



OKLAHOMA ASSETS

Building financial foundations for Oklahomans and their communities

BENCHMARKING ASSET DEVELOPMENT IN FIGHTING POVERTY

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Oklahoma Assets advocates for policies and programs that can help create a more inclusive economy in which financial stability and economic opportunity are available for all.



3 Key Concepts of Asset Building

1. Building assets leads to wealth and economic security. Income alone does not. And, the kind of assets matter.

“People cannot spend their way out of poverty.”

2. Asset ownership brings economic, psychological, and social benefits – to the individual, family and community.
3. Federal and state policies have supported asset ownership; however, these policies have not reached everyone.



Status of Assets

- More than 3/5 of families across all income groups reported a decline in wealth between 2007 and 2009.
- The typical household, regardless of income group, lost nearly one-fifth of its wealth between 2007 and 2009.
- Nearly half of all Americans consider themselves financially fragile: they would “probably” (22.2 percent) or “certainly” (27.9 percent) be unable to come up with \$2,000 in 30 days to cope with a financial emergency.
- Almost half of all Americans report having trouble making ends meet.



Status of Assets

- The typical net worth in 2009 stood at:
 - \$5,677 for African Americans
 - \$6,325 for Hispanics
 - \$113,149 for whites
- About a third of black and Hispanic households had zero or negative net worth in 2009, compared with 15 percent of white households.



Asset Poverty Defined

- Asset poverty:

Lacking the net worth to live at the Federal Poverty Level for 3 months

- Individual Net Worth < \$2,708
- Family of 4 Net Worth < \$5,513
- Family of 6 Net Worth < \$7,382

Based on DHHS Federal Poverty Guidelines for 2011



Asset Poverty Rates

- Income Poverty Rate

- U.S. 15.3%

- **OK 16.9%**

*Source: U.S. Census,
American Community
Survey 2010*

- Asset Poverty Rate (including home & car)

- U.S. 22.5%

- **OK 22.7%**

*Source: CFED 2010
Assets & Opportunity
Scorecard*

- Liquid Asset Poverty Rate (financial assets)

- U.S. 43.1%

- **OK 48.2%**



Assets Bring Benefits

■ Economic

- Increased wealth; increased income
- Financial cushion for fluctuations or emergencies; financial stability
- Increased educational attainment
- Legacy for children (intergenerational)

■ Psychological

- Longer, future oriented planning horizon
- Increased self-esteem/self-worth
- Decreased stress



Assets Bring Benefits

- Social
 - Expanded networks
 - Increased civic engagement
 - Increased opportunities for children (intergenerational)



Government Policies Matter

- Homestead Act
- G.I. Bill
- Home Mortgage Interest Deduction
- 401 (k) plans, 403 (b) plans, 529 plans

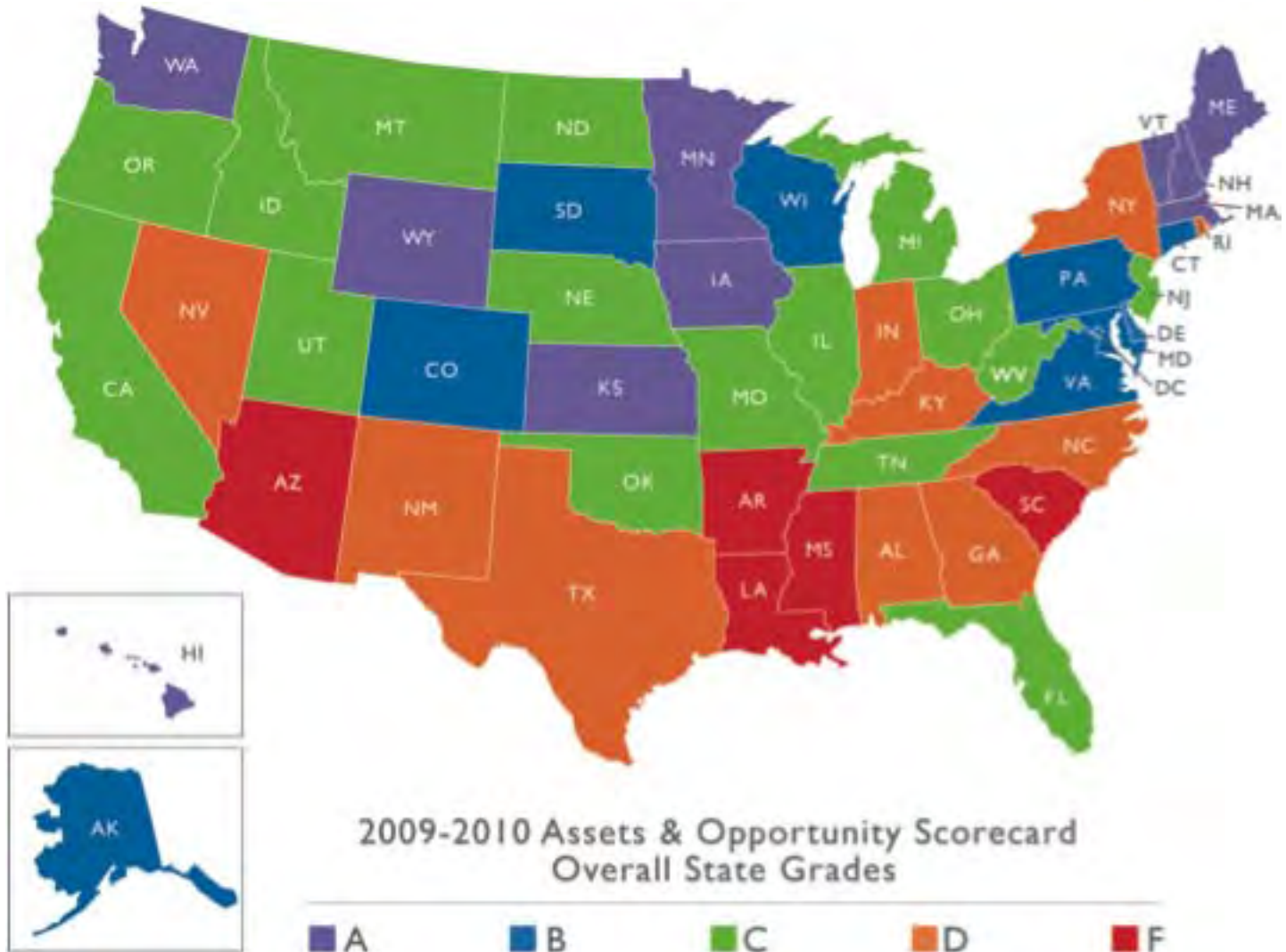


Benchmarking Asset Development: The Assets & Opportunity Scorecard

- Covers performance and policy priorities in
 1. Financial Assets & Income
 2. Businesses & Jobs
 3. Housing & Homeownership
 4. Health Care
 5. Education
- Framework underscores need to integrate asset development, asset protection, and social insurance
- Brings stakeholders across a diverse set of issues together

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Household Financial Security Framework

- What it takes, at the household level, to build financial security over time
- State policies can promote the five pillars of household financial security



Source: CFED, 2010



Pillar #1: LEARN
Build Financial Skills and Human Capital

Policy: Financial Education in School

- ✓ Include personal finance in K-12 curriculum
- ✓ Require districts to implement personal finance curriculum in the classroom
- ✓ Require students to take personal finance course
- ? Require testing of student knowledge in personal finance



Pillar #2: EARN

Income and Public Benefits

Policy: Removing Asset Limits from Public Benefits

- ✓ Eliminate the asset test for Medicaid
- ✓ Eliminate the asset test for SNAP (Supplemental Nutrition Assistance Program)
- ? Eliminate asset test for TANF (Temporary Assistance for Needy Families)



Pillar #2: EARN
Income and Public Benefits

Policy: Job Quality Standards

- ? Index the state minimum wage
- ? Expand the minimum wage to cover additional categories of workers
- ? Require employers to provide paid medical, family or sick leave
- ? Expand the federal Family and Medical Leave Act (FMLA) to cover more workers



Pillar #3: SAVE
For emergencies and the future

Policy: College Savings Incentives

- ? Allowing deposits of any size in Oklahoma 529 Plan
- ? Create college savings accounts at birth for all newborns
- ? matching funds for low- and moderate-income students
- ? Collect and share data on 529 plan participation



Pillar #3: SAVE
For emergencies and the future

Policy: State IDA Program Support

- ✘ Provide state funding for Individual Development Accounts



Pillar #4: INVEST
In assets that will generate wealth & income

Policy: First – Time Homebuyer Assistance

- ✓ Downpayment assistance through direct grants, second mortgages and resources financed with premium bonds
- ✓ Direct lending programs to first-time homebuyers
- ✓ Programs to transition low-income renters to homeownership
- ? Funding for homeownership counseling



Pillar #5: PROTECT
*gains made through insurance and avoiding
predatory practices*

Policy: Protection from Predatory Short-Term Loans

- ✓ Prohibit auto-title lending
- ✓ Cover short-term loan in state consumer protection laws
- ✓ Mandatory payday lending database and verification system
- ? Capping short-term loans at 36 percent APR
- ? Limiting borrowers to one outstanding loan
- ? Limits on annual loans



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