



Assets and Opportunities in the Twin Cities and Across Minnesota

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A Forum to Explore Strategies to Increase Financial Security
and Opportunity in the Twin Cities and Statewide

St. Paul, Minnesota
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About CFED

- CFED (Corporation for Enterprise Development) has worked for over 30 years to expand economic opportunity by helping people save and invest, own homes, succeed as entrepreneurs, contribute to and benefit from the economy
- CFED's special expertise is to connect public policy, private markets and community practice to bring effective approaches for building wealth and financial security to scale at the local, state and national levels

Presentation Overview

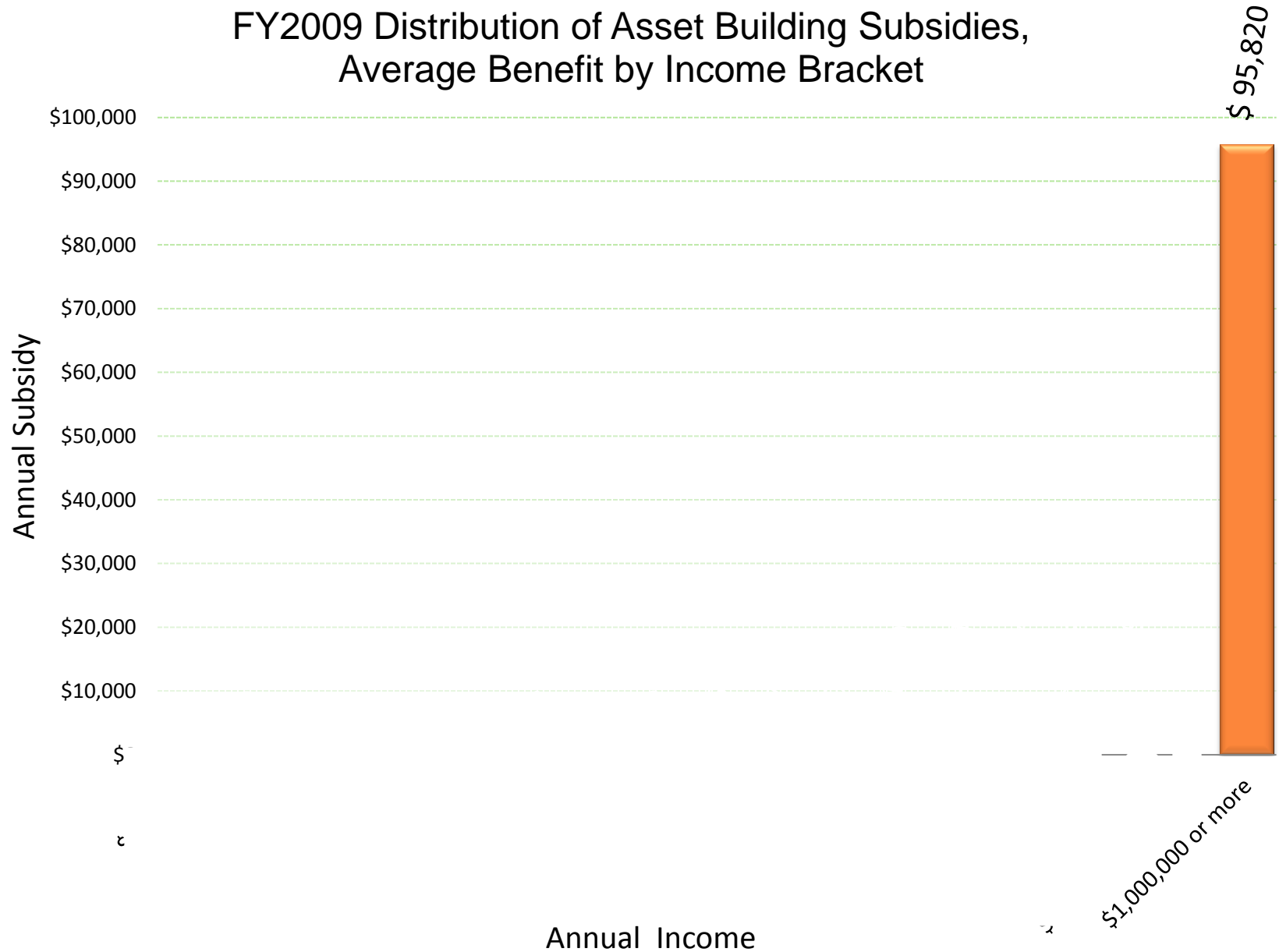
- Why assets matter
- Who has assets in this country ... and who doesn't
- How financially secure are families in the Twin Cities and Minnesota
- What state and local policymakers can do to improve outcomes

Why focus on building assets?

- Assets matter economically, socially and psychologically
- Income is necessary, but alone insufficient for financial stability and mobility
 - Assets create a financial buffer to weather emergencies
 - Promote long-term thinking and planning
 - Enhance the well-being and life chances of children
 - Increase the likelihood of going to and succeeding in college
 - Are linked to reduced marital dissolution and domestic violence
- Employers, government policies, financial products, incentives and education determine who accumulates assets

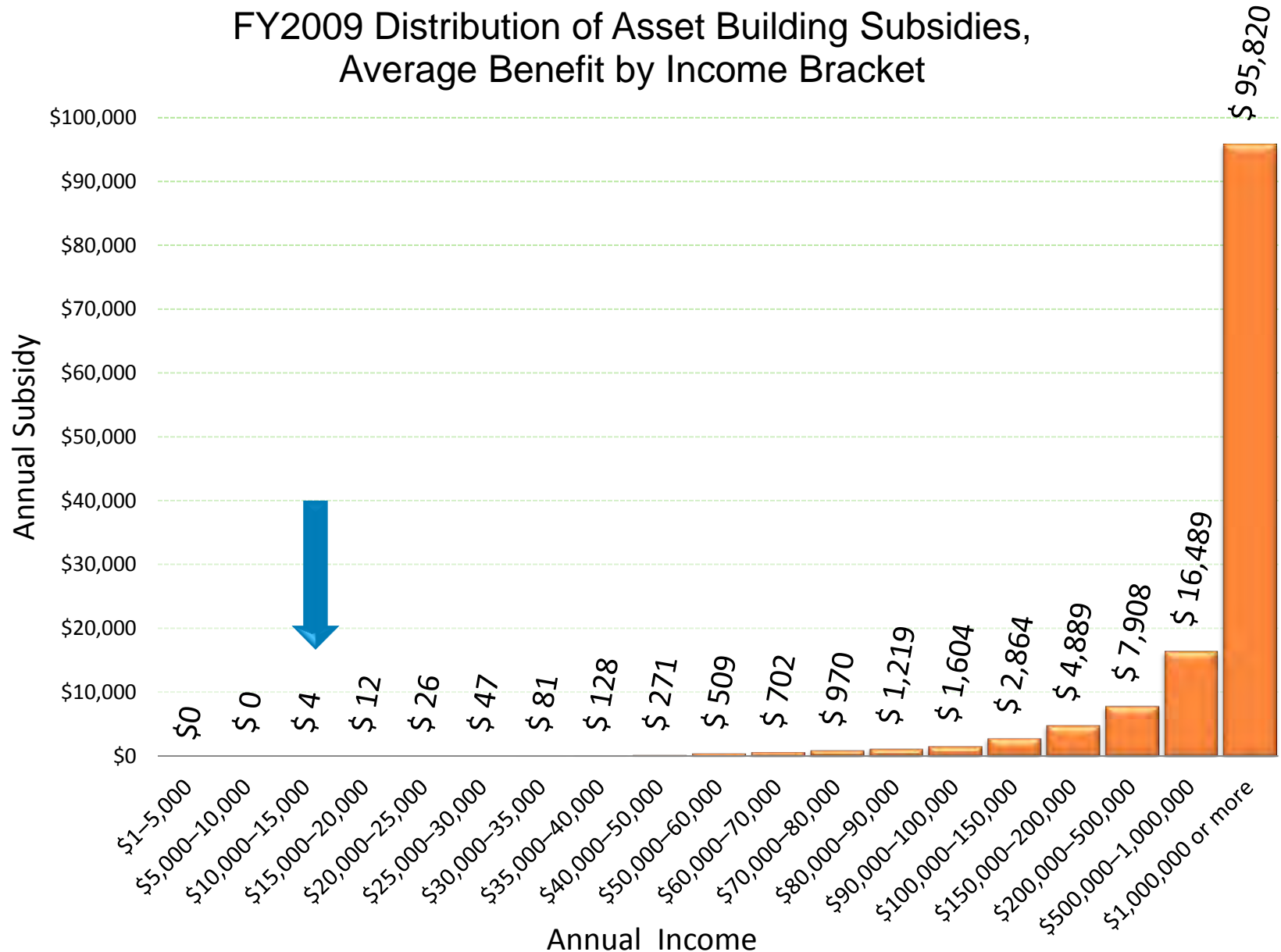
Asset distribution & trends: Upside-down subsidies

FY2009 Distribution of Asset Building Subsidies,
Average Benefit by Income Bracket



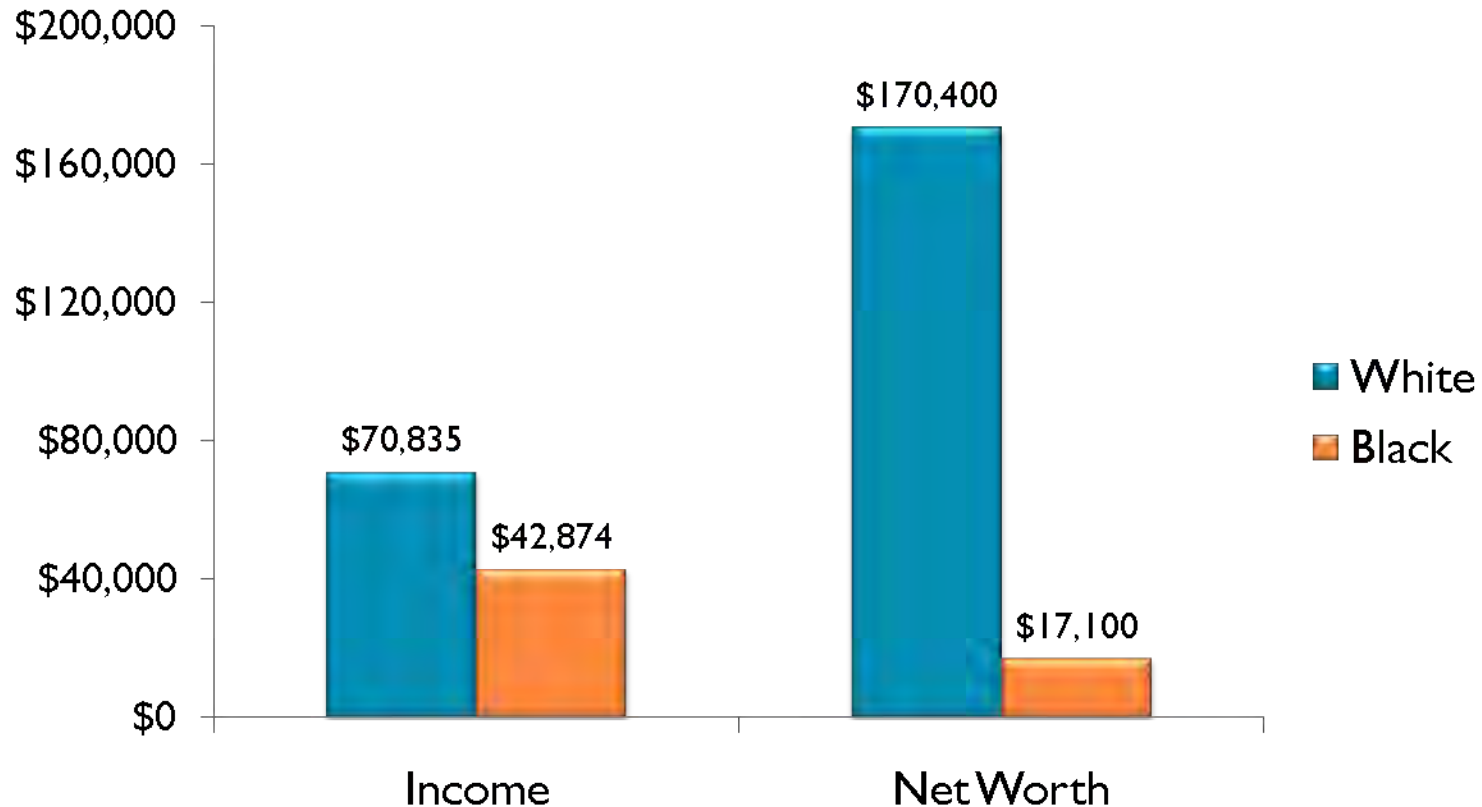
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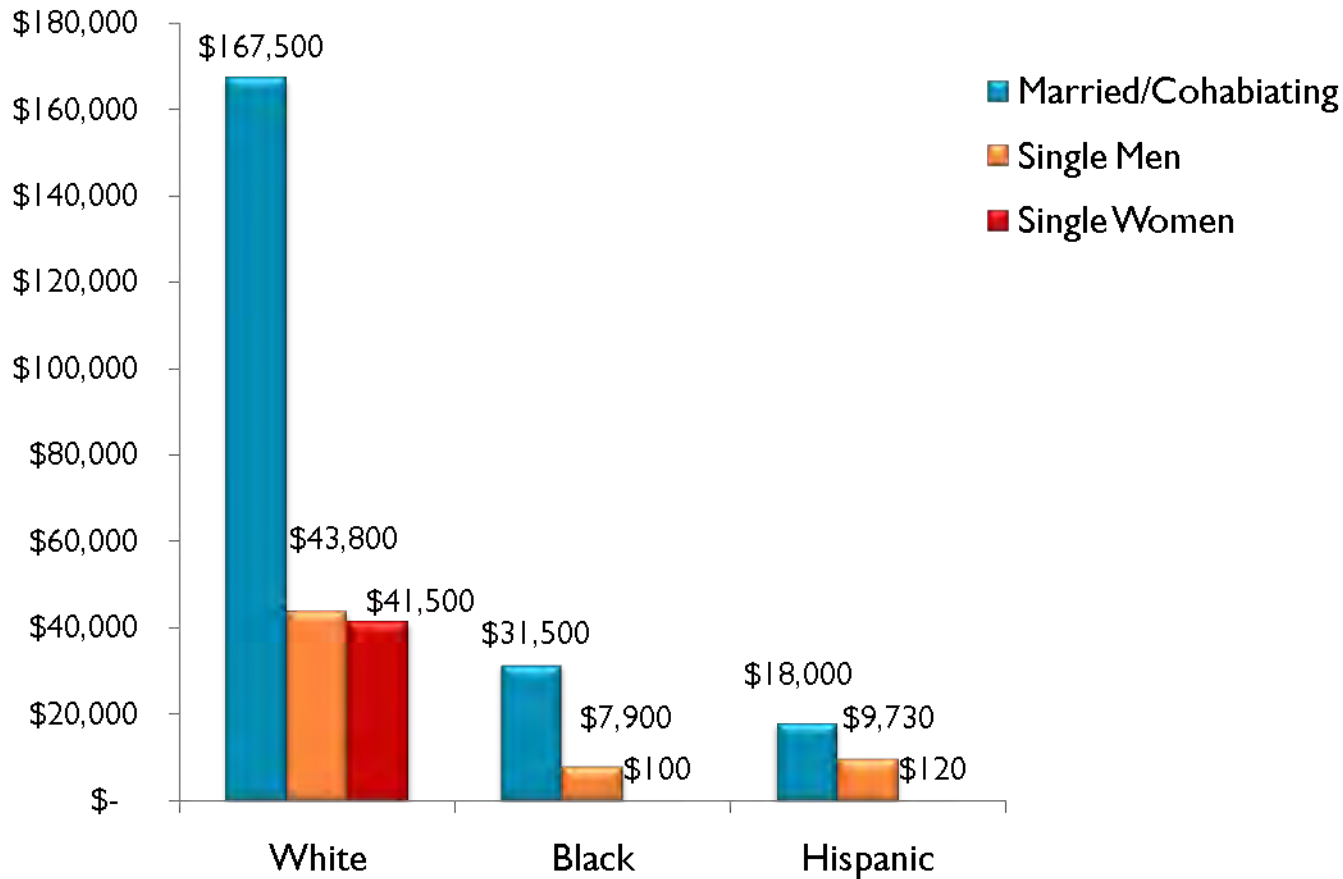
Asset distribution & trends: Racial wealth gap

Median Income & Median Net Worth by Race, 2007



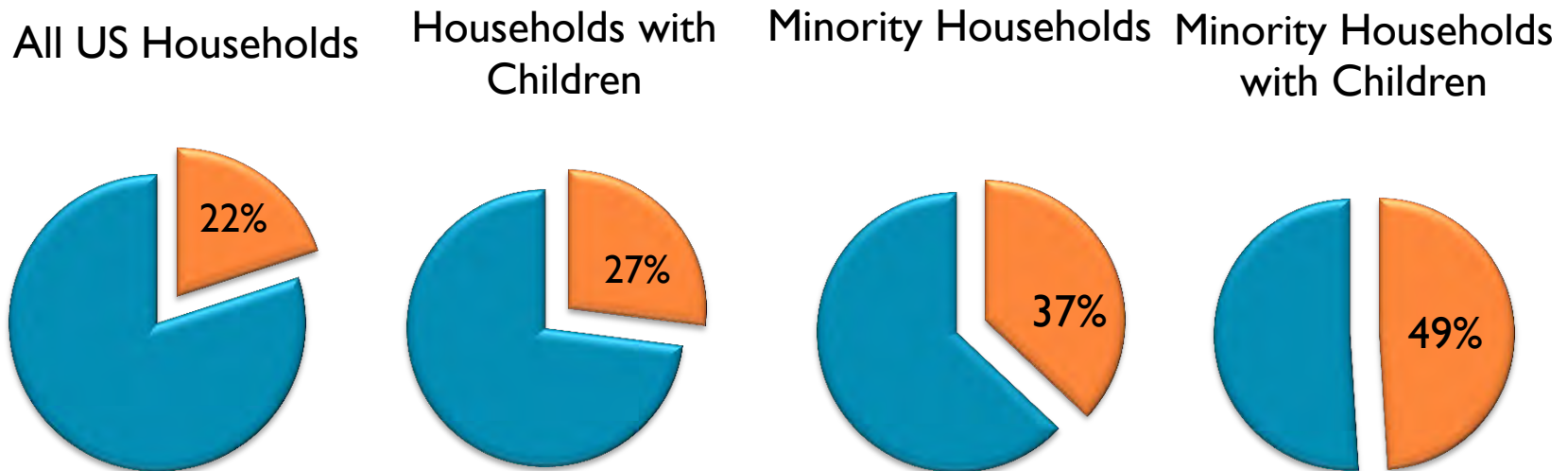
Asset distribution & trends: Family structure wealth gap

Median Net Worth by Race, Household Structure, 2007



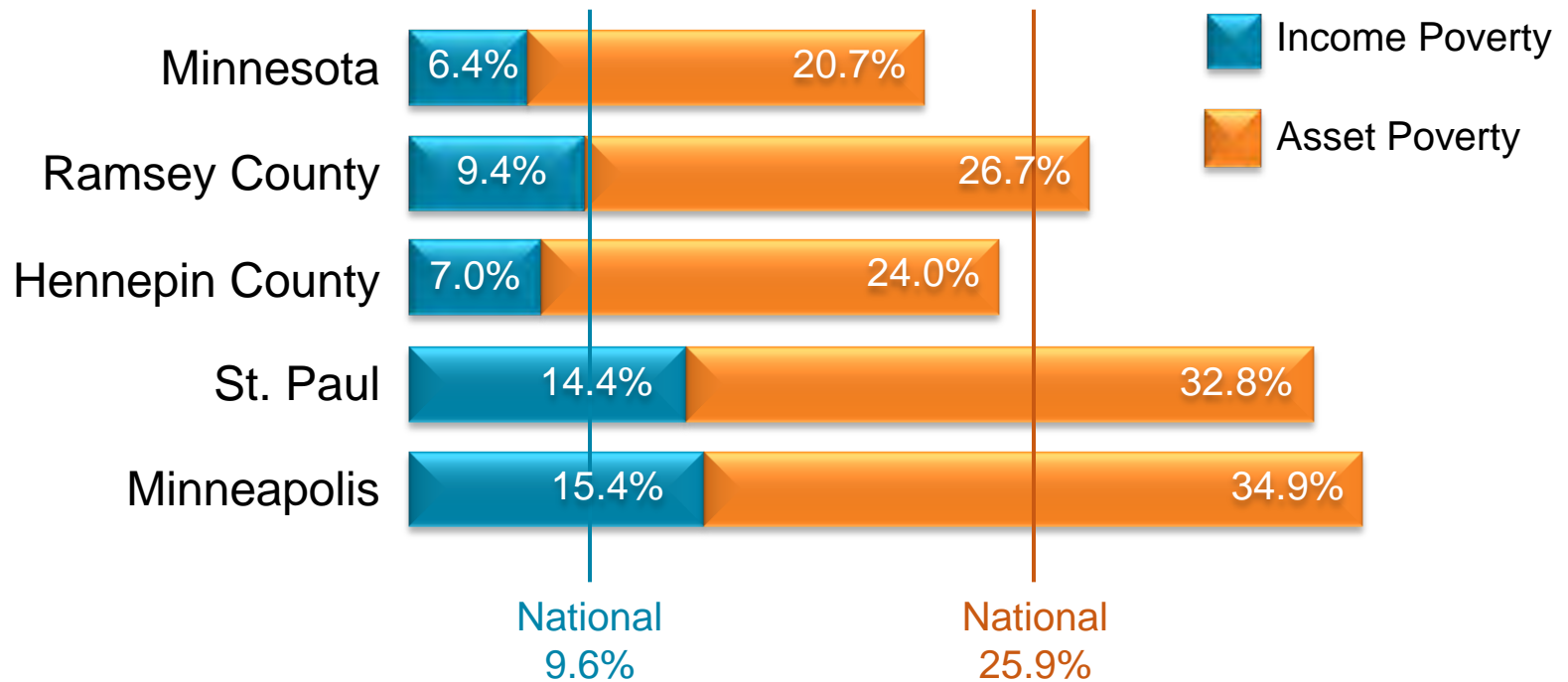
Asset distribution & trends: Asset poverty

- Asset Poverty: Insufficient financial resources to subsist at federal poverty line for 3 months if income interrupted
- Asset poverty affects...



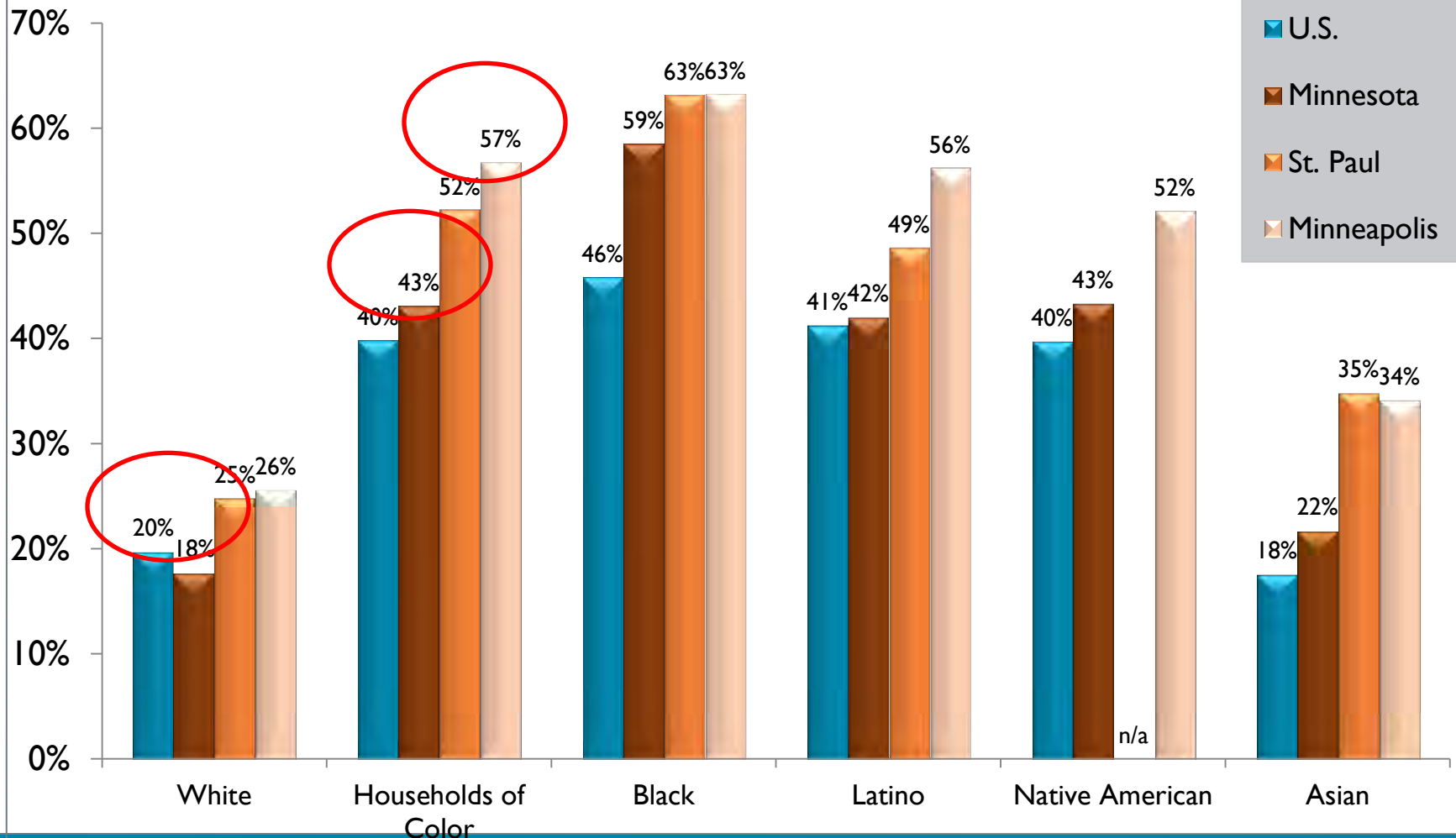
Income and Asset Poverty in Minnesota

Rates of Household Income Poverty & Asset Poverty in St. Paul, Minneapolis, Ramsey County, Hennepin County, Minnesota and the United States



Asset Poverty: Geographic & Racial Disparities

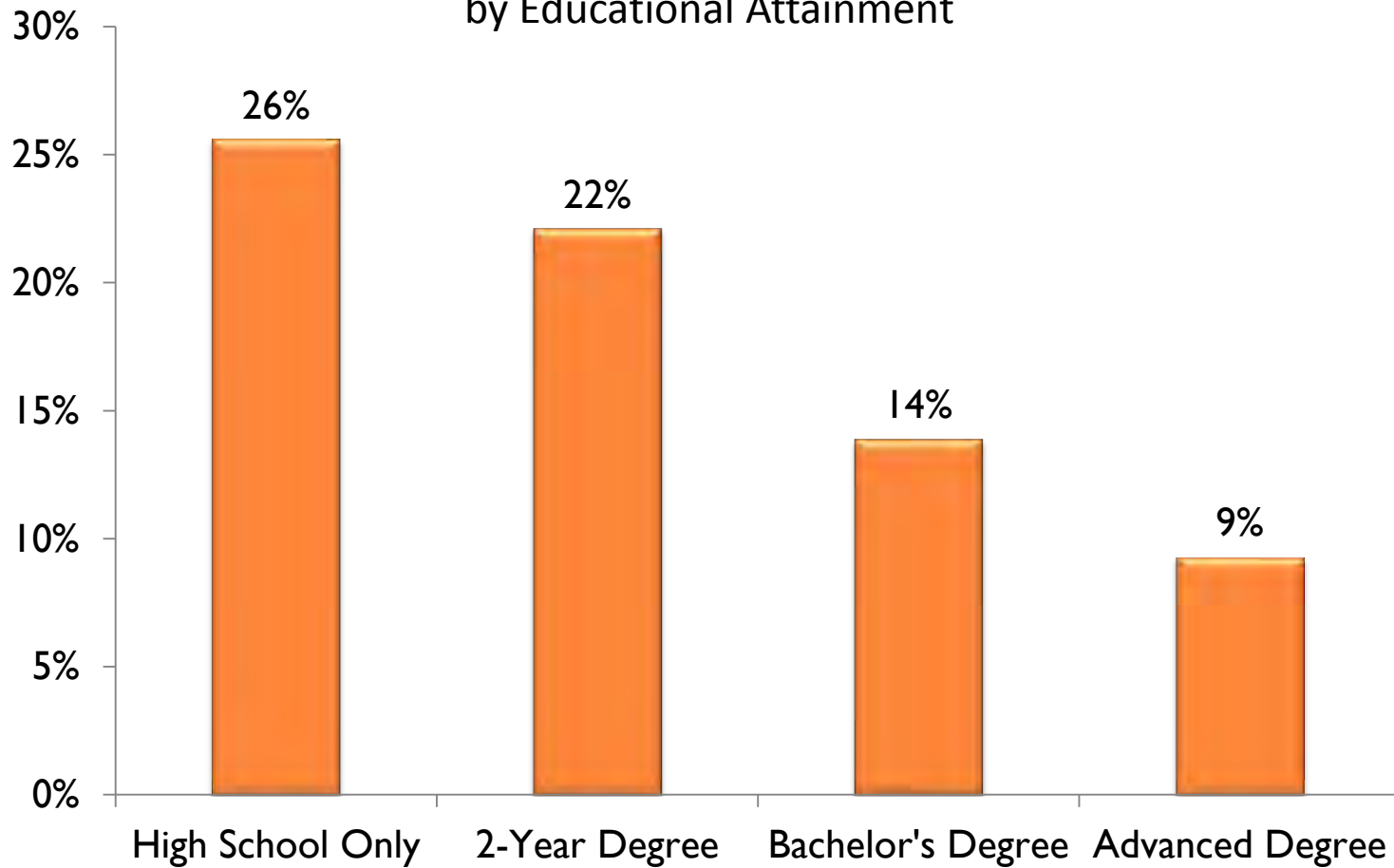
Household Asset Poverty Rate in U.S., Minnesota, St. Paul and Minneapolis, by Race



Source: CFED. Assets & Opportunity Profiles for St. Paul and Minneapolis. 2011.

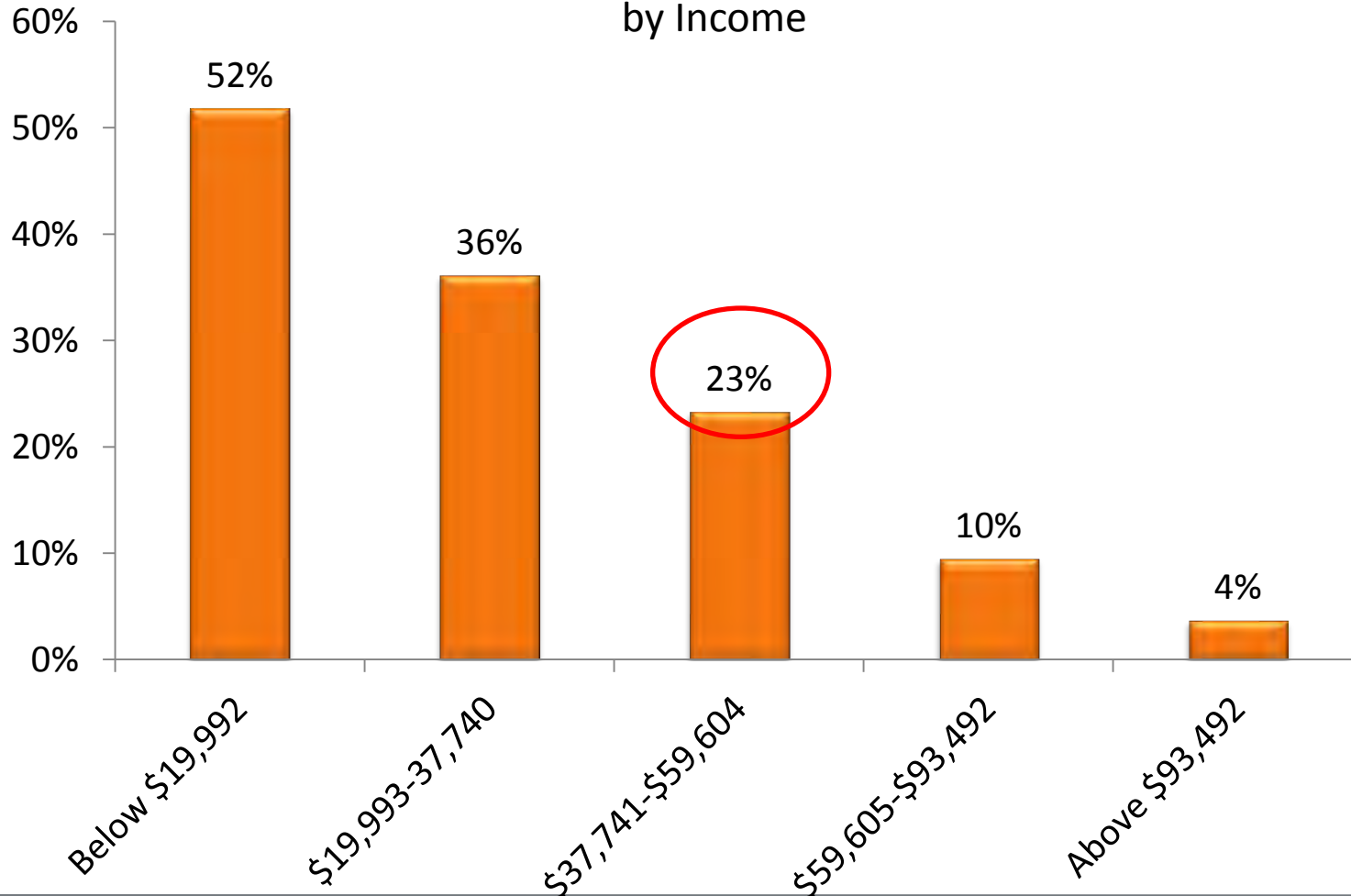
Asset Poverty: Disparities by Education

Household Asset Poverty Rate in Minneapolis/St. Paul Metro Area,
by Educational Attainment



Asset Poverty: Disparities by Income

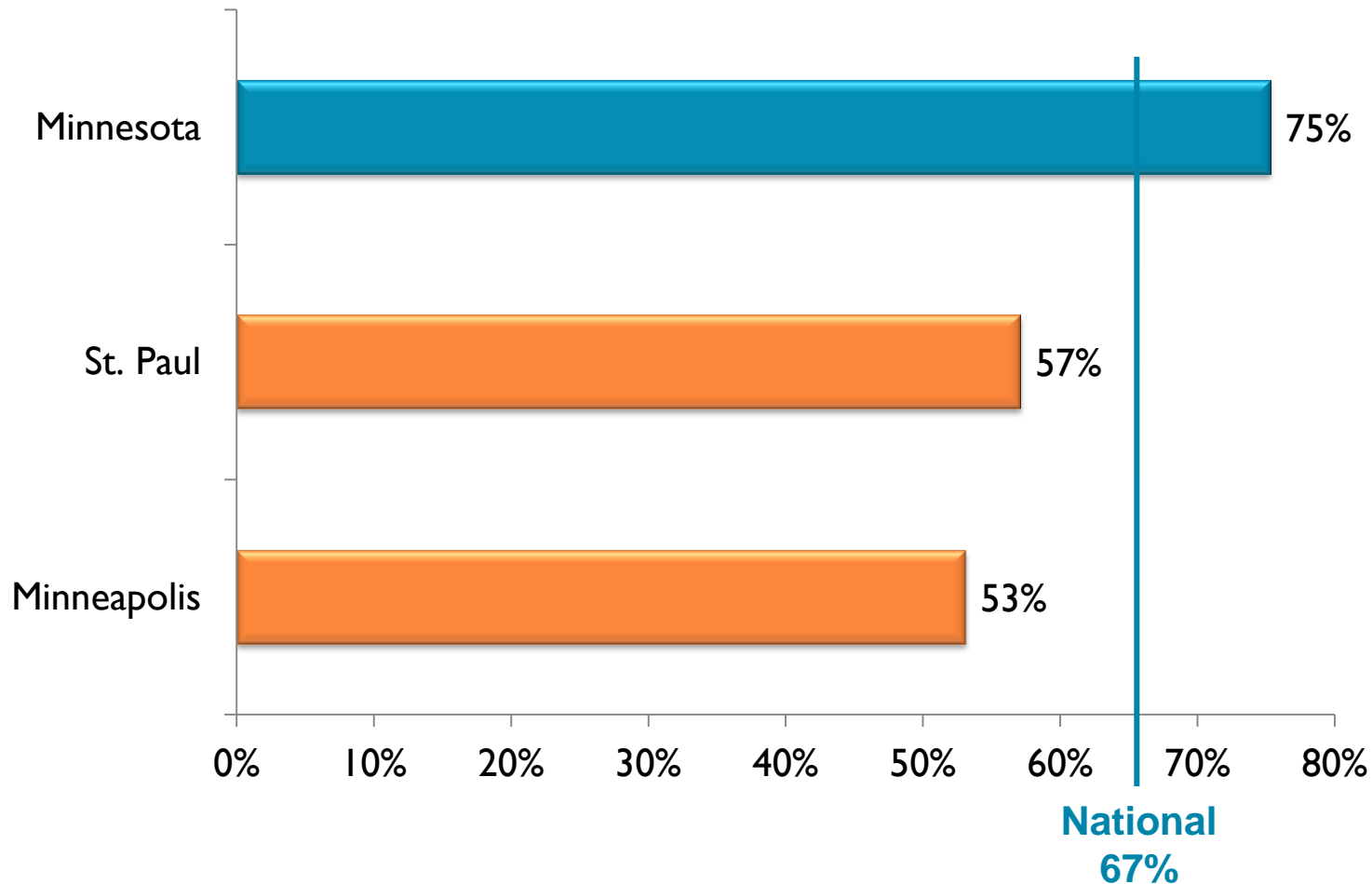
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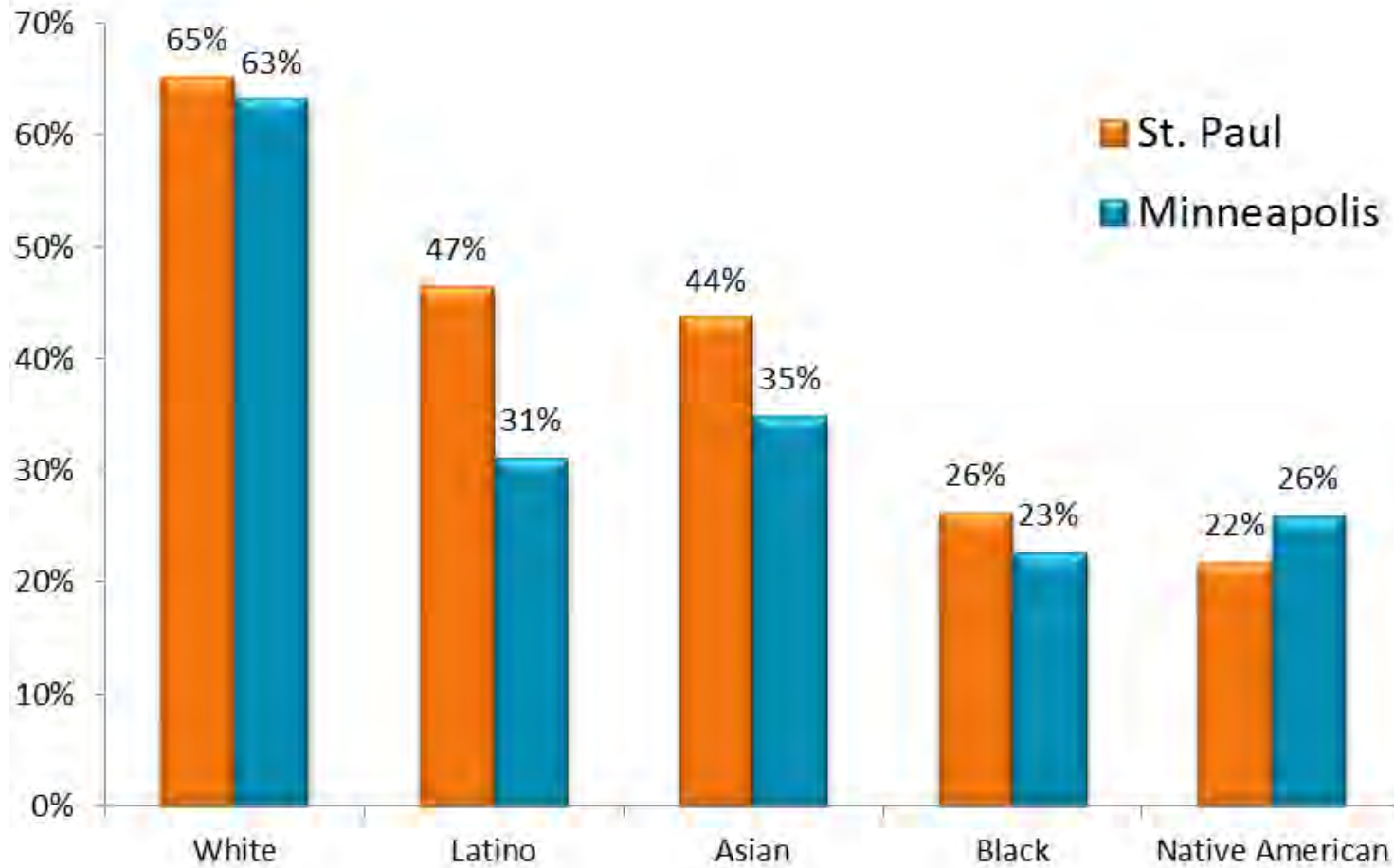
Homeownership in Minnesota

Homeownership Rate in the United States, Minnesota, St. Paul and Minneapolis



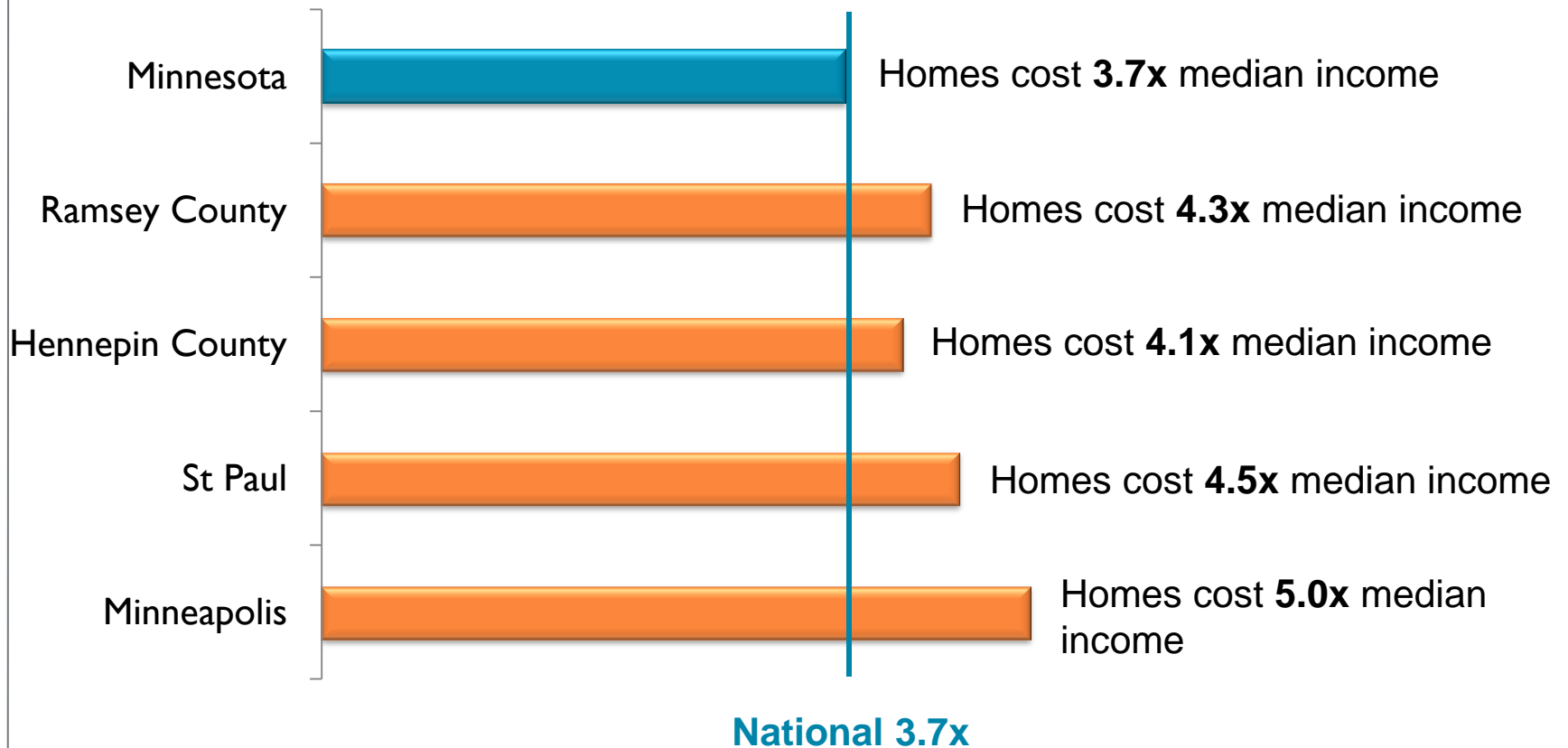
Homeownership: Disparities by Race

Homeownership Rate in St. Paul and Minneapolis, by Race



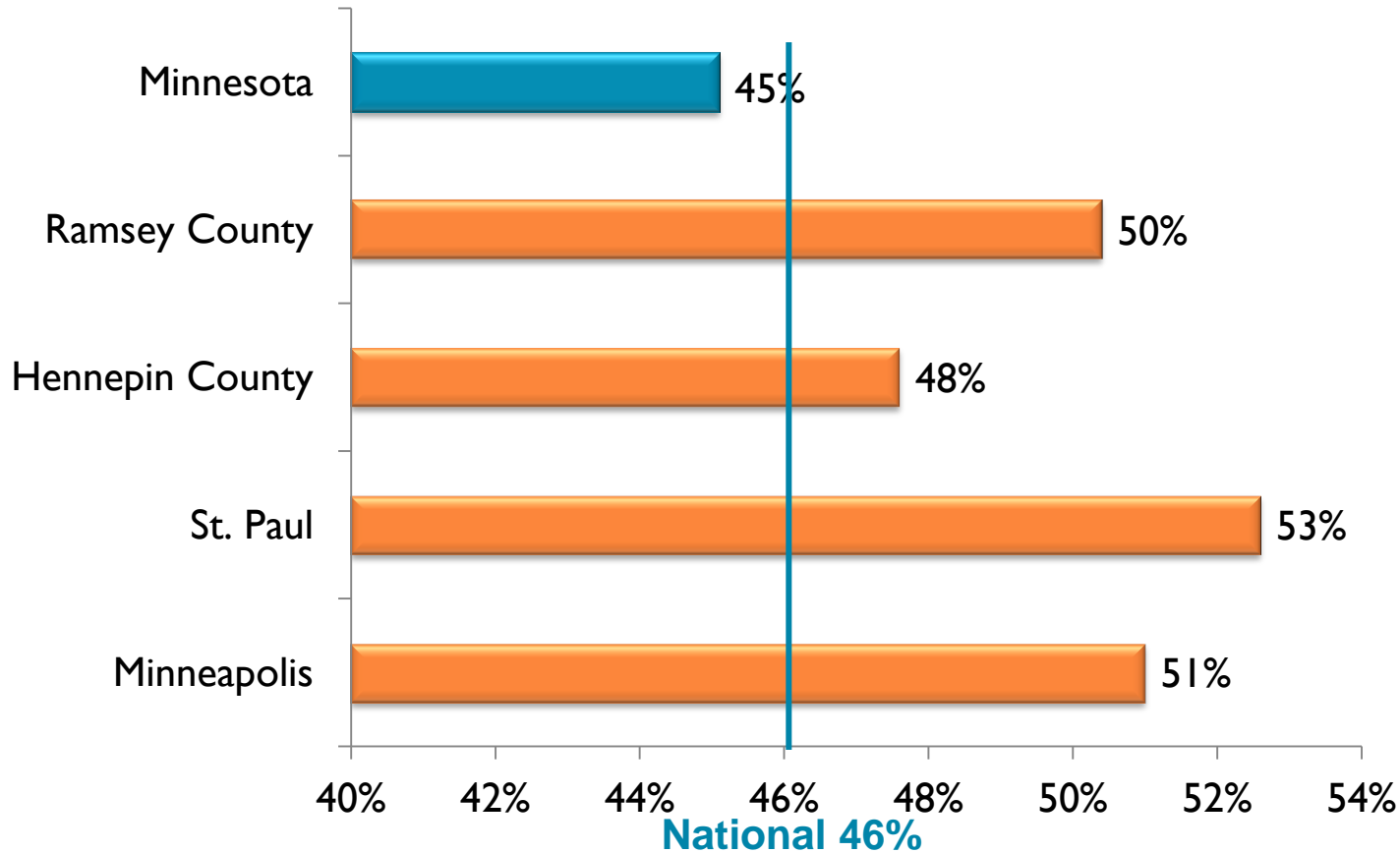
Affordability of Homes

Median Housing Value divided by Median Income in the U.S, Minnesota. Ramsey County, Hennepin County, St. Paul and Minneapolis



Affordability of Rents

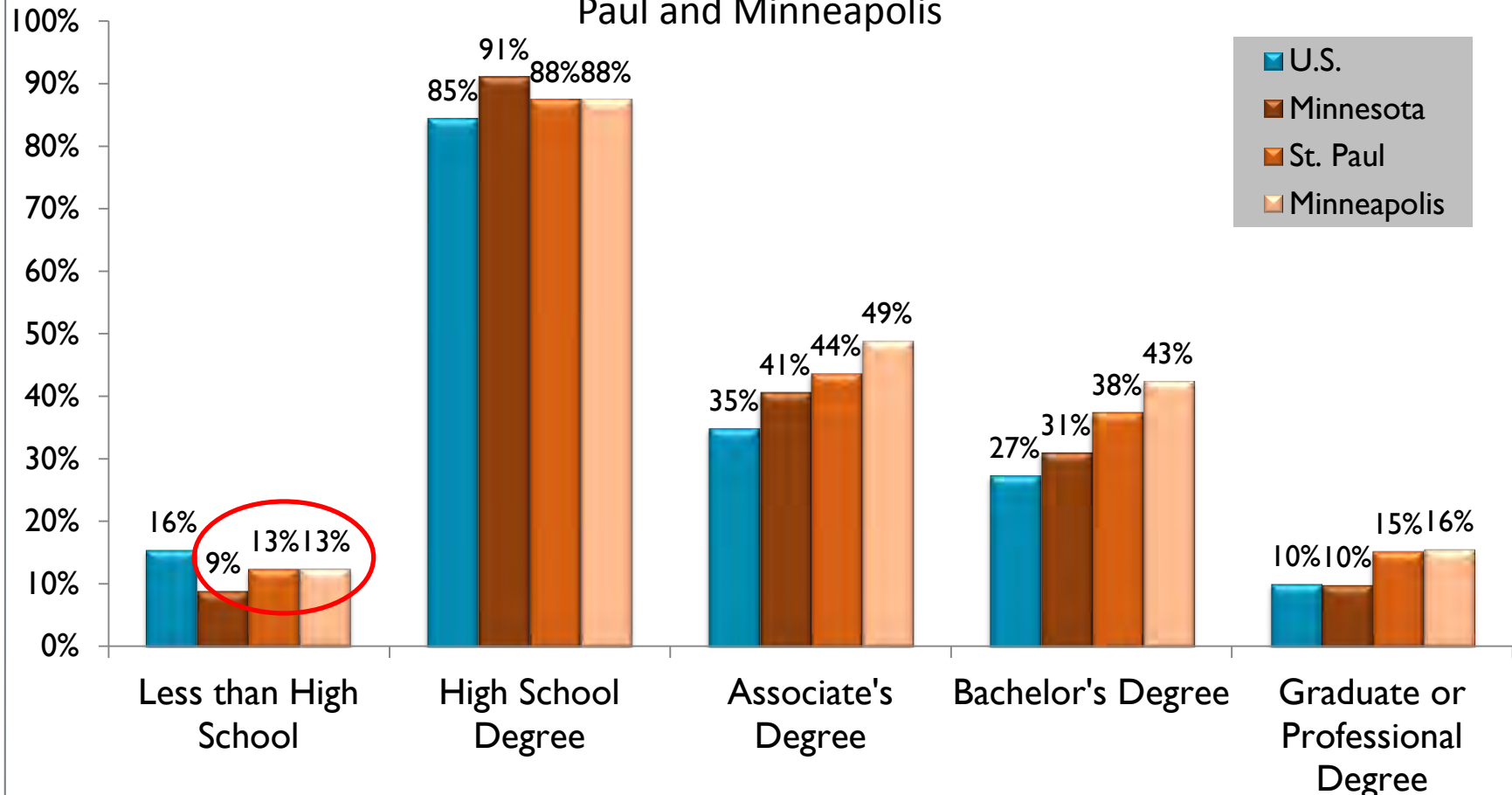
Percent of renters paying more than 30% of income in the U.S., Minnesota. Ramsey County, Hennepin County, St. Paul and Minneapolis



Source: CFED. Assets & Opportunity Profiles for St. Paul and Minneapolis. 2011.

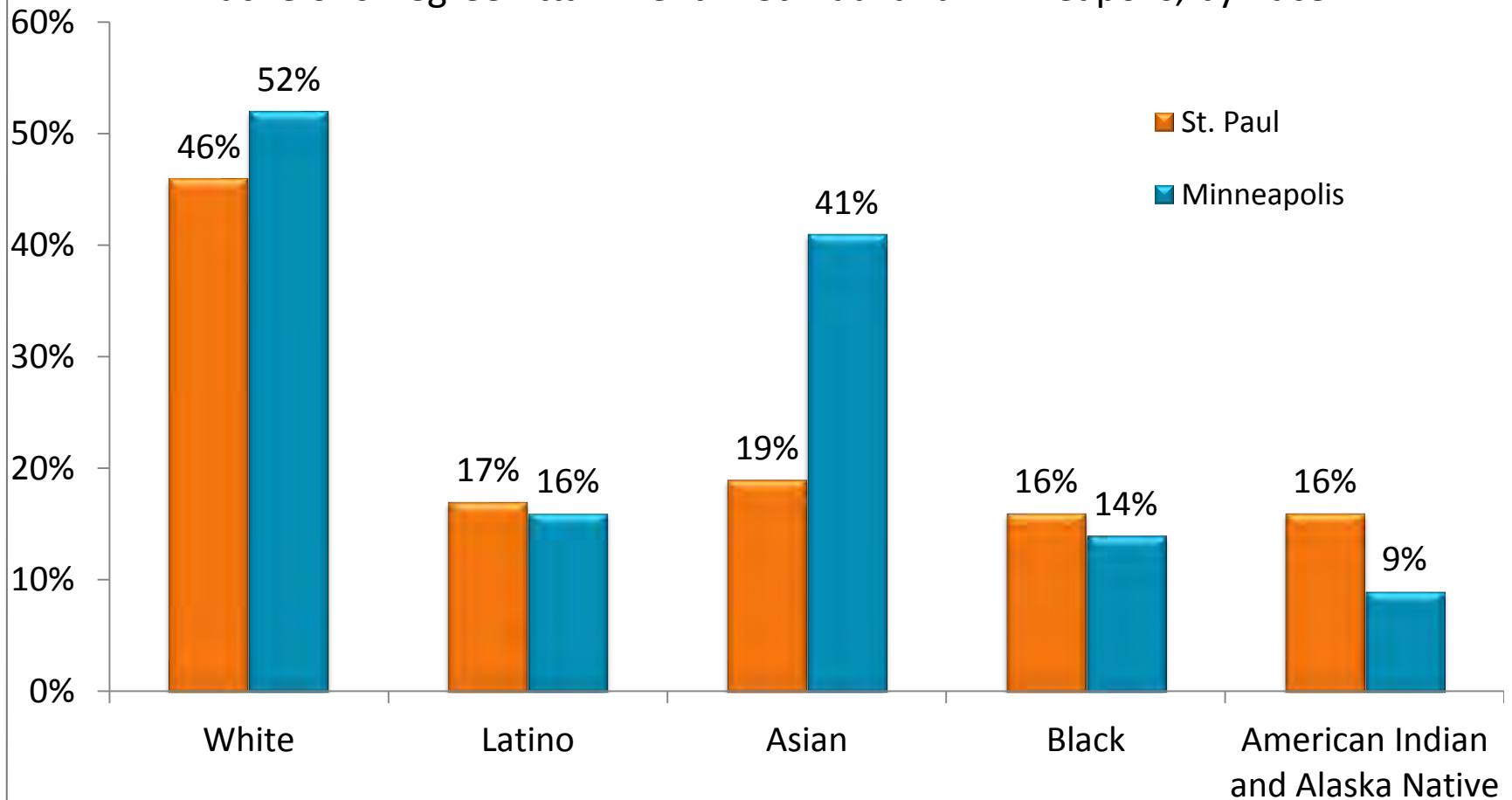
Educational Attainment in Minnesota

Educational Attainment in the U.S, Minnesota. Ramsey County, Hennepin County, St. Paul and Minneapolis



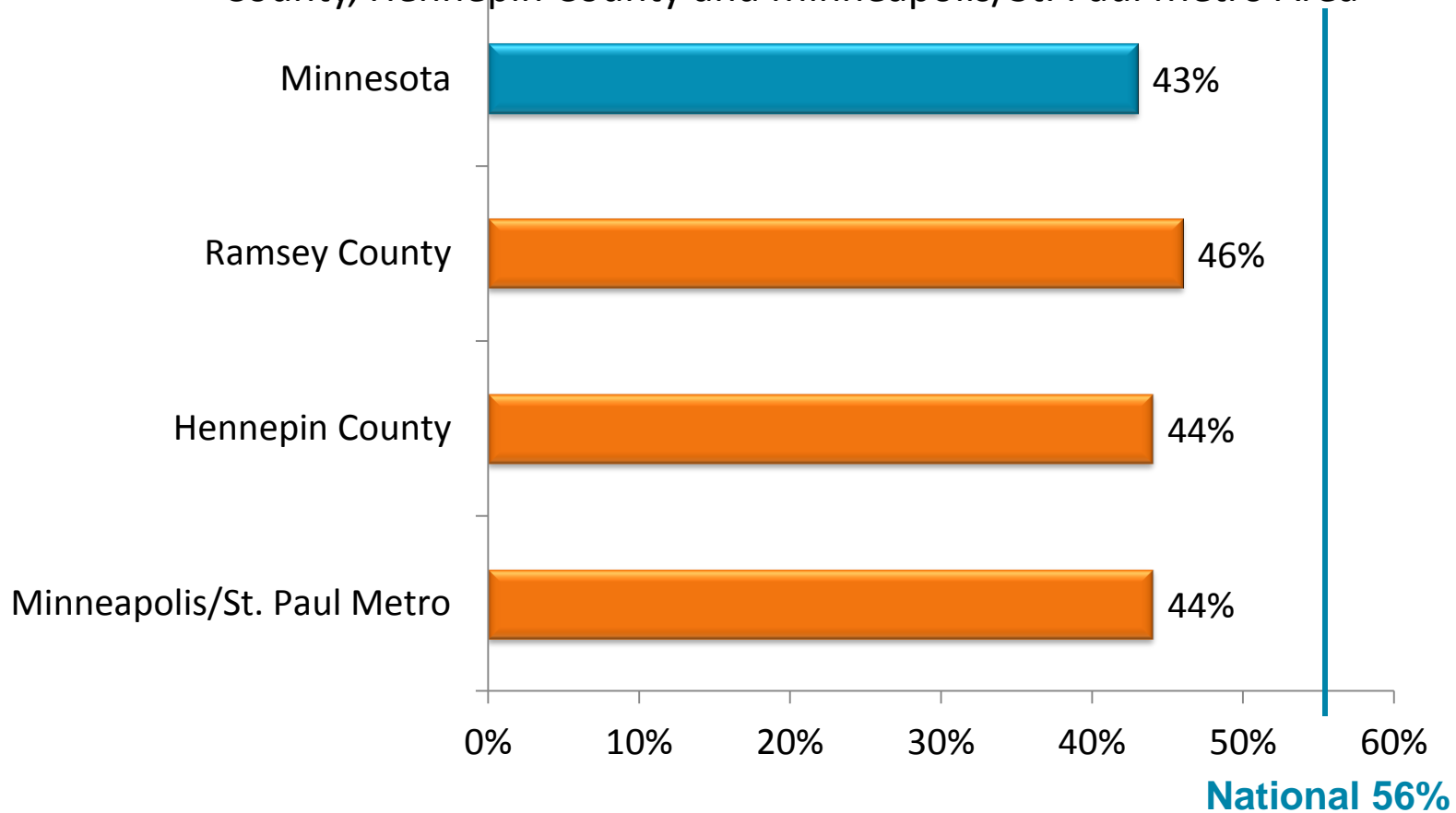
Educational Attainment: Disparities by Race

Bachelor's Degree Attainment in St. Paul and Minneapolis, by Race



Access to Credit in Minnesota

Consumers with Subprime Credit Scores in the United States, Minnesota, Ramsey County, Hennepin County and Minneapolis/St. Paul Metro Area



Source: CFED. Assets & Opportunity Profiles for St. Paul and Minneapolis. 2011.

So, what do families need for financial security and empowerment?

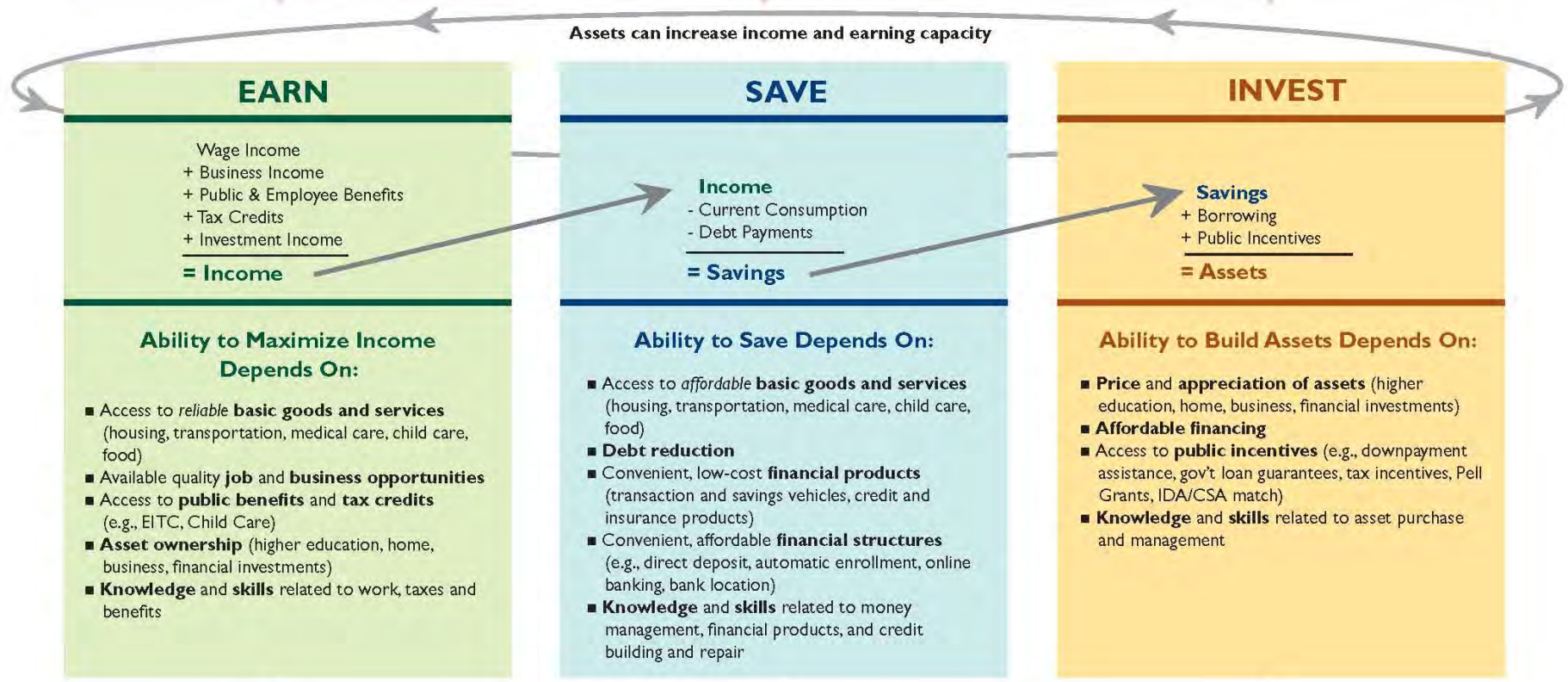
Household Financial Security Framework

LEARN

Knowledge and skills that enable navigation of and success in markets (labor, financial) have a direct bearing on financial security

- **K-12 & Postsecondary Education:** Basic literacy and math skills, plus commitment to lifelong learning are critical for employment and advancement
- **Financial Education & Counseling:** Timely, relevant, accurate information on basic budgeting, taxes, financial products and services, and use of credit
- **Asset-specific Education:** Preparation for homeownership, business ownership, postsecondary education, and financial investments

Assets can increase income and earning capacity



PROTECT

Gains must be protected against loss of income or assets, extraordinary costs, and harmful or predatory external forces

- **Insurance (public or private):** Protects against loss of income or assets as well as against extraordinary costs (e.g., unemployment, disability, life, health/medical, property)
- **Consumer Protections:** Protect consumers from discriminatory, deceptive and/or predatory practices (e.g., redlining, predatory mortgage lending, payday lending, banking practices)
- **Asset preservation:** Depends on government policies (e.g., community investments, blight ordinances, foreclosure prevention) and market conditions

How do we move the needle?

- Local, state and federal policy infrastructure
 - Funding
 - Authority
 - Regulation
- Effective delivery of critical asset-building and asset-protection services

State “stroke of a pen” policy ideas

LEARN

- Integrate financial education in schools
- Allow financial education to count as a Temporary Assistance for Needy Families work activity
- Integrate financial education into Workforce Investment Act one-stops

EARN

- Fund EITC outreach and public awareness campaigns
- Simplify and coordinate public benefit programs
- Lift asset limits in public benefit programs

SAVE

- Partner with banks to offer appropriate products
- Encourage direct deposit by clarifying rules
- Adopt auto IRAs
- Allow “prize-linked savings”
- Collect data on college savings plan participation

INVEST

- Build credit histories: permit on-time payment reporting
- Counsel new homeowners
- “Recycle” homeownership subsidies thru shared-equity
- Make manufactured homes an asset through titling
- Include self-employment in existing programs

PROTECT

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

Local policy and program strategies

LEARN

- Create financial education/counseling networks and referral structures
- Open neighborhood-based financial one-stop centers
- Incorporate financial education into social service and workforce programs
- Standardize and certify financial education services and providers

EARN

- Use technology to simplify benefits screening
- Benefits screening in high-need communities
- Fund EITC awareness campaigns
- Fund free tax prep
- Enact local EITC

SAVE

- Partner with banks to offer appropriate products
- Create alternative, affordable loan products
- Encourage direct deposit
- Incent short-term savings
- Incent asset-specific savings (IDAs, college savings)

INVEST

- Home purchase subsidies, counseling
- Create shared-equity homeownership programs
- Expand access to small biz capital and training
- Connect small biz to free tax help

PROTECT

- Curb high-cost financial service providers through licensing and zoning
- Enact and enforce consumer lending disclosure laws
- Provide foreclosure counseling, forgivable emergency loans, assistance to renters

For more information ...

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