Integrating Asset Building: An Initiative Leading to Self-Sufficiency

Jennifer Marcelli

EXECUTIVE SUMMARY

Asset building is engaging in long-term saving and investment behavior as a means to increase economic independence. This concept is important because problems that are caused by economic instability affect people's ability to be successful. For example, financial chaos leads to evictions, which causes instability and makes maintaining employment difficult. The Alameda County Social Services Agency (ACSSA) recognized that an integrated asset building platform that incorporates nationally recognized financial principles and strategies into its already existing menu of services will help create better financial outcomes for the individuals and families served. To do so, ACSSA embarked on a plan to design and implement an asset building program that moved away from only case management services, and toward education and assistance around the concept of helping clients build resources as a safety net with resources to fall back on in the case of difficult financial times. Although this effort is still fairly new, there has been much success in Alameda County as a result of moving in this direction. It was determined to look at ACSSA's asset building program because Napa County clients face similar needs in financial education, assistance, and coaching to achieve and sustain self-sufficiency. The recommendation of this case study is for Napa County leadership to strongly consider developing and implementing a similar asset building program.

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Background

According to the Assets and Opportunity Scorecard, 44% of United States households are liquid asset poor. This is defined as a household's inability to access wealth resources that are sufficient enough to provide for basic needs for a period of three months. Asset poverty expands the concept of poverty to include how much of an economic cushion a household has to make it through a financial crisis such as a job loss, medical emergency, or the need to fix a car or appliance. Experts have agreed that three months of living expenses at the poverty level is the safety net a family needs if they lose their income (scorecard.assetsandopportunity.org/2014/measure/asset-poverty-rate). Families stand a better chance of escaping poverty if they know how to use their money and resources effectively and grow their financial assets over time.

Why Asset Building?

In order to help families move up in their economic status, a clear understanding of the many factors that contribute to either strengthening or wearing away the financial security of households, and how these factors are related to each other is necessary (cfed.com). It can be a challenge to accumulate assets, however, even small savings can make a big difference in economic security, children's educational attainment, parental self-esteem, and possibility for the future (ACSSA Asset Building Concept Paper).

Key Elements in Asset Building

According to the Assets for Independence Resource Center, there are several key elements in asset building. They are:

- **Financial Education:** Gives families information and skills to make solid decisions about budgeting, saving, managing credit, setting aside funds for emergencies, accessing available tax credits, etc. Adults with financial knowledge and skills in financial decision-making are more likely to plan for retirement, have an emergency fund, and make better investment choices in general. They are also less likely to engage in credit card behavior that generates high interest payments and fees.
- **Savings and Individual Development Accounts:** Building cash savings to cover costs in case of job loss, health crises, or other emergencies is a critical part in financial stability. With Individual Development Accounts (IDAs), savers receive a match on their deposits, enabling them to increase their account balance on a quicker schedule.
- **Getting Banked:** Connecting to conventional financial institutions and products means paying less for necessary financial transactions such as cashing checks and paying bills. Many families are exposed to predatory financial practices such as being charged fees for cashing paychecks or high interest for taking out small loans until

the next payday. Some families fall further into debt because they use high-interest credit cards to pay medical or other bills. Getting banked includes getting help opening savings, checking, and money market accounts, using direct deposit, and accessing financial products that are the best match for what the individual or family needs.

- **Managing Credit and Debt:** Many low-income families face obstacles related to credit and debt. Having poor credit scores, or no credit at all, limits a person's ability to obtain a loan or other financial products needed. Credit counseling assists people in learning to manage and reduce debt and make positive strides to improve credit.
- **Tax Credits and Tax Filing Assistance:** More than any other poverty reduction effort, tax credits (Earned Income Credit (EITC), Child Tax Credit, Child Care Credit, etc.), boost more families above the poverty line than any other asset building technique.
- **Accessing Federal and State Benefits:** While a long-term goal of asset building is to reduce the need for benefits, many families require support in the short-term. Low-wage earners can receive additional income and services through federal and state programs. Many such supports are underused. Accessing federal and state benefit programs not only can help with daily living expenses, but also can help families save and build assets.

History of Asset Building in Alameda County

Alameda County Social Services Agency (ACSSA) recognized that only providing case management services to clients was not getting to one of the root causes of why families are in poverty and was not helping them break out of it. ACSSA hypothesized that if it were to integrate asset building strategies into the existing service array, it would allow for better outcomes for low-income individuals and families (ACSSA Asset Building Concept Paper). ACSSA hired an Asset Building Coordinator and developed an agency-wide, staff-driven, Asset Building Steering Committee to coordinate efforts across departments and programs. ACSSA identified three goals for its efforts toward asset building aimed at:

- Promoting and increasing savings
- Building and repairing credit
- Increasing use of low-cost financial products and decreasing use of high risk predatory products

From this, the agency realized that financial education was the common theme needing to be addressed. With this information, ACSSA began to develop a scalable Asset Building Program to effectively combine asset building with public social services. ACSSA received grant funds to support this effort from the San Francisco Foundation and partnered with the Alameda County Community Asset Network (ACCAN) and Community Financial Resources (CFR) to integrate services and support clients on their way toward economic stability.

At this time, the agency offers Volunteer Income Tax Assistance (VITA) sites at three self-sufficiency centers, which provide asset-building services. These services include onsite asset coaches, financial product enrollment, financial education surveys and resources to community partners, facilitation of Individual Tax Identification Numbers (ITINs) applications, savings promotions sponsored by the Earn It! Keep It! Save It! Coalition, and benefits screening (i.e., Medi-cal, food stamps, etc.). During the 2015 tax season over 2,600 returns were completed and processed over $4.4 million in tax refunds—dollars coming back into the county's local economy.

ACSSA has also piloted financial education workshops and one-on-one credit coaching to four targeted populations—CalWORKS Subsidized Employment Participants, General Assistance Job Seekers, Transitional Age Foster Youth, and CalWORKS Supervised Job Search Participants. ACSSA has successfully installed surcharge-free ATMs for EBT card users in all of the self-sufficiency centers. In the future, ACSSA plans a full scale implementation and integration of asset building concepts to help families and individuals determine where they are and where they want to be. This includes: expanding services offered at VITA sites; offering savings accounts for families and children on CalWORKS; child support savings for fathers; credit building through grant repayments/adjustments; specific support for current and former foster youth; gender specific services; referrals to community partners and low-cost products; and financial education, savings, and credit building for staff (ACSSA Asset Building Concept Paper).

Challenges and Successes

Some challenges were identified through the pilot offered on financial education. It was found to be difficult sustaining participation with some groups of participants. The clients made some suggestions about time of day/week the classes were offered. Additionally, the clients requested some focus be on longer-term goals like buying a car.

ACSSA had successes with both the VITA sites and the financial education workshops. The success noted with the VITA sites is in particular to the asset coaching. The services clients receive go beyond just getting their taxes filed. With an onsite asset coach, clients are able to talk with someone about financial planning and can actually open a safe, pre-paid debit card. A benefit for clients includes getting their refunds quickly and directly onto their debit cards so thatthey will then have the card for inexpensive, safe, future use. Additionally, a worker from Self-Sufficiency is onsite and can sign clients up for healthcare and other services, like Cal Fresh, if they qualify and are not already utilizing the service. The VITA site also has the capacity to process ITINs for clients without social security numbers who need to file taxes. In 2014 the agency received the Corporation for Enterprise Development (CFED) Platforms for Prosperity Award: Where We Get Comprehensive Services.

Another success that should be noted is the support and commitment ACSSA has from community organizations and grantors. ACSSA has fostered strong strategic partnerships with local, state, and national coalitions as well as community partners to advocate for the removal of CalWORKS asset limits, the establishment of a state Earned Income Tax Credit (EITC), reduction or elimination of EBT fees, restriction of payday lending and predatory financial products, and the expansion of the presence of mainstream financial institutions in underserved communities. The agency's 2015 Legislative Platform includes a section on asset building. Many of the services ACSSA is able to offer clients in the realm of asset building would not be possible without the financial backing from the agency and from grants it has received.

Implications and Recommendations for Napa County

If Napa County were to embark on an asset building program, the implications could be substantial. Clients of Napa County Health and Human Services (HHS) would have the ability to truly be coached on how to stabilize their financial situations and sustain it. This would mean they would be less dependent on HHS over time. It would not only benefit the clients served, but would also assist the divisions in integrating the services they provide for shared clients. In order to pursue a project in asset building, there are several recommendations for Napa County.

The first recommendation would be for the HHS Senior Management Team to discuss if asset building is a direction it desires to go. If it is determined that this is an effort worth pursuing, the second recommendation would be to determine a budget the agency can support in the asset building project.

The third recommendation would be to then develop a workgroup or steering committee made up of representatives from each HHS division and identifying a chair for the team. Having a team of folks on a committee for the program is paramount to making a plan and ensuring tasks are completed. At some point during the development of the project, it may be appropriate to add a community partner organization and consumer to the steering committee to obtain the knowledge and resources they have from their perspective during the planning and implementation process.

The fourth recommendation would be to focus on building the capacity internally at HHS to providing asset building services. This would mean a focus on integrating asset building into the everyday work/services staff provide to clients. This would be necessary to ensure sustainability without being dependent on outside organizations as the sole providers of these services. To do this, much effort would need to go into training and supporting staff. One idea would be to use the Employee Assistance Program Brown Bag Seminars and offer financial education and literacy information to staff for their personal use. This would increase their awareness and understanding on the topic and would allow for staff to expand this knowledge in working with clients. It would also provide for a personal benefit for the staff.

The fifth recommendation would be to partner with community organizations that may specialize in financial education or are already doing work in the asset building arena. The final recommendation would be for the steering committee to develop a work plan. The work plan should include the following:

- Budget Determination
- Staffing Resources
- Financial education training for staff
- Exploring grant opportunities
- Engaging with community partners
- Determination of where to start in the agency
- Determination of target populations
- Timelines for completion of each stage of plan

The implications of implementing a project like this would allow for the integration of services to the clients who span several different divisions within HHS. It would also allow for a partnership with the community to provide assistance to shared clients. Implementation barriers include: securing financial resources to embark on an asset building project, including HHS funding and locating and applying for grants; finding time to train staff and adding duties to their already hectic workload; engaging community providers who are already experts in asset building and/or financial literacy to partner with HHS on this project; and engaging clients in the asset building process and obtaining their buy-in and participation in the services.

Although this project would take a significant amount of time and resources, the overall benefit to the clients served and the agency would be priceless. It also has the potential impact to decrease clients' needs and dependence on the agency's services over a period of time. A cost-benefit analysis could be completed showing the potential savings for the county in terms of both the amount of money expended and staff time.

Acknowledgments

I would like to extend a genuine thankyou to staff at the Alameda County Social Services Agency for sharing their work in the area of asset building. I would particularly like to thank Lorena Briseño, Asset Building Coordinator, for not only her time spent with me, but also for her passion and commitment to this work. Her passion for the clients and community she serves exudes from her when she talks about the work they are doing. I would also like to thank Napa County HHSA Director, Howard Himes, and former Napa County Child Welfare Services Director, Linda Canan, for their support and encouragement and for the opportunity to participate in the BASSC program. A thankyou as well to the Napa County BASSC liaison, Mark Woo. A final thankyou to my BASSC co-hort. I have learned so much from everyone and have thoroughly enjoyed the relationships I have built.

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