation and accountability

- CFED's *Assets & Opportunity Scorecard* Resource Guide on Foreclosure Prevention and Protections (https://www.cfed.org/assets/scorecard/2011_2012/rg_ForeclosurePrevention.pdf)
- The Center for Responsible Lending (http://www.responsiblelending.org/)
- Center for Responsible Lending's Policy Brief: *Foreclosure as a Last Resort: States Can Stabilize the Housing Market by Preventing Unnecessary Foreclosures* (http://www.responsiblelending.org/mortgage-lending/policy-legislation/states/20101021-State-Loss-Mit-Brief-Final.pdf)

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1 "State-by-State EITC Statistics for tax returns filed during 2011," Internal Revenue Service, 2011, http://www.eitc.irs.gov/central/eitcstats/.

2 Margaret S. Sherraden, *Financial Capability in Children: Effects of Participation in a School-Based Financial Education and Savings Program*, (St Louis, MO: Center for Social Development, 2009).

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9 Steve Holt, "The Earned Income Tax Credit at Age 30: What We Know," The Brookings Institution, 2006, http://www.brookings.edu/reports/2006/02childrenfamilies_holt.aspx.

10 Sarah Torian, "State And Local Support For Earned Income Tax Credit (EITC) Campaigns," Annie E. Casey Foundation, March 2006, http://www.orlando.org/clientuploads/temp/eitc.pdf.

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12 Leslie Parrish, "To Save, or Not to Save? Reforming Asset Limits in Public Assistance Programs to Encourage Low-income Americans to Save and Build Assets," (Washington, DC: New America Foundation, 2005), p.9.

13 Missouri has an asset test in CHIP for families with income above 150% of the federal poverty level; however, the limit is $250,000, which is high enough that it is unlikely to discourage program participants from saving.

14 Genevieve Melford and Michelle Nguyen, "Sustainable Financial Institution Engagement in Bank On Initiatives," (Washington, DC: CFED, forthcoming).

15 Institute for Youth, Education and Families, National League of Cities, "Banking on Opportunity: A Scan of the Evolving Field of Bank On Initiatives," (Washington, DC: U.S. Department of the Treasury, November 2011).

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ACKNOWLEDGEMENTS

This report was written by Jennifer Brooks, with significant policy research by a number of CFED staff. The author would like to thank LeElaine Comer, Ethan Geiling, Michelle Nguyen, Kasey Wiedrich and Lauren Williams for their diligent research, analysis and writing.

To inform and vet the recommendations in this report, we relied on a range of experts nationwide. The author would like to also thank the following people for sharing their time and expertise: Cathy Beyda, American Payroll Association; Karen Harris, Sargent Shriver National Center on Poverty Law; Rick Jacobus, Burlington Associates in Community Development; Uriah King, Center for Responsible Lending; Rebeca Potasnik, Washington Asset Building Coalition; Dory Rand, Woodstock Institute; Garth Rieman, National Council of State Housing Agencies; Ed Strong, Corporation for a Skilled Workforce; Sara Weed, Center for Responsible Lending; and Dafina Williams, Opportunity Finance Network.

CFED would also like to thank Marian Urquilla and Helen Leung, of Living Cities for funding this work and for providing overall guidance and advice on its direction.

Published by CFED.