

Asset Development for Low-Income Women A Framework for Success

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Call for a new policy framework and social contract

- A fundamental promise of America is that each of us will have the opportunity to join the economic mainstream, become contributing members of our society and share in the American dream. Yet this dream continues to elude many, particularly women and minority households.
- No one wants special treatment, only a fair chance to become members of the middle class and partake of what we have come to equate with that membership – education and skills to get a good job, decent wages, money in savings, homeownership, and a pension plan to build on Social Security.
- But in recent years, there has been a steady erosion of the government investments that had their beginnings during New Deal and helped millions of Americans join the middle class.
- It is time for a new compelling public vision, to rehabilitate the idea of social investment in individuals and families that has broad appeal across a significant swath of the political spectrum.
- A new, comprehensive and progressive policy vision can shape public debate and galvanize support for policies that promote mobility and security for all households in America, including those left out of the opportunity structure.
- We propose a policy framework based on investments in people to help them build personal and financial assets.
- Historically, government policy has built the middle class by subsidizing education and training, homeownership, saving for retirement, and the means to start a business. But some, including many women, have frequently been left out of this process.
- A new social contract can call for investments in asset policies that will help everyone enter the opportunity structure. Personal and financial assets will provide the basis to become homeowners, to weather change and crisis in their lives, to send the next generation to college, and to look forward to a secure retirement.

Why asset building is so critical for women?

Women still earn less

- Women employed full-time in similar occupations still earn just 75 cents for every dollar earned by white males. This results in women experiencing a lifetime earning's loss of over \$300,000.
- While women in nontraditional jobs earn higher wages than women employed in traditionally female occupations, women employed in the trades fare no better than women over all when their earnings are compared to men's.
- For minority women the discrepancies is often more. African American women working full-time earn on average 67 cent and Hispanic women earn 55 cents for every dollar earned by white males.
- But education does substantially increase earnings for all women. While African American and Latina women earn less than white women at all education levels, a bachelor's degree boost median weekly income by two-thirds for Latina and white women and by three-quarters for African American women over those with only a high school diploma.

Women experience fewer benefits from work

- Women and minorities are more likely to be working in low-wage jobs that do not offer benefits like affordable health insurance or on-the-job training to advance.
- Of the 59 million wage and salaried women working in the U.S., less than half are able to participate in a pension plan.
- When women retire, the fortunate ones with a pension receive a check that is only half as much as men's on average.

For these and other reasons, many women lack financial security

- 45% of women do not have enough financial resources – cash savings, stocks, bonds or equity in a home – to cover basic needs for a three-month period should they face disruption in their flow of income.
- While the home ownership rate of all households is 63%, for households headed by women under age 65 with children, it is 40%.
- Almost one in five of all unmarried elderly women are poor, and another 10% are “near poor”. These numbers double for unmarried elderly African American and Hispanic women.

Statewide coalitions to build a new social contract

- In several states, a new vision is already being crafted that can generate broad based support to for policies that can make a significant differences in the women's lives.
- Coalitions are being formed to shape a new social contract that invests in creating opportunity for everyone and growing the middle class through building personal and financial assets.
- Below are four diverse examples of such collaborations. Not all explicitly state they are about asset building, but they share a common vision. The examples range from primarily top down collaborations to bottom up organizing efforts.

1. Governor's Task Force for Working Families in Pennsylvania

- Launched this April by an Executive Order, the Task Force for Working Families "is to develop recommendations on how Pennsylvania can do more to help its struggling citizens improve their financial stability."
- State Rep. Dwight Evans was the driving force behind the initiative and co-chairs it with the Secretary of Banking. Other participants include members of the General Assembly and representatives from state departments and agencies, public and private businesses, financial institutions and community based organizations.
- The Task Force purpose is to identify and explore current and proposed strategies for building income and assets for working families. This will include an emphasis on promoting financial education and literacy, and protecting working families from predatory financial practices.

2. Asset Policy Initiative of California

- The Asset Policy Initiative of California is a statewide effort that aims to develop a long-term, asset-building policy agenda to support low- and moderate-income families in building financial assets.
- The Initiative is lead by a task force comprised of the State Treasurer, the Secretary of Health and Human Services, state legislators and representatives from other state departments, community and economic development corporations, private business and financial institutions, and faith-based and community-based organizations.
- An asset framework that focuses on accumulation, leveraging, preservation and creation of assets has been adopted. A long-term policy agenda, or platform, will be finalized at a convening of asset-building stakeholders in the fall of 2004.

3. Illinois Asset Initiative

- Twenty-five Illinois policy advocacy and community organizing and community-based groups representing a wide range of policy interests and different regions of the state are collaborating to advance a shared asset policy agenda.
- The initiative, drawing on support from the Asset Development Institute, reflects the commitment of the Woods Fund of Chicago to exploring with its grantees and other key stakeholders how asset building can “enable work and reduce poverty”.
- The goal is to build statewide investment in Illinois present and future workers and ensure a competitive future for the state and its communities by opening the economic opportunity structure to all.

4. Maine Women’s Economic Security Agenda

- Under the leadership of Maine Centers for Women, Work and Community women from across the state came together to voice their concerns about the economic issues that face their communities and their families.
- They have confirmed that women’s economic security encompasses a wide spectrum of issues related to asset building. Not only the basics of education and training and work and wages, but also health care, safety, child care, savings for retirement, financial literacy, business ownership, tax policy and community infrastructure.
- Diverse organizations hope to work together with policy makers “to devise solutions and make women’s economic security a reality for more than just a few.”

How can a state create greater opportunity for women, build the middle class and invest in the next generation?

- Out of these and other statewide coalitions we will see adoption of an asset framework that can move new policies and practices, and promote measures to determine if progress is being made in giving women and minorities the tools to build asset.
- Some states have been great innovators of new policy direction, providing the testing ground for other states and the proving ground from which national policy emerges.
- There are numerous state policies that can have a significant role in aiding women to build personal and financial assets. (See attached handout for detailed discussion and specific policy descriptions.)

1. Asset policies to aid in getting a job
 - *Washington's Community Jobs*
 - *Maine's Parents as Scholars*

2. Asset policies to make work pay
 - *Minnesota's Working Family Credit*
 - *California's Paid Family Leave*
 - *Unemployment Insurance Policy Alternatives*

3. Asset Policies for mobility and security
 - *Illinois' Financial Links for Low-Income People*
 - *Anti-predatory lending policies*
 - *Montgomery County's Family Self-Sufficiency Program*
 - In addition to implementing new policies and practices, states can institute other measures to gauge progress in opening opportunities for greater economic mobility and security for women.
 - This can be in the form of criteria or guidelines against which all proposed new legislation is measured to determine its impact on women's ability to build assets. Research can shed great light on the development of these criteria.
 - Or a state can institute benchmarks to determine if more people, especially women, in your state are expanding their capacity to build assets. Benchmarks can measure if annually or over several years more people are reaching goals for gaining well-paying jobs, acquiring the skills they need to get better ones, buying a home, successfully starting a business, avoiding financial crisis or acquiring the means to live comfortably in retirement.

Concluding remarks

- A new social contract framed around investments in people to help them build personal and financial assets communicates a realistic, yet positive, message. It can have broad appeal across the much of the political spectrum.
- It offers the opportunity to create a framework within which many policies and programs can be embraced. This enables policy leaders to overcome the weaknesses of a "silo" approach to policy change because it reflects the reality that there are no realistic single, "magic bullet" solutions. Multiple elements are necessary to expand opportunity for economic mobility and security.
- The asset policy framework reflects the reality of the interrelatedness of those elements. It provides a unifying means and realistic benchmarks by which to describe and measure the extent to which all households have moved toward the economic mainstream.
- We all know change will not happen overnight. But a new policy framework based on a shared vision will give us a clear sense of where we are heading over the long term. And in the short run, it will enable us to stay on course.