



Grantee & Community Roundtable

“Asset Building Overview: Roads to Financial Success”

April 25, 2013



What is Asset Building

- Americans move forward financially in this country when they have enough income for day-to-day needs and additional income and assets for long-term economic stability.
- “Income gets you by while assets get you ahead.” People need a decent income and then ways to save to increase their assets and net worth.



- RAISE Texas' mission is to advance policies and programs that foster financial success and economic stability for all Texans.
- We support and expand asset-building activities in Texas, with a focus on low- and moderate-income families and communities.
- Committed to building financial success of Texans through financial education, IDAs, children's savings accounts, community tax centers, and other programs.



Texas and Asset Building

- It has only been in the last 5 years that people began to see the key role and link that asset building plays in financial stability.
- In Texas we have made great strides forward by expanding savings incentives, providing free tax services, and expanding our key partners to include state agencies and the private sector in our asset-building work.



Low Income Working Families Can Save

- Participants in Texas in Individual Development Accounts (IDAs) have successfully purchased over 4,400 assets (home, small business, and college and cars)
- Participants saved over \$5.8 million, which was matched by over \$11.6 million. This \$17.4 million led to asset purchases worth over \$200 million.

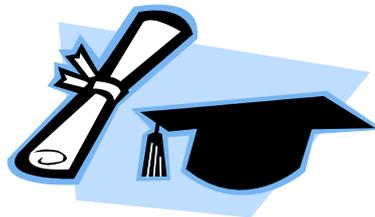
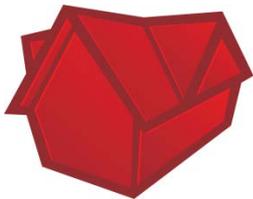
Assets for Independence

*A 5-Year Federal
Grant Program*



AFI IDA Participants

- Learn about financial and consumer issues
- Save in IDA accounts
- Purchase financial assets
 - First home
 - Higher education or training
 - Small business



Project Funding

- Five year project grants
- Non-federal cash equal to or greater than the Federal grant amount
- Federal grant funds and non-federal cash are subject to program rules



AFI Application Overview

- Annual Review Cycles – Winter, Spring, Summer
 - ~~January 25, 2013~~
 - ~~March 25, 2013~~
 - May 24, 2013
- Up to \$1,000,000 (average \$325,000)
- 50-60 funded projects
- 5/8 Prospective Grantee Webinar: Preparing a Successful Application
- www.IDAresources.org/Apply

Additional Information:

AFI Resource Center

info@IDAresources.org

1-866-778-6037

<http://www.IDAresources.org>





Savings Incentives Brings Future Goals

- Whether it's a family saving in a "rainy day fund"
- Or Saving for a short-term goal like a car purchase
- Or for longer-term goals like a home purchase, for a child's education, or for retirement
- Saving is an important activity that moves families forward toward increased financial stability and financial worth.



Community Tax Centers

- In 2012, community tax center programs in Texas prepared over 114,000 returns.
- Returned over \$85 million in EITC, over \$31.9 million in Child Tax Credits, over \$5.8 million in Education Tax Credits, and over \$217 million in refunds to hard working families.
- These free tax preparation services also saved participants over \$10 million in fees that tax preparers would charge them for their services.



Median Earnings Level of Education in Texas 2006

<input type="checkbox"/> No high school graduation	\$19,165
<input type="checkbox"/> High school graduate (includes equivalency)	\$26,508
<input type="checkbox"/> Some college or associate's degree	\$33,067
<input type="checkbox"/> Bachelor's degree	\$47,482
<input type="checkbox"/> Graduate or professional	\$61,442

Source: 2008 American Community Survey



Recent Research on the Significance of CSAs on College Access and Completion

- Controlling for all other factors, children in households with savings dedicated for college education are **four times** more likely to attend college
- Children with dedicated college savings accounts in their name are **seven times** more likely to attend college

2012 State Data

- 50%-70% of payday and auto title borrowers must refinance loans.
- 641 cars are repossessed in Texas every week; 47 per week in San Antonio alone.
- “Innovations” are expanding, 70% growth installment loans at 600% APR and higher.
- 32% of nonprofit clients asking for financial assistance have used a payday or auto title loan.

We need a market solution!

What Can We Do?

1. Join the Texas Fair Lending Alliance



Texas Fair Lending Alliance

<http://www.stoppaydayabuse.org>

- 2. Work with your local city council and county commissioners to pass a local resolution asking for state-level reform.**
- 3. Meet with local legislators to share information about the negative community impact of the loans.**
- 4. Support borrower education and alternative loans in your community.**



Asset Building Hubs

- Just as we have workforce centers for employment, there is a major need for one stop financial centers.
- Provide products, programs, and referrals for a series of financial situations from credit, banking, savings, to budgeting.
- Foundation Communities Community Financial Center in Austin, Financial Opportunity Centers in Houston, Abilene Financial Center, in Dallas the YWCA has a Financial Empowerment Center, and in Brazos Bryan/College Station is creating a Financial Fitness Center.



Statewide Conferences and Summits

- RAISE Texas recently held a Summit and Workshops at the Federal Reserve Bank of Dallas – Houston Branch
- They are all designed to help move families and communities toward greater financial stability.



Framing our Work

- What we are about is creating financially strong families and communities.
- Having families and communities become more economically secure.
- Texas works better when all Texans have a decent paying job, a savings account for emergency and longer-term needs, and the opportunity for a decent life for them and their children.



- For more information visit the RAISE Texas website at www.raisetexas.org.