ASSET BUILDING IN LOW-INCOME COMMUNITIES OF COLOR

PART 2

STATE COMPARISONS

EXECUTIVE SUMMARY

WILHELMINA A. LEIGH, Ph.D.
ANNA L. WHEATLEY

JULY 2009

ASSET BUILDING

JOINT CENTER FOR POLITICAL AND ECONOMIC STUDIES

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FOREWORD

America has a huge wealth gap separating the races. The average net worth of African Americans is only one-seventh that of white Americans, while the average wealth for Hispanic Americans is one-fifth that of whites. In the interest of strengthening our democratic society, expanding markets and creating more opportunity for future generations, we need to focus on narrowing this gap by increasing asset building in communities of color. And we can begin by increasing knowledge and understanding of how to do this.

To this end, the Joint Center for Political and Economic Studies received generous support from the Ford Foundation to identify and analyze asset-building policies, practices and programs that have proven effective at fostering wealth accumulation among low-income residents in selected states. This executive summary presents findings from the second phase of analysis, in which predisposing factors (such as state tax structure or political advocacy) and features of state programs that show promise in helping low-income people build assets are examined for a sample of states that are ranked as less effective at asset building for their low-income residents and that also are home to large numbers of people of color. States analyzed in this second phase are: Alabama, Alaska, Arizona, Florida, Georgia, Mississippi, Nevada, New Mexico, South Dakota and Texas. In addition, findings from this second phase of analysis are compared to those for states that are ranked as more effective at asset building for their low-income residents and that were analyzed during the first phase of analysis (Delaware, Hawai'i, Iowa, Maine, Michigan, Minnesota, New Hampshire, Vermont, Washington and Wisconsin).

I would like to extend special thanks to Dr. Wilhelmina A. Leigh of the Joint Center, as well as to her research assistant, Anna L. Wheatley. Their work, along with that of other Joint Center staff members, has produced a document that provides insight and guidance for advocates and policymakers who are striving to close the racial/ethnic wealth gap.

Ralph B. Everett
President and CEO
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EXECUTIVE SUMMARY

The longstanding racial/ethnic wealth gap in this country is reflected in the nearly 7:1 ratio between the median net worth of white households and African American households and in the nearly 5:1 ratio between the median net worth of white households and Hispanic households.[1] Identifying and expanding the knowledge about policies and programs that are effective at fostering asset building in communities of color could narrow or close this gap. With support from the Ford Foundation, the Joint Center for Political and Economic Studies undertook a two-part project whose goal was to identify the practices, policies and programs most effective at enabling low-income communities of color to build wealth. This executive summary presents the findings from the second part of this project.

Because communities of color are disproportionately low-income, and policies, practices and programs that foster asset building are targeted by income rather than by race/ethnicity, our initial step was to identify policies, practices and programs most effective at enabling low-income persons—without regard to race or ethnicity—to build wealth. Thus, the states studied during the first part of the project were highly ranked for asset-building outcomes among low-income residents in the 2007-08 Assets and Opportunity Scorecard, produced by the Corporation for Enterprise Development (CFED).[2] The states analyzed during the first part of the project were: Delaware, Hawai'i, Iowa, Maine, Michigan, Minnesota, New Hampshire, Vermont, Washington and Wisconsin.[3]

During the second part of the project, 10 states with larger populations of color and that are ranked less highly on[4]—or deemed less effective at achieving[5]—various asset-building outcomes among their low-income residents were analyzed. Outcome rankings on the 2007-08 CFED scorecard also were used to identify the states examined in the second part of the project: Alabama, Alaska, Arizona, Florida, Georgia, Mississippi, Nevada, New Mexico, South Dakota and Texas. Asset-building policies, practices and programs that operate in these states were assessed.

Three questions guided the analysis in the second part of the project:

- What factors generally viewed as supportive of asset accumulation among low-income people are found in states that are not highly ranked on asset outcomes for this population?
- Can promising practices, policies or programs be identified in states consistently ranked as less effective at building assets for low-income people?
- How do Year One states (states ranked highly for asset building among low-income people) compare to Year Two states (states not ranked highly for asset building among low-income people) on factors and promising practices, policies and programs?

To explore the first question, a series of factors—socioeconomic, legislative/political, statewide advocacy for asset building and structure of the state tax system—are examined for the 10 Year Two states.[6] The Year One and Year Two states also are compared on predisposing factors in the discussion in this document. The second question is explored using criteria identified to define promising practices, policies and programs in the following areas of asset building: Individual Development Account (IDA) programs, state earned income tax credit programs (EITCs), asset limits within public assistance programs, asset protections, asset facilitation, homeownership support, college savings plans and workforce development. The third question is examined using the data on Table 1 (Year Two states) and Table 2 (Year One states) to make state-by-state comparisons of promising practices, policies and programs. Findings from the analysis are summarized below.

Underlying Factors

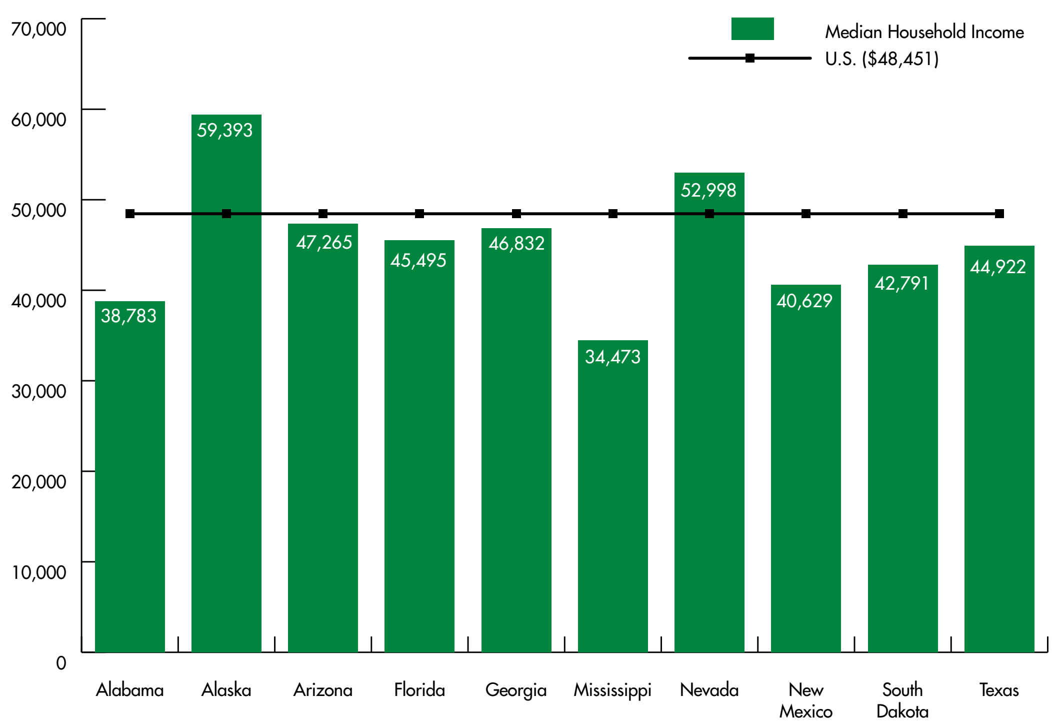
- Median household income[7] reflects the potential for individuals to save and build wealth. Among the 10 Year Two states, only in two (Alaska and Nevada) does the median household income exceed that of the United States.[8] (**Figure 1**) In addition, Mississippi—one of the Year Two states—has the lowest median household income among the 50 states and the District of Columbia. Among Year One states, however, six states have median household incomes that exceed the U.S. median household income. Thus, median household income in the more highly ranked states is generally greater than in the less highly ranked states.
- It is useful also to assess a state's economic performance

as shared by each resident and as measured by state per capita gross domestic product (GDP). State per capita GDP is the value added in production by the labor and property located in a state divided by the number of state residents.[9] The Year Two States with the highest per capita GDP and with per capita GDP higher than that of the U.S. in 2006 were Alaska and Nevada.[10] Among Year One states, per capita GDP was greater than the U.S. in Delaware, Hawai'i, Minnesota and Washington. (Per capita GDP in New Hampshire was just below that of the United States.) Thus, a greater number of Year One states than of Year Two states have per capita GDP greater than the U.S. per capita GDP.

- The average annual unemployment rate[11] in seven of the 10 Year Two states was equal to or less than the U.S. average in 2006. (**Figure 2**) Among Year One states, the unemployment rate in the same number of states (seven) was equal to or less than the U.S. average in 2006. Of the Year One states, only Michigan, Washington and Wisconsin had rates higher than the U.S. average of 4.6 percent. Of the Year Two states, the same was true only in Alaska, Mississippi and Texas. The lowest average annual unemployment rates among Year Two states were found in Alabama, Florida and South Dakota. The distribution of annual average unemployment rates is comparable in the highly ranked states and the less highly ranked states.
- Educational attainment[12] often is measured by the completion of a bachelor's degree among persons 25 years of age and older. In 2006, the proportion with this level of educational attainment was below the U.S. average (27 percent) in each of the 10 Year Two states. **(Figure 3)** Of these states, Alaska (26.9 percent) and Georgia (26.6 percent)—with rates just shy of the U.S. figure—reported the highest percentages of persons 25 years of age and older with a Bachelor's degree as their educational attainment. Educational attainment is notably higher for Year One states, with Bachelor's degree attainment exceeding that of the U.S. average in five of these states.

Figure 1

Median Household Income, Selected States and United States, 2006
(Dollars)



Source: U.S. Census Bureau. 2006 American Community Survey

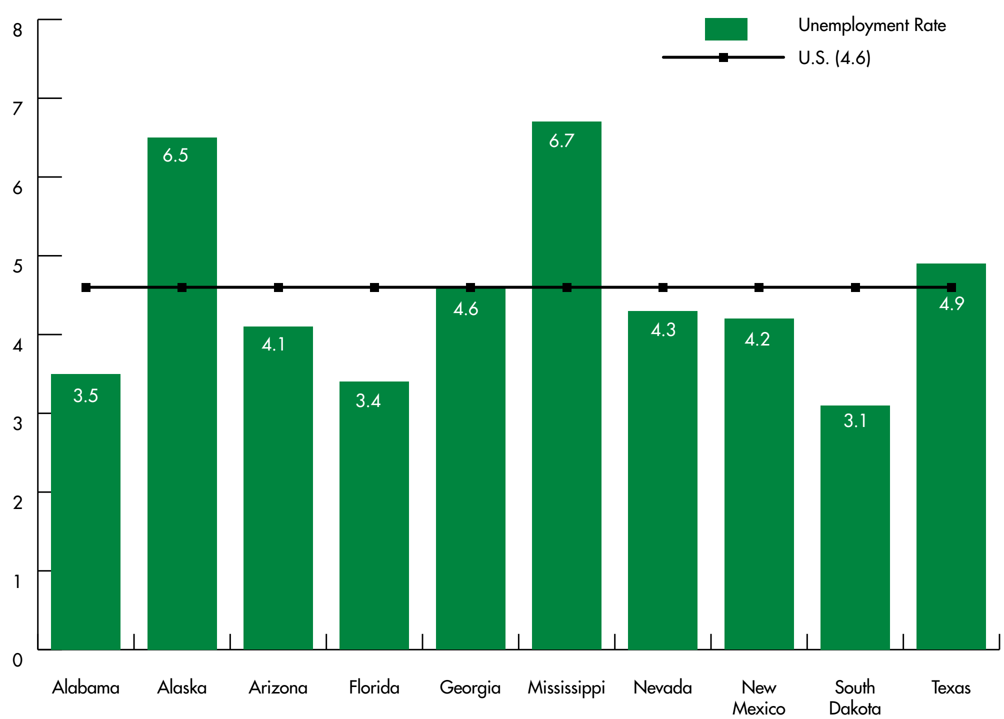
- When legislative structure is evaluated by the size of a legislature (and therefore the putative greater likelihood of enacting particularized legislation such as that for asset building among low-income people[13]), three Year Two states—Georgia, Mississippi and Texas—rank highly.[14] (The Texas state legislature only meets once every other year, however, which may detract from the benefits of its size.[15]) These three states rank among the top 15 of all states in the United States in the size of their state legislatures. Four Year One states—Maine, Minnesota, New Hampshire and Vermont—also rank among the top 15 of all states in the size of their legislature. Thus, Year One and Year Two states are comparable on this indicator.

- When the state political structure vis-à-vis asset building is assessed by the existence of a currently active committee, commission or task force to reduce poverty, among Year Two states Alabama and New Mexico are found to have been particularly active.[16] Task Forces in Alabama and New Mexico were established to provide recommendations on poverty reduction to their House of Representatives and their Governor, respectively. Both groups issued final reports in 2008.[17] A third state—Mississippi—also has seen increased legislative/political attention to poverty, with a House of Representatives select Committee on Poverty formed in 2008.[18] A greater number of Year One states have used formal state bodies to address poverty, however. Delaware, Iowa, Maine, Minnesota, Vermont and Washington either have currently active commissions or commissions that recently completed their work advising Governors and state legislators on issues related to poverty in their states.[19] In addition to having commissions, Delaware, Minnesota and Vermont also have established poverty reduction targets.

- When legislative structure and political structure for asset building are considered jointly, Mississippi is the only Year Two state that ranks highly, while Maine, Minnesota and Vermont are the Year One states that rank highly. (See preceding two bullets.)

Figure 2

Average Annual Unemployment Rate, Selected States and United States, 2006
(Percent)



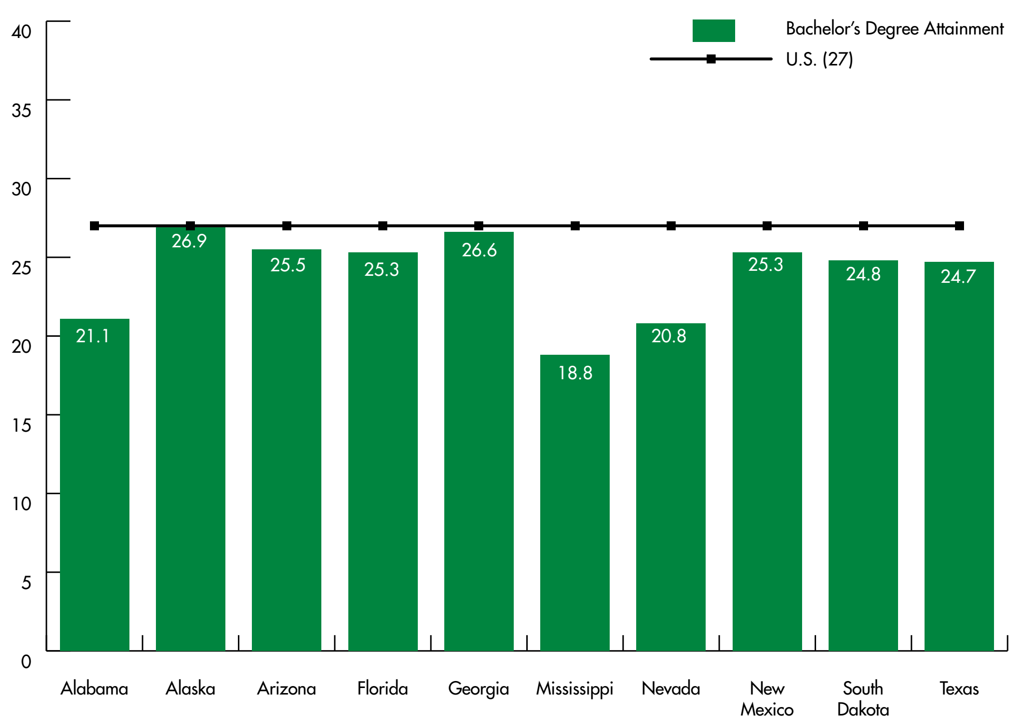
Source: Bureau of Labor Statistics. Local Area Unemployment Statistics

- Statewide advocacy for asset building for low-income people in Year Two states—as reflected by the existence of coalitions[20] for this purpose—is noteworthy in Alabama,[21] Arizona,[22] Florida,[23] Mississippi,[24] New Mexico,[25] and Texas.[26] In particular, in 2008 Texas became the first state with an independent 501(c)(3) state asset policy coalition.[27] Statewide coalitions such as these are somewhat less prominent in Year One states, although they are particularly prominent in Hawai'i, Michigan and Washington.[28]

- The structure of a state's tax system is suggestive of the ability of state residents to save money out of disposable income and, thereby, build wealth. In states with less regressive tax systems, low-income residents are more likely to be able to accumulate assets than in states with more regressive systems. The two states considered among the least regressive in the nation are Delaware and Vermont,[29] both Year One states. Among the 10 Year Two states (i.e., states deemed less effective at asset building for low-income people), five—Alabama, Florida, Nevada, South Dakota and Texas—are among the 10 states with the most regressive tax systems in the nation. Two Year One states—Michigan and Washington— also are among the most regressive state tax systems. Thus, overall the Year Two states have more regressive tax systems than the Year One states.

- While the regressive or progressive nature of a state's tax system indicates the ways in which taxes affect individuals at various income levels, the total tax burden on persons with the lowest incomes (defined here as persons in the lowest income quintile, or the fifth of the population with the lowest incomes) reflects the degree to which taxes have an impact on the ability of low-income individuals to save and build wealth.[30] The total tax burdens on filers with the lowest incomes in Delaware and Alaska[31] are the lowest of the Year One and Year Two states, respectively. Three Year One states (Hawai'i, Michigan and Washington) and three Year Two states (Arizona, Florida and New

Figure 3
Population Age 25 and Older with a Bachelor's Degree,
Selected States and United States, 2006
(Percent)



Source: U.S. Census Bureau. 2006 American Community Survey

Mexico), however, are among the 10 states in the nation that tax low-income families the most.[32] For example, Arizona's poorest taxpayers pay more taxes as a percentage of income (12.5 percent) than the poorest taxpayers in most other states in the nation. This is especially true in comparison to Alaska, where the total tax burden of the bottom income quintile is 3.8 percent. Thus, while Arizona's tax system is not among the most regressive state systems, it is among the states in the United States with the greatest tax burden on the fifth of the population with the lowest incomes.

- Finally, the percentage of a state's population that members of racial/ethnic subpopulations constitute has been found to explain differences in state spending and policymaking.[33] Particularly with respect to welfare reform and other state assistance policies and programs, higher racial/ethnic subpopulation composition is associated with lower levels of state spending on redistributive and social welfare programs and activities.[34] People of color are overrepresented (relative to their U.S. population share) in Year Two states chosen for their low rankings on asset building, while the opposite is true of Year One states chosen for their high rankings on asset building.[35] Thus, a state's racial/ethnic composition may be associated with its asset-building outcomes.

Summary—Underlying Factors

When compared on underlying factors, Year One states (i.e., states ranked highly on asset-building outcomes) and Year Two states (i.e., states ranked less highly on asset-building outcomes) differ in terms of income, educational attainment, initiatives to reduce poverty, asset- building coalitions and the regressivity of their tax systems. Year Two states generally have lower median household incomes, lower levels of educational attainment, fewer state-led initiatives to address or reduce poverty, and are more likely to have regressive tax systems. On the other hand, statewide coalitions dedicated to asset building are more often found in Year Two states than in Year One states.

On other factors, Year One and Year Two states exhibit similarities that are perhaps surprising given the previously noted differences. For example, the two sets of states have a similar distribution of unemployment rates—with seven of the 10 states in each of the two groups having unemployment rates equal to or below that of the United States overall. In addition, even though the tax systems in half of the Year Two states (five) are considered particularly regressive (versus two such Year One states), the tax systems in an equal number of Year One states (three) and Year Two states (three) are among those in the nation in which low-income persons pay particularly high shares of income in taxes.

When individual Year Two states are examined on these factors, several states stand out from other Year Two states based on higher rankings on a number of factors. In particular, Alaska's median household income and proportion of residents with Bachelor's degrees are greater than these measures for the United States overall. In addition, taxpayers in the lowest income quintile in Alaska have the lowest total tax burden when compared to taxpayers in the lowest income quintile in the remaining Year Two states and in all the Year One states. In other words, these data suggest that other things (such as, perhaps, payments from the Alaska Permanent Fund) may contribute to the ability of Alaska residents to build assets, relative to residents of other states.[36] At the same time, other factors suggest challenges for low-income residents in the state. Alaska has a high unemployment rate—attributed to factors such as the pervasiveness of seasonal employment in the state, the disproportionately high unemployment rates among Native Alaskans, and to the large number of non-residents recruited to work in the state.[37] In addition, statewide advocacy and legislative activity related to asset building are less prominent in Alaska than in many other Year Two states.

Nevada also stands out from the other Year Two states—ranking just behind Alaska and ahead of the other Year Two states on several of the underlying factors. Specifically, Nevada ranks second best of all Year Two states (and better than the U.S.) on median household income, total tax burden and state per capita GDP. In addition, the unemployment rate in Nevada is just below that of the United States. Nevada does not fare well on all of the underlying factors, however. Bachelor's degree education attainment in Nevada is second lowest of all Year Two states—with the percentage of Bachelor's holders in the state higher only than the percentage in Mississippi. Another important shortfall is the lack of statewide organization related to asset building reflected by the state political structure and statewide political advocacy.

Other Year Two states are exemplary, being ranked just below the U.S. on several measures. For example, median household income and Bachelor's degree educational attainment in Arizona and Georgia fall just below the U.S. level. Low-income residents in these states face several factors, however, that may diminish their ability to build assets and accumulate wealth. Taxpayers in the lowest income quintile in Arizona face the highest total tax burdens among the Year Two states, and Georgia's low-income residents are burdened more than the average low-income resident of the United States.

In sum, in an analysis of factors that are likely to foster asset building and wealth accumulation among low-income communities, Year One states generally fare more favorably. Among Year Two states, Alaska often stands out, however, for its high rankings and position relative to the remaining Year Two states and to the U.S. averages on selected measures. Nevada is exceptional on occasion as well.

Promising Practices, Policies and Programs

Because a complex set of factors is associated with and contributes to the inability of low-income individuals and families to build assets, there is no single way to alter this reality. Rather, a network of mechanisms is most commonly used. Building upon the consensus in the field of asset building, promising practices, programs and policies are identified in a number of broad areas. Using criteria established to define these practices, policies and programs, the 10 Year Two states (i.e., states less effective at asset building for low-income people) are compared to one another **(Table 1, pg. 14)**. Similar data for the 10 Year One states (i.e., states ranked highly on asset-building outcomes) are provided in Table 2 **(pg. 18)** for comparison. Thus, **Table 1** and **Table 2** enable a comparison at a glance of the promising practices, programs and policies implemented in these states.

- **Individual Development Account (IDA) Programs.**[38] State financial support for IDA programs is considered a promising practice. Among the Year Two states, however, only New Mexico operates state-supported IDA programs.[39] In 2006, New Mexico's Family Opportunity Accounts Program was established, and $1.5 million in state funding was allocated for its support.[40] Through a request for proposals process, nonprofit organizations or tribes administer the IDA programs and are able to use state funds toward the IDA match amount. In 2008, the state established a stable funding source for IDAs, with the program to receive a minimum of $500,000 annually going forward. State funding for IDAs for FY 2009 is set at $1.2 million.[41] Arizona, Florida and Texas each has passed IDA legislation in the past; however, none of these states currently operates a state-supported IDA program.[42] In the nine states without state support for IDA programs, these programs operate solely under the auspices of community-based organizations and other nonprofits.
- **Earned Income Tax Credit (EITC) Programs.**[43] New Mexico is the only Year Two state that offers a state EITC.[44] New Mexico's refundable Working Families Tax Credit was enacted in 2007 and increased in 2008 to 10 percent of the federal credit.
- **Asset Limits Within Public Assistance Programs.** Eligibility determination for public assistance programs centers around both income and assets, with eligible households required to have low levels of each. Differing eligibility criteria for public assistance programs[45] (such as Medicaid, State Children's Health Insurance Program or SCHIP, Temporary Assistance for Needy Families or TANF and Supplemental Nutrition Assistance Program or SNAP), however, make it difficult to identify the states that do the best job of reducing the barrier to wealth accumulation that asset limits represent. For example, the TANF programs in six Year Two states (Arizona, Florida, Mississippi, Nevada, New Mexico and South Dakota) have asset limits of $2,000, the level set by most of the 50 states and Washington, DC.[46] Another two states—Alabama and Alaska—set the limit at $2,000 but allow families with an elderly or disabled member to have assets up to $3,000. Georgia and Texas allow a family receiving public assistance to have only $1,000 in assets—the lowest among the Year Two states and among the lowest of all states and Washington, DC.
- **Asset Limits Within Public Assistance Programs (Categorical Eligibility):** Of the 10 Year Two states, Arizona and Georgia are among the 12 states nationwide that have streamlined their eligibility assessment processes for the SNAP by considering certain households to be "categorically eligible,"[47] regardless of the assets they own. In these two states, households in which all members receive any of several forms of assistance (Supplemental Security Income (SSI), general assistance or TANF) are categorically eligible for the SNAP. The use of this form of categorical eligibility within the SNAP places these

states administratively ahead of the other Year Two states that do not confer categorical eligibility and in which residents must satisfy an asset limit—set at least at the federal minimum asset limit of $2,000—to qualify for the SNAP.

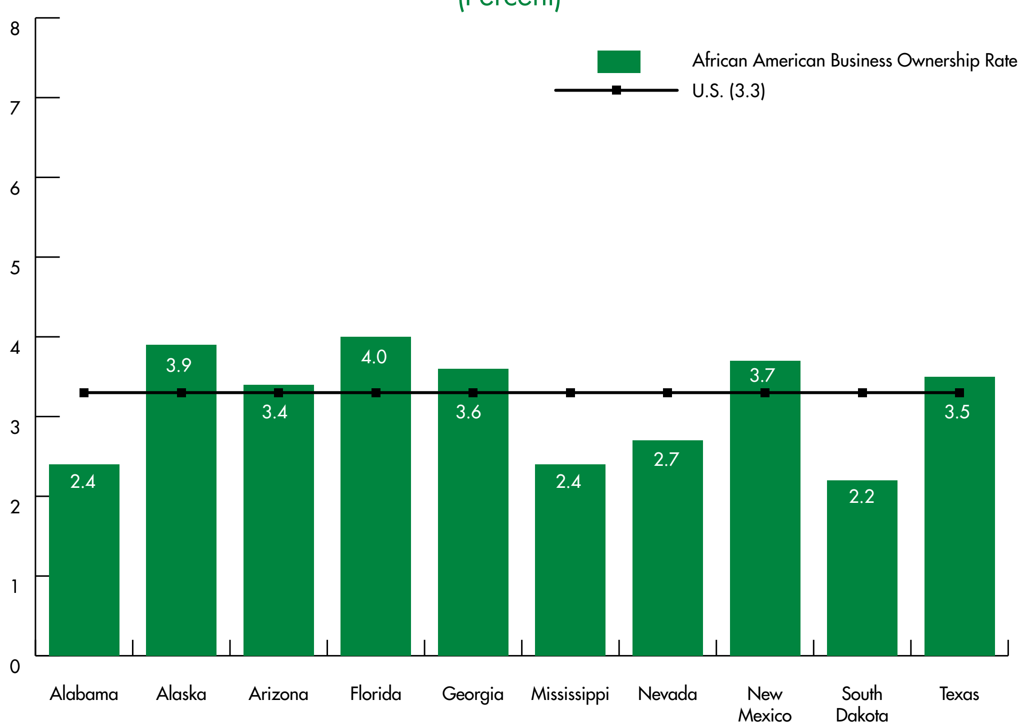
- **Asset Limits Within Public Assistance Programs: Texas**. Texas differs in its approach to reducing asset limits as a barrier to wealth accumulation among low-income individuals who are eligible for federal assistance programs. Rather than eliminating the asset limit for households in which all members receive any of several forms of assistance (SSI, general assistance, or TANF), the state of Texas has established an asset limit of $5,000. Families whose assets do not exceed this limit are categorically eligible for SNAP and are authorized to receive *TANF non-cash services* (such as family planning, adult education, prevention and treatment of substance abuse, and employment services). The $5,000 limit contrasts with the TANF *cash assistance* limit of $1,000 in Texas.[48]

- **Asset Protection: Unemployment Insurance (UI) Allowances.**[49] The criterion most often used to determine UI eligibility and benefits is the wages earned and/or hours or weeks worked during the first four of the last five recently completed calendar quarters (known as the base period). Two of the Year Two states—Georgia and New Mexico—use alternative base periods[50] to determine eligibility and benefits for unemployment insurance (UI), a practice considered promising because it expands coverage of these benefits. In addition, Florida, New Mexico, South Dakota and Texas grant eligibility for UI to workers who are seeking only part-time work. In New Mexico and South Dakota, all part-time workers are eligible. In Florida and Texas, however, eligibility is limited to part-time workers with restrictive health conditions or a history of part-time work.

- **Asset Protection: Unemployment Insurance Enhancements.**[51] Among the 10 Year Two states, New Mexico's UI enhancements are particularly noteworthy.

Figure 4

African American Business Ownership Rate, Selected States and United States, 2002
(African American owned business per African American population)
(Percent)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2002 Survey of Business Owners http://www.census.gov/csd/sbo/hispanic2002.htm and July 2002 Population Estimates http://www.census.gov/popest/national/asrh/2007-nat-res.html

In addition to using an alternative base period for UI and granting UI to workers seeking part-time employment, the state provides a children's allowance to increase the payments to beneficiaries with children. Benefit levels also are indexed to the growth of wages in the state to keep pace with inflation. Periods of high unemployment automatically trigger extended unemployment benefits in New Mexico as well, and thus provide greater access to federal funds. Alaska also provides a children's allowance and uses a trigger policy for benefits extension. A smaller number of UI enhancements are implemented in the remaining Year Two states.

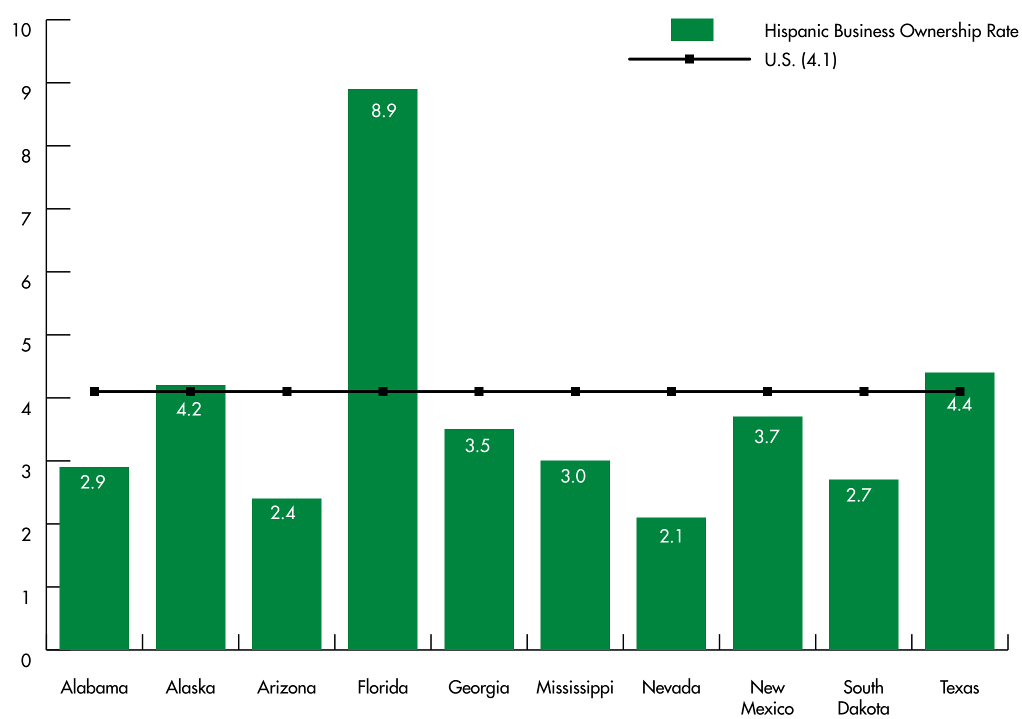
- **Asset Facilitation: Business Development.** The 10 Year Two states differ widely in their initiatives and programs to encourage business development. For example, Arizona allocated Community Development Block Grant (CDBG)[52] funds for microenterprise in program year (PY) 2006, after not having done so in PY 2005.[53] Both Nevada and New Mexico, on the other hand, did not allocate CDBG funds for microenterprise in PY 2006, after having done so in PY 2005. When the financing of small businesses by Small Business Investment Companies is considered, none of the Year Two states ranks in the top 10 for the nation.[54] Three states—Alaska, Alabama, Mississippi—rank in the bottom ten, however.

- **Unemployment Insurance and Business Development.** Several of the UI programs in the 50 states allow individuals who are eligible for UI and who are seeking to start a business to collect a weekly self-employment allowance while getting their businesses off the ground.[55] None of the Year Two states offers a self-employment assistance feature under their UI programs, however.

- **Business Development Outcomes.**[56] The Year Two states vary considerably in their rankings on

Figure 5

Hispanic Business Ownership Rate, Selected States and United States, 2002
(Hispanic owned business per Hispanic population)
(Percent)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2002 Survey of Business Owners http://www.census.gov/csd/sbo/hispanic2002.htm and July 2002 Population Estimates http://www.census.gov/popest/national/asrh/2007-nat-res.html selected business development outcomes. Florida has been particularly successful on several business outcomes, ranking among the top 10 in the nation for microenterprise ownership, African American business ownership and Hispanic business ownership. South Dakota is ranked among the top 10 for small business ownership, and Alaska is ranked among the top 10 for microenterprise ownership. **(Figure 4 and Figure 5)**

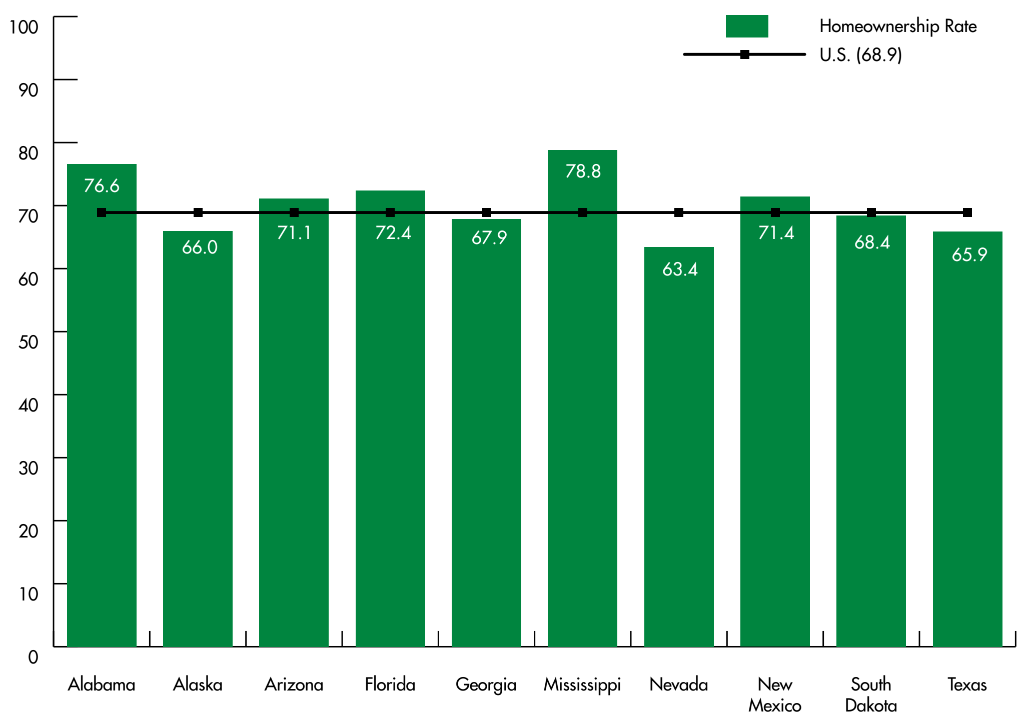
- **Asset Facilitation: Financial Literacy.** Low-income individuals—who disproportionately lack both financial know-how and relationships with financial institutions—are especially vulnerable to the hazards of a sophisticated financial marketplace. Thus, financial education is encouraged for all individuals, and particularly for those with lower incomes.[57] One policy generally recommended to foster this goal is to include financial and economic principles in public education curricula. Half of the 10 Year Two states—Arizona, Georgia, Mississippi, South Dakota and Texas—have both economic education and personal finance education requirements (standards, guidelines or proficiencies) for their schools.[58]

- **Homeownership Support: Housing Trust Funds.** Six of the 10 Year Two states—Arizona, Florida, Georgia, Nevada, New Mexico and Texas—have housing trust funds[59] with dedicated revenue streams, a highly rated vehicle to support homeownership. Alabama, Alaska, Mississippi and South Dakota do not currently have housing trust funds. Housing trust funds support homeownership and housing affordability through a variety of methods, including construction and rehabilitation of affordable housing, preservation of affordable rental housing, first-time homeownership assistance, emergency repair and foreclosure prevention.[60]

- **Homeownership Support: Other Initiatives.** States also can support homeownership through programs targeting low-income and first-time homebuyers.[61] Of the housing finance agencies in the 10 Year Two states, six—Alaska, Florida, Mississippi, Nevada, South

Figure 6

Homeownership Rate, Selected States and United States, 2005
(Percent)



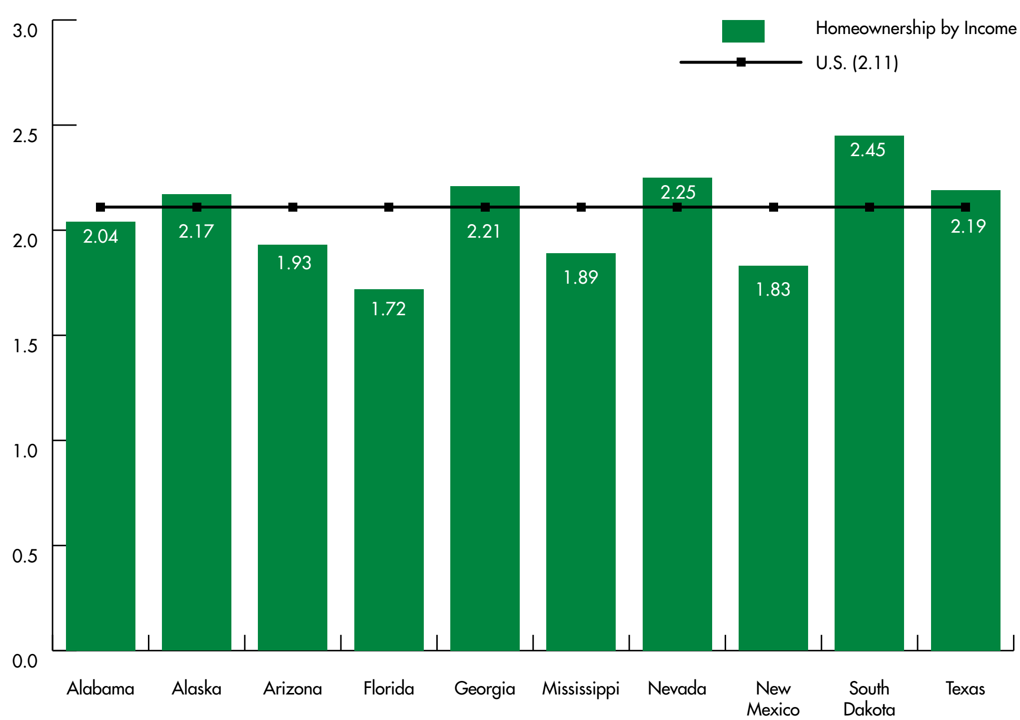
Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard

Dakota and Texas—provide direct lending to first-time homebuyers. Each of the 10 states except Florida also provides homeownership counseling. Arizona, Nevada and Texas provide direct grants for down payments. In addition, seven of the 10 states—all except Mississippi, Nevada and Texas—provide construction assistance.

- **Homeownership Outcomes.** Some of the 10 states have been successful in supporting homeownership among their residents. Half of the 10 Year Two states (Alabama, Arizona, Florida, Mississippi and New Mexico) have homeownership rates above the U.S. average[62] **(Figure 6).** In addition, the homeownership rates of Alabama and Mississippi rank among the top 10 in the nation. Three of the Year Two states—Alaska, Nevada and Texas—rank among the bottom 10 of all 50 states, however.
- **Homeownership Outcomes by Income.** Three of the Year Two states (Florida, Mississippi and New Mexico) ranked among the top 10 states in the nation on the 2007-08 CFED index of homeownership by income.[63] This index compares the homeownership rate among the population in the highest income quintile (or the fifth of the population with the highest incomes) to the homeownership rate among the population in the lowest income quintile (or the fifth of the population with the lowest incomes). Thus, the index tells us that in Florida, Mississippi and New Mexico, the homeownership rates of households in the highest and lowest quintiles of the income distribution are closer to one another than in the other seven study states **(Figure 7).**
- **Homeownership Outcomes by Race.** Four states—Arizona, Nevada, New Mexico and Texas—rank among the top 10 states in the nation on the 2007-08 CFED index of homeownership by race.[64] This index

Figure 7

Index of Homeownership by Income, Selected States and United States, 2004
(Rate among households in the highest income quintile of the population divided by the rate among households in the lowest income quintile of the population)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2004 American Community Survey, 5% Public Use Microdata Sample (PUMS), accessed using DataFerrett at http://dataferrett.census.gov/

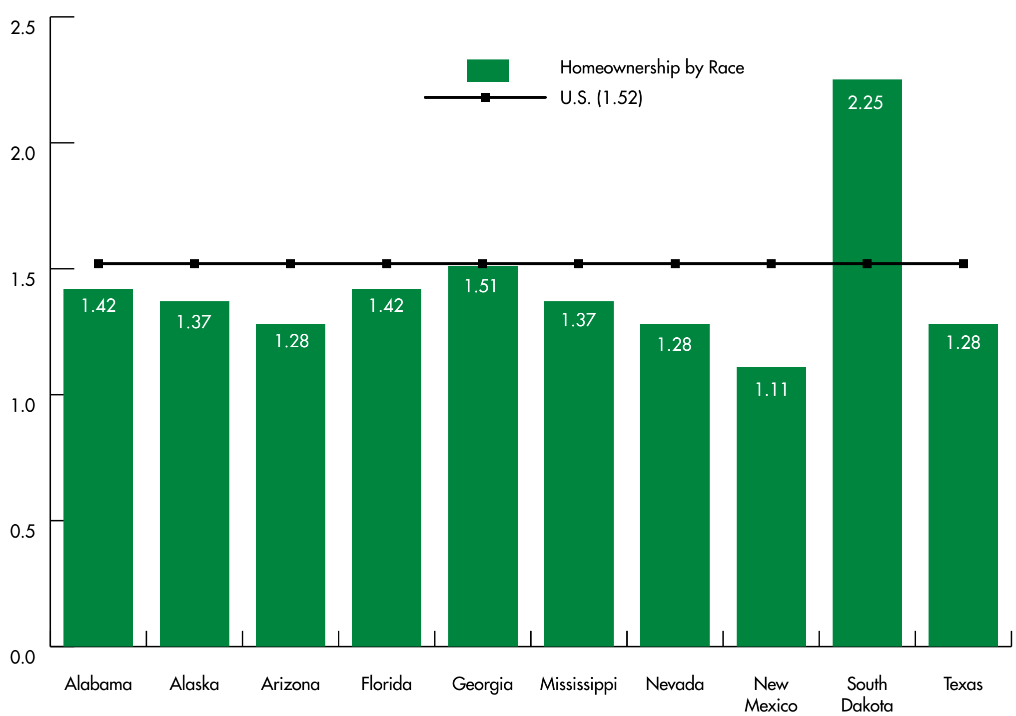
is calculated by dividing the homeownership rate of white households by the homeownership rate of non-white households. Thus, in Arizona, Nevada, New Mexico and Texas, the homeownership rates of non-white households are closer to the homeownership rates of white households than in the other six states **(Figure 8).**

- **College Savings Plans: Features.** Although each of the 10 Year Two states has a 529 college savings plan, it is difficult to compare and rank these plans on their attractiveness to low-income residents. The many differences in plan attributes—for example, whether advisor-sold or direct-sold, nature of fees, contribution minimums and maximums, and asset treatment—limit our ability to make meaningful comparisons.[65] Generally, advisor-sold plans have higher contribution requirements and higher annual fees than direct-sold plans. Thus, it might be disadvantageous for low-income people to enroll in advisor-sold plans. Advisor-sold plans are available in all of the Year Two states except Florida and Georgia. Although direct-sold plans also are offered in all of the Year Two states, in the eight states that offer both advisor-sold and direct-sold plans, state residents would need to know the difference between the two types of plans in order to enroll in the plan most compatible with their financial means and goals. None of the states offers matching grants for their college savings plans, however, a feature that would be especially advantageous for people with lower incomes.[66]

- **College Savings Plans: Taxability.** Few states exclude the value of a college savings account from income when determining eligibility for financial aid to attend state schools.[67] The account value of 529 plans in Arizona, Georgia, Mississippi and New Mexico, however, is excluded from income. Because these savings are considered assets of the account owner

Figure 8

Index of Homeownership by Race, Selected States and United States, 2004
(Homeownership rate among households headed by someone self-identified as White divided by homeownership rate of households headed by someone self-identified as non-White)



Source: Corporation for Enterprise Development. 2007-2008 Assets & Opportunity Scorecard; Joint Center calculations from the 2004 American Community Survey, 5% Public Use Microdata Sample (PUMS), accessed using DataFerrett at http://dataferrett.census.gov/

(in most cases a parent) rather than of the 529 plan beneficiary, in the remaining six states, the savings accrued in 529 accounts can potentially decrease the amount of financial aid for which an applicant to schools in these states is eligible.

- **Workforce Development: Training and Education.** Among the key components of workforce development on an individual level are job training and education.[68] One indicator of the ability of a state to support job training and education for low-income people is the extent to which TANF funds are used to support workforce training. In 2005, the percentage of state TANF funds spent on workforce training and education ranged (among all 50 states) from 43 percent to no funds at all in some states, including four Year Two states—Alaska, Nevada, New Mexico and South Dakota.[69] Of the Year Two states, only Georgia ranked among the top 10 of all states on this measure.
- **Workforce Development: State Strategies and Initiatives.** While the complexity of workforce development systems across the states makes it difficult to assess promising workforce development practices, policies and programs,[70] several Year Two states are among those noted for their progress in workforce development initiatives and strategies. In Florida,[71] Georgia,[72] New Mexico[73] and Texas,[74] agency alignment and partnerships have been used to improve coordination among economic and workforce development agencies.[75] In addition to organizational realignment, Georgia[76] and New Mexico[77] have focused on sector strategies to guide economic and workforce development. Florida is also highly regarded for its data system—the Florida Education and Training Placement Information Program (FETPIP)—which helps inform policymakers about the performance of education and workforce programs and how these investments contribute to Florida's economic competitiveness.[78] In Texas, local Economic Development Corporations (EDCs) are among the relatively few nationwide that have chosen to devote revenues toward funding workforce education or training.[79]

Summary of Promising Practices, Programs and Policies

Among the Year Two states, there is a great deal of variation in the degree to which practices, programs and policies supportive of asset building for low-income individuals and families are implemented. While this group of states was selected for their generally low rankings on asset building, by some measures the Year Two states fare quite well. In particular, Year Two States exhibit strong support for homeownership through the various programs and policies by which states were assessed. For example, state housing agencies in nine of the 10 Year Two states offer homeownership counseling, seven provide construction assistance and six operate state housing trust funds with dedicated funding. Overall, Year One and Year Two states are comparable with respect to the selected measures of homeownership support. Year Two states also are noteworthy (and comparable to Year One states) for the number that have economic education requirements in schools (nine Year Two states and seven Year One states) and that have used TANF funds for workforce development (six Year Two states and six Year One states).

In other key areas, however, Year Two states fall short. In particular, only one of the Year Two states (New Mexico) has state-supported IDA programs and a state EITC program. Among Year One states, however, more than half operate state-supported IDA programs, and eight offer a state EITC. Year Two states also fall short when compared to Year One states in terms of TANF asset limits and unemployment insurance policies. While six Year One states have TANF asset limits greater than $2,000, this is the case for only two Year Two states. With respect to UI, promising policies are more prevalent among Year One states than among Year Two states. For example, seven Year One states use alternative base periods, while only two Year Two states do so. Again, New Mexico stands out from other Year Two states in this respect. New Mexico employs five of the six promising policies on which states were compared for UI. (See Table 1 and its notes.)

Conclusion

Building on the analysis of highly ranked states (Year One states) in Part 1 of this project, the current report provides an analysis of states not highly ranked (Year Two states), and also compares the two sets of states. Overall, the Year Two states fare less well than Year One states on underlying factors, while the relative standing of states on promising practices, programs and policies is less clear-cut. Despite considerable variation among Year One and Year Two states in the implementation of asset-building policies, practices and programs, significant shortcomings are noted for Year Two states on asset-building outcomes.

For example, New Mexico is exemplary among the Year Two states due to its support for IDA programs and its state EITC program. New Mexico, however, has relatively average (and below average) rankings on underlying factors and a low overall asset-building outcome grade (graded 'D' in the *2007-08 CFED Scorecard*). Meanwhile, in Alaska and Nevada, high rankings on several underlying factors—median household income, state per capita GDP and a low total tax burden relative to other Year Two states (and some Year One states, as well)—do not translate into high outcome grades on the related asset-building measures. Among these three states another important difference is worth mentioning. New Mexico is noted both for its statewide advocacy and for its state political structure vis à vis asset building; Alaska and Nevada are not. Though it is not possible to establish a direct association between these advocacy and political measures and asset-building outcomes among low-income residents of these states, asset-building coalitions, task forces, and collaboratives are generally viewed as successful adjuncts for developing, promoting, and implementing asset-building policies and initiatives in states.[80]

Another interpretive challenge arises as the result of basing our analyses on the *2007-08 CFED Scorecard*. The *2007-08 CFED Scorecard* uses data from years prior to 2007 and 2008. Thus, today state rankings and their meaning both may be radically different as a result of the recent national economic downturn. For example, states with housing trust funds supported by dedicated public revenue streams may have diverted those revenue streams away from housing and toward reducing their budget deficits.[81] In this instance, the impact of having a housing trust fund supported by a dedicated revenue stream—a promising feature for supporting homeownership among low-income residents—will be diluted, and the overall ranking of states on asset-building outcomes may change. The genesis of the economic downturn within the housing sector, however, mandates a renewed focus on policies, practices and programs to enable low-income residents to acquire and preserve assets such as housing.

In sum, using available data, we have highlighted important distinctions (and some similarities) between 10 states ranked highly and another 10 states not ranked highly on key measures of economic security and opportunity for residents. Our findings suggest a complicated relationship among the underlying factors, the programs, policies and practices, and the outcome rankings/grades of a state. While causal relationships and clear-cut conclusions are not possible, certain factors and programs, policies and practices are identified for the 20 states studied that promote an understanding of their asset-building environments for low-income residents. In other words, this analysis helps states see what needs to be done to support asset building for low-income communities and suggests ways to do it.

Table 1. Promising Practices, Policies and Programs in Year Two States, as of April 29, 2009

This table provides a snapshot of practices, policies and programs implemented in the 10 Year Two states that are viewed as promising—i.e., supportive of asset building for low-income individuals and families. An 'X' indicates that a given practice, policy or program is implemented in the state. In the table notes additional characteristics, also identified in the literature as promising, are listed. Some of these may be present in the 10 selected states, but they are not included within this table because it is difficult to determine their existence. Other promising practices, policies and programs included in the table notes were not identified in the 10 selected states and, therefore, are not included on the table.

	AL	AK	AZ	FL	GA	MS	NV	NM	SD	TX
IDA Programs[1]										
State-supported IDA program								x		
Savings match greater than 2:1 in state-supported IDA program								x		
Statewide body dedicated to IDAs						x	x			
EITC Programs[2]										
State EITC offered								x		
Refundable state EITC								x		
State credit >15% of federal credit										
Childless workers qualify										
Asset Limits Within Public Benefit Programs[3]										
TANF asset limits greater than $2,000[4]	x	x								
Categorical eligibility used for SNAP			x		x					x
Asset Protection: Unemployment Insurance[5]										
Alternative Base Period used to determine eligibility					x			x		
Individuals seeking part-time work are eligible				x				x	x	x
Enhanced UI payments to workers with children		x						x		
Benefit levels indexed to state wage growth							x	x	x	
Extended benefit trigger	x							x		
Asset Facilitation: Business Development[6]										
CDBG funds allocated to microenterprise support in Program Year 2005							x	x		

	AL	AK	AZ	FL	GA	MS	NV	NM	SD	TX
CDBG funds allocated to microenterprise support in Program Year 2006			x							
Self-employment UI allowance										
Asset Facilitation: Financial Literacy[7]										
Economic education requirements in schools	x		x	x	x	x	x	x	x	x
Personal financial education requirements in schools			x		x	x			x	x
Homeownership Support[8]										
Dedicated funding for Housing Trust Fund			x	x	x		x	x		x
Direct lending by state housing agency		x		x		x	x		x	x
Homeownership counseling provided by state housing agency	x	x	x		x	x	x	x	x	x
Direct grants for downpayments provided by state housing agency			x				x			x
Construction assistance provided by state housing agency	x	x	x	x	x			x	x	
College Savings Plans[9]										
Direct-sold 529 college savings plan offered	x	x	x	x	x	x	x	x	x	x
Matching grants offered										
529 account savings excluded from financial aid consideration			x		x	x		x		
Workforce Development[10]										
Use of TANF funds for workforce training and education in 2005	x		x	x	x	x				x

Sources:

Corporation for Enterprise Development. 2008. *2007-2008 Assets and Opportunity Scorecard*, http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2471 (accessed April 29, 2009).

Mazzeo, C., B. Roberts, C. Spence and J. Strawn. 2006. *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity*. Workforce Strategy Center, www.workforcestrategy.org/publications/WSC_workingtogether_12.1.06_3.pdf (accessed April 29, 2009).

Parrish, L., H. McCulloch, K. Edwards and G. Gunn. 2006. *State Policy Options for Building Assets*. The New America Foundation and the Center for Social Development, http://www.newamerica.net/files/Doc_File_3134_1.pdf (accessed April 29, 2009).

Table 1 Notes

1 Other promising characteristics of and recommendations for IDAs include:

- Use of Community Development Block Grant (CDBG) and Temporary Assistance for Needy Families (TANF) funds to support IDA programs;
- Offering a tax credit for individuals and businesses that contribute money to an IDA program;
- Use of state general revenue funds (including money leveraged from state IDA tax credits) for IDA administration, technical assistance and matching components as well as to leverage federal matching funds through the Assets for Independence Act;
- Allowing funds to be used to cover program administration and operating costs, as well as technical assistance to providers.
- Designating a state agency as program steward. Specifically, to allow for a more broad-based asset-building strategy, a state should designate a department with a broader focus—such as economic development or banking—as the IDA program administrator;
- Providing initial deposits to program participants to spur savings and interest in becoming financially educated; and
- Allowing savings in IDAs to be used for debt reduction.

2 Other promising characteristics of and recommendations for state EITCs include:

- Launching or expanding an EITC awareness campaign;
- Providing a bonus for EITC funds deposited into a savings or investment account;
- Allowing people to split their income tax refund and deposit a portion directly into a savings account or other savings product, such as an Individual Retirement Account; and
- Defining earned income in a manner broad enough to accommodate the income of Native Americans.

3 Other promising characteristics of and recommendations for asset limits in public benefit programs include:

- Eliminating (or increasing substantially) asset limits from eligibility considerations;
- Excluding certain asset holdings—e.g., education, health, and retirement savings, a vehicle, and EITC refunds—from eligibility test; and
- Indexing asset limits to inflation (if state has not eliminated asset limits altogether).

4 In Alabama and Alaska the asset limit is $3,000 if the household includes a member over age 60.

5 Another promising characteristic of and recommendation for Unemployment Insurance:

- Modifying eligibility rules to require a minimum number of hours worked rather than an earning threshold.

6 Other promising characteristics of and recommendations for business development include:

- Creating a state microenterprise loan fund;
- Supporting state microenterprise intermediaries that strengthen the capacities of local programs;
- Supporting and increasing financing provided by small business investment companies (SBICs), which target economically and socially disadvantaged entrepreneurs;
- Funding microenterprise support programs through the appropriation of general funds, the allocation of discretionary funds at the state agency level, and the allocation of funds from federal programs such as Temporary Assistance for Needy Families (TANF), and the Workforce Investment Act (WIA);
- Supporting Community Development Financial Institutions (CDFIs), thereby helping to increase the capital available to low-wealth entrepreneurs;
- Supporting revolving loan funds to spur small business growth; and
- Supporting below-market-rate business loans, education and training, supportive procurement policies, small business centers and state funds earmarked for nontraditional entrepreneurs.

7 Other promising characteristics of and recommendations for financial literacy include:

- Creating opportunities for teachers to receive financial education training;
- Providing incentives for and facilitating workplace financial education;
- Allowing financial education to fulfill TANF work requirements; and
- Supporting public awareness and financial education campaigns.

8 Other promising characteristics of and recommendations for homeownership support include:

- Supporting and expanding lease purchase programs, affordable housing construction, and employer-assisted housing;
- Promoting federal programs that support homeownership opportunities for low-income households;
- Enacting a state-level Community Reinvestment Act (CRA) to expand the pool of mortgages in underserved communities;
- Enacting inclusionary zoning policies that require private developers to include units that are affordable to low- and moderate-income families;
- Supporting alternative affordable homeownership strategies, such as community land trusts, housing cooperatives, self-help housing and manufactured housing;
- Allocating tax increment revenues to support affordable homeownership; and
- Eliminating caps on the housing trust fund.

9 Other promising characteristics of and recommendations for college savings incentives/support include:

- Automatic enrollment in 529 savings plan at birth for all children born in the state;
- Minimizing fees and service charges in 529 plans; and
- Reaching out proactively to low- and moderate-income families.

10 Other promising characteristics of and recommendations for workforce development include:

- Designating a state agency with workforce development as its primary purpose and mission, and aligning all state development strategies through state agency coordination;
- Increasing the percent of Workforce Investment Act (WIA) beneficiaries who are receiving training;
- Marketing postsecondary workforce education and financial aid to adults as a tool for getting a better job;
- Making postsecondary workforce education more affordable by keeping tuition low and by having adult-friendly financial aid policies;
- Aligning related policies to help lower-skilled adults access education and training;
- Incorporating employer demand and state economic priorities in workforce educational planning; and
- Building workforce education into state economic development policy and regional economic priorities.

Table 2. Promising Practices, Policies and Programs in Year One States, as of December 1, 2008

This table (taken from the Part 1 report) provides a snapshot of practices, policies and programs implemented in the 10 Year One states that are viewed as promising—i.e., supportive of asset building for low-income individuals and families. An 'X' indicates that a given practice, policy or program is implemented in the state. In the table notes additional characteristics, also identified in the literature as promising, are listed. Some of these may be present in the 10 selected states, but they are not included within this table because it is difficult to determine their existence. Other promising practices, policies and programs included in the table notes were not identified in the 10 selected states and, therefore, are not included on the table.

	DE	HI	IA	ME	MI	MN	NH	VT	WA	WI
IDA Programs[1]										
State-supported IDA program			X	X	X	X		X	X	
Savings match greater than 2:1 in state-supported IDA program					X	X		X		
Statewide body dedicated to IDAs				X	X					
EITC Programs[2]										
State EITC offered	X		X	X	X	X		X	X	X
Refundable state EITC			X		X	X		X	X	X
State credit >15% of federal credit	X					X		X		
Childless workers qualify	X		X	X	X	X		X	X	
Asset Limits Within Public Benefit Programs[3]										
TANF asset limit greater than $2,000[4]		X	X		X	X			X	X
Categorical eligibility used for SNAP[5]	X			X	X	X			X	X
Asset Protection: Unemployment Insurance[6]										
Alternative Base Period used to determine eligibility		X		X	X		X	X	X	X
Individuals seeking part-time work are eligible		X	X	X		X	X	X	X	X
Enhanced UI payments to workers with children			X	X	X					
Benefit levels indexed to state wage growth		X	X	X		X		X	X	
Extended benefit trigger							X	X	X	
Asset Facilitation: Business Development[7]										
CDBG funds allocated to microenterprise support in Program Year 2005							X	X	X	
CDBG funds allocated to microenterprise support in Program Year 2006				X			X	X	X	X
Self-employment UI allowance	X			X					X	

	DE	HI	IA	ME	MI	MN	NH	VT	WA	WI
Asset Facilitation: Financial Literacy[8]										
Economic education requirements in schools	x	x		x	x	x		x		x
Personal financial education requirements in schools	x	x		x	x	x				
Homeownership Support[9]										
Dedicated funding for Housing Trust Fund	x	x	x	x		x	x	x	x	x
Direct lending by state housing agency		x			x		x			
Homeownership counseling provided by state housing agency	x		x	x	x	x	x		x	x
Direct grants for downpayments provided by state housing agency			x	x					x	
Construction assistance provided by state housing agency	x		x		x				x	x
College Savings Plans[10]										
Direct-sold 529 college savings plan offered[11]	x	x	x	x	x	x	x	x		x
Matching grants offered				x	x	x				
529 account savings excluded from financial aid consideration			x							x
Workforce Development[12]										
Use of TANF funds for workforce training and education in 2005		x	x			x	x		x	x

Sources:

Corporation for Enterprise Development. 2008. *2007-2008 Assets and Opportunity Scorecard,* http://www.cfed.org/focus.m?parentid =31&siteid=2471&id=2471 (accessed December 1, 2008).

Mazzeo, C., B. Roberts, C. Spence and J. Strawn. 2006. *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity.* Workforce Strategy Center, www.workforcestrategy.org/publications/WSC_workingtogether_12.1.06_3.pdf (accessed December 1, 2008).

Parrish, L., H. McCulloch, K. Edwards and G. Gunn. 2006. *State Policy Options for Building Assets*. The New America Foundation and the Center for Social Development, http://www.newamerica.net/files/Doc_File_3134_1.pdf (accessed December 1, 2008).

Table 2 Notes

1 Other promising characteristics of and recommendations for IDAs include:

- Use of Community Development Block Grant (CDBG) and Temporary Assistance for Needy Families (TANF) funds to support IDA programs;
- Offering a tax credit for individuals and businesses that contribute money to an IDA program;
- Use of state general revenue funds (including money leveraged from state IDA tax credits) for IDA administration, technical assistance and matching components as well as to leverage federal matching funds through the Assets for Independence Act;
- Allowing funds to be used to cover program administration and operating costs, as well as technical assistance to providers.
- Designating a state agency as program steward. Specifically, to allow for a more broad-based asset-building strategy, a state should designate a department with a broader focus—such as economic development or banking—as the IDA program administrator;
- Providing initial deposits to program participants to spur savings and interest in becoming financially educated; and
- Allowing savings in IDAs to be used for debt reduction.

2 Other promising characteristics of and recommendations for state EITCs include:

- Launching or expanding an EITC awareness campaign;
- Providing a bonus for EITC funds deposited into a savings or investment account;
- Allowing people to split their income tax refund and deposit a portion directly into a savings account or other savings product, such as an Individual Retirement Account; and
- Defining earned income in a manner broad enough to accommodate the income of Native Americans.

3 Other promising characteristics of and recommendations for asset limits in public benefit programs include:

- Eliminating (or increasing substantially) asset limits from eligibility considerations;
- Excluding certain asset holdings—e.g., education, health, and retirement savings, a vehicle, and EITC refunds—from eligibility test; and
- Indexing asset limits to inflation (if state has not eliminated asset limits altogether).

4 In Iowa and Minnesota the asset limit is $5,000 for individuals/households that already receive TANF benefits, whereas the asset limit is $2,000 for new applicants. In Washington, the asset limit is $4,000 for individuals/households that already receive TANF benefits, whereas the asset limit is $1,000 for new applicants.

5 In Maine, only households with children qualify for categorical eligibility.

6 Another promising characteristic of and recommendation for Unemployment Insurance:

- Modifying eligibility rules to require a minimum number of hours worked rather than an earning threshold.

7 Other promising characteristics of and recommendations for business development include:

- Creating a state microenterprise loan fund;
- Supporting state microenterprise intermediaries that strengthen the capacities of local programs;
- Supporting and increasing financing provided by small business investment companies (SBICs), which target economically and socially disadvantaged entrepreneurs;
- Funding microenterprise support programs through the appropriation of general funds, the allocation of discretionary funds at the state agency level, and the allocation of funds from federal programs such as Temporary Assistance for Needy Families (TANF), and the Workforce Investment Act (WIA);
- Supporting Community Development Financial Institutions (CDFIs), thereby helping to increase the capital available to low-wealth entrepreneurs;
- Supporting revolving loan funds to spur small business growth; and
- Supporting below-market-rate business loans, education and training, supportive procurement policies, small business centers and state funds earmarked for nontraditional entrepreneurs.

8 Other promising characteristics of and recommendations for financial literacy include:

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- Providing incentives for and facilitating workplace financial education;
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- Supporting public awareness and financial education campaigns.

9 Other promising characteristics of and recommendations for homeownership support include:

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- Promoting federal programs that support homeownership opportunities for low-income households;
- Enacting a state-level Community Reinvestment Act (CRA) to expand the pool of mortgages in underserved communities;
- Enacting inclusionary zoning policies that require private developers to include units that are affordable to low- and moderate-income families;
- Supporting alternative affordable homeownership strategies, such as community land trusts, housing cooperatives, self-help housing and manufactured housing;
- Allocating tax increment revenues to support affordable homeownership; and
- Eliminating caps on the housing trust fund.

10 Other promising characteristics of and recommendations for college savings incentives/support include:

- Automatic enrollment in 529 savings plan at birth for all children born in the state;
- Minimizing fees and service charges in 529 plans; and
- Reaching out proactively to low- and moderate-income families.

11 Washington does not offer any type of 529 savings plans. Instead, the state offers only a prepaid tuition program. The prepaid tuition plan allows savers to lock in future tuition rates at in-state public colleges at current prices that are guaranteed by the state.

12 Other promising characteristics of and recommendations for workforce development include:

- Designating a state agency with workforce development as its primary purpose and mission, and aligning all state development strategies through state agency coordination;
- Increasing the percent of Workforce Investment Act (WIA) beneficiaries who are receiving training;
- Marketing postsecondary workforce education and financial aid to adults as a tool for getting a better job;
- Making postsecondary workforce education more affordable by keeping tuition low and by having adult-friendly financial aid policies;
- Aligning related policies to help lower-skilled adults access education and training;
- Incorporating employer demand and state economic priorities in workforce educational planning; and
- Building workforce education into state economic development policy and regional economic priorities.

ENDNOTES

1 Bucks, B. K., A. B. Kennickell and K. B. Moore. 2006. "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances." *Federal Reserve Bulletin,* 92:A1-A38. http://www.federal reserve.gov/pubs/oss/oss2/2004/bull0206.pdf (accessed April 21, 2009).

2 Factors considered in the Year One state selection process included: whether a state was graded 'A' on the three CFED scorecards (2002, 2005, and 2007-08); the percent of various racial/ethnic groups in each state; whether a state has a high ('A' or 'B') overall asset outcome grade in spite of a grade of D or F in any individual asset category; selecting states with variations in economic status; and selecting a set of geographically dispersed states.

3 Leigh, W. A., L. M. Ross, A. L. Wheatley and D. Huff. 2009. *Asset Building in Low-income Communities of Color, Part 1: Predisposing Factors and Promising Practices in States Effective at Building Assets for Low-Income Residents (Executive Summary)*. Washington, DC: Joint Center for Political and Economic Studies, http://jointcenter.org/publications_recent_publications/economics_business/asset_building_in_low_income_communities_of_color_part_1 (accessed April 21, 2009).

4 Factors considered in the Year Two state selection process included: whether a state was graded 'D' or 'F' overall for asset outcomes among low-income people on the three CFED scorecards (2002, 2005, and 2007-08); the percent of various racial/ethnic groups in each state; CFED assessments of the policy areas examined during year one of this project; and selecting a set of geographically dispersed states.

5 The CFED outcome grade for each state is based on grades from five index areas. The grades in these index areas are based on rankings for 46 outcome measures, for each of which states are ranked relative to one another. The overall outcome grade is calculated by adding the ranks for each index, then re-ranking the states from one to 51 and finally assigning each state a letter grade based on the following distribution: States that rank from 1st to 10th earn an A; 11th to 20th earn a B; 21st to 36th earn a C; 37th to 46th earn a D; 47th to 51st earn an F. For additional information, see: Corporation for Enterprise Development. 2008. "Methodology." *2007-2008 Assets and Opportunity Scorecard*. http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2479 (accessed April 23, 2009).

6 Data for 2006 are used for the factors analyzed for both the Year One states and the Year Two states.

7 U.S. Census Bureau. "R1901. Median Household Income (In 2006 Inflation-Adjusted Dollars): 2006." 2006 American Community Survey. http://factfinder.census.gov/servlet/GRTTable?_bm=y&-geo_ id=01000US&-_box_head_nbr=R1901&-ds_name=ACS_2006_EST_G00_&-_lang=en&-redoLog=false& -format=US-30&-mt_name=ACS_2006_EST_G00_R1502_US30&- CONTEXT=grt (accessed April 21, 2009).

8 The median income in Alaska, the highest among the Year Two states, may achieve this status in part because of a unique annual income transfer made by the state to its residents. All Alaska residents (who indicate an intention to remain in the state) receive yearly income transfers or dividends from the Alaska Permanent Fund. The Fund was created in 1976 to put at least 25 percent "of certain mineral revenues paid to the State for deposit into a public savings account to be invested for the benefit of the current and all future generations of Alaskans." Regardless of their income status, all Alaska citizens and permanent residents can apply for a Permanent Fund Dividend (PFD) from the Alaska Permanent Fund. The amount of the PFD (first distributed in 1982) varies depending on the number of applicants and the value of the fund. For example, in 2004 the PFD payment to each individual was $919.84 and in 2008 the payment was $1,654.00.

Alaska Permanent Fund Corporation. "The Permanent Fund Dividend." http://www.apfc.org/home/Content/alaska/dividendPrgrm.cfm (accessed April 22, 2009).

Alaska Permanent Fund Corporation. "Historical Highlights of the Fund and Alaska." http://www.apfc.org/home/ Content/reportspublications/fundHistory.cfm (accessed April 22, 2009).

9 "The estimate of GDP by state for each state is derived as the sum of the gross domestic product originating in all industries in the state. In concept, an industry's GDP by state, or its value added, is equal to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) less the value of its intermediate inputs (consumption of goods and services purchased from other U. S. industries or imported)." Directly quoted from:

Bureau of Economic Analysis. 2006. *Gross Domestic Product by State Estimation Methodology*. U.S. Department of Commerce. http://www.bea.gov/regional/pdf/gsp/GDPState.pdf#page=3 (accessed April 29, 2009).

10 Bureau of Economic Analysis. 2008. "State Economic Growth Slowed in 2007: Advance 2007 and Revised 2004-2006 GDP-by-State Estimates." Press release. 5 June 2008, http://www.bea.gov/newsreleases/regional/gdp_state/ 2008/pdf/gsp0608.pdf (accessed April 29, 2009).

11 Bureau of Labor Statistics. 2008. "Unemployment Rates for States, Annual Average Rankings, Year: 2006." Local Area Unemployment Statistics. U.S. Department of Labor. http://www.bls.gov/lau/lastrk06.htm (accessed April 23, 2009).

12 U.S. Census Bureau. "R1502. Percent of People 25 Years and Over Who Have Completed a Bachelor's Degree: 2006." 2006 American Community Survey. http://factfinder.census.gov/servlet/GRTTable?_bm=y &-geo_id= 01000US&-_ box_head_nbr=R1502&-ds_name=ACS_2006_EST_G00_&-_lang=en&-mt_name=ACS_2006_ EST_G00_R1501_US30&-format=US-30&-CONTEXT=grt (accessed April 23, 2009).

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Jacoby, W. G. and S. K. Schneider. 2001. "Variability in State Policy Priorities: An Empirical Analysis," Journal of Politics 63(2):544-568.

King, J. D. 2000. "Changes in professionalism in U.S. state legislatures," Legislative Studies Quarterly 25(2):327-343.

Snook, C. and J. F. Duff. 2005. "Institutional Effects on State Policy Priorities." (Presented at the Fifth Annual Conference on State Politics and Policy: Laboratories of Democracy: Public Policy in the American States, May 2005), http://polisci.msu.edu/sppc2005/papers/satpm/Snook,%20Duff.pdf (accessed April 23, 2009).

14 National Conference of State Legislatures. 2005. "Population and Legislative Size," http://www.ncsl.org/Programs/ legismgt/about/Legis_Size_Chart2.htm (accessed April 23, 2009).

National Conference of State Legislatures. 2008. *NCSL Backgrounder: Full- and Part-Time Legislatures,* http://www.ncsl.org/programs/press/2004/backgrounder_fullandpart.htm (accessed April 23, 2009).

15 Texas is one of only six states (also including Nevada) whose legislatures meet biennially. Neither of these states held regular sessions in 2008, though Nevada's legislature convened in special session (related to the budget) for a day.

National Conference on State Legislatures. 2009. "2008 State Legislative Session Calendar," http://www.ncsl.org/ programs/legismgt/about/sess2008.htm (accessed April 14, 2009).

16 Levin-Epstein, J. and K. M. Gorzelany. 2008. *Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America.* Center for Law and Social Policy, Spotlight on Poverty and Opportunity, http://www.clasp. org/publications/clasp_report_0418.pdf (accessed April 23, 2009).

State of New Mexico. Office of Governor Bill Richardson. "Governor Bill Richardson Announces Formation of Poverty Reduction Task Force." Press release. 9 May 2008, http://www.governor.state.nm.us/press/2008/may/ 050908_02.pdf (accessed April 14, 2009).

17 The Alabama House of Representatives and the Governor of New Mexico established the poverty-focused task forces in their respective states.

Alabama House of Representatives. Poverty Task Force. 2008. *Final Report*, http://www.patriciatodd.net/site buildercontent/sitebuilderfiles/ptffinalreport.pdf (accessed April 13, 2009).

Governor Richardson's Poverty Reduction Task Force. 2009. *Governor Richardson's Poverty Reduction Task Force Final Report*." http://www.tax.state.nm.us/pubs/TaxreseStat/povertyreductiontaskforcefinalreport.pdf (accessed April 14, 2009).

18 Mississippi State Legislature. 2009. "House of Representatives Committee Listing," http://billstatus.ls.state.ms.us/ htms/h_cmtememb.xml (accessed April 14, 2009).

19 Levin-Epstein, J. and K. M. Gorzelany. 2008. *Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America.* Center for Law and Social Policy, Spotlight on Poverty and Opportunity, http://www.clasp. org/publications/clasp_report_0418.pdf (accessed April 23, 2009).

Higgins, A. J. 2009. "Council Seeks to Determine Effects of Poverty." The Maine Public Broadcasting Network. http://www.mpbn.net/News/MaineNews/tabid/181/ctl/ViewItem/mid/1858/ItemId/9512/Default.aspx (accessed April 21, 2009).

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McCulloch, H. 2005. *Promoting Economic Security for Working Families: State Asset-Building Initiatives.* Washington, DC: The Fannie Mae Foundation.

21 Alabama Asset Building Coalition. Website, http://www.aacdc.org/aabc/index.htm (accessed April 14, 2009).

Institute on Assets and Social Policy. 2008. *State and City Asset Building Initiatives*. Heller School for Social Policy and Management, Brandeis University. http://iasp.brandeis.edu/pdfs/State-City-Asset-Bldg-0208.pdf (accessed April 14, 2009).

22 Arizona Saves. n.d. "Who We Are, What We Do," http://www.arizonasaves.org/about/ (accessed April 14, 2009).

Arizona Native Assets Coalition. Website, http://www.aznativeassets.org/default.asp (accessed April 14, 2009).

23 Corporation for Enterprise Development. 2008. "State Coalition Profile: Florida," http://www.cfed.org/scorecard/state_coalition/index.php?view=florida (accessed April 21, 2009).

For information about the Florida Prosperity Partnership, go to the website of the Florida Prosperity Campaign (http://www.flaprosperitycampaign. org).

24 Mississippi Asset Building Coalition. Website, http://www.missabc.org/ (accessed April 14, 2009).

25 Community Action New Mexico. "About the Consortium." http://www.communityactionnewmexico.org/ assets/about.html (accessed April 14, 2009).

26 Corporation for Enterprise Development. 2008. "State Coalition Profile: Texas." http://www.cfed.org/scorecard/state_coalition/index.php?view=texas (accessed April 16, 2009).

RAISE Texas. Website, http://www.raisetexas.org/ (accessed April 14, 2009).

27 Brooks, J. 2009. *State Asset Policy Coalitions: State of the Field; Opportunities for Growth*. Corporation for Enterprise Development. http://www.cfed.org/imageManager/_documents/policy/state_coalition_briefing_0109.pdf (accessed April 22, 2009).

28 Corporation for Enterprise Development. 2008. "State Coalition Profile: Hawai'i." http://www.cfed.org/scorecard/state_coalition/index.php?view=hawaii (accessed April 21, 2009).

Corporation for Enterprise Development. 2008. "State Coalition Profile: Michigan." http://www.cfed.org/scorecard/state_coalition/index.php?view=michigan (accessed April 21, 2009).

Corporation for Enterprise Development. 2008. "State Coalition Profile: Washington." http://www.cfed.org/scorecard/state_coalition/index.php?view=washington (accessed April 21, 2009).

29 According to the Institute on Taxation and Economic Policy (ITEP), Delaware and Vermont have progressive personal income taxes and/or low reliance on sales and excise taxes. The ITEP study examines all major state and local taxes: personal and corporate income taxes, property taxes, and sales and excise taxes. Its findings detail state and local taxes paid by non-elderly couples and individuals.

30 The 10 states with the greatest total tax burden on the lowest income quintile are: Arizona, Florida, Hawai'i, Illinois, Michigan, New Jersey, New Mexico, New York, Rhode Island and Washington. Many of the states whose tax systems are most regressive do not levy an income tax. While no-income-tax states such as Washington, Texas and Florida do, in fact, have tax rates that are average to low overall, the disproportionate reliance of these states on sales taxes and excise taxes make their tax burdens on low-income families among the highest in the nation.

Institute on Taxation and Economic Policy. 2003. *Who Pays?A Distributional Analysis of the Tax Systems in All 50 States.* 2nd Edition, http://www.itepnet.org/wp2000/text.pdf (accessed April 23, 2009).

31 The Alaska Permanent Fund Dividend payments (see end note 8) are also relevant for this discussion. Dividend payments are noteworthy for their impact on households with the lowest incomes. Logically, the fixed amount Permanent Fund Dividend constitutes the largest percentage of gross income for individuals in the lowest income quintile. These dividend payments are counted as federally taxable income but are not subject to state income tax because Alaska does not levy income taxes. As such, this additional income lowers the total state and local tax burden as calculated by the Institute on Taxation and Economic Policy.

Gardner, M. 2002. "Distributional Impact of Alaska Tax Options." PowerPoint Presentation. *Institute on Taxation and Economic Policy*. http://www.itepnet.org/ak1005.ppt (accessed April 28, 2009).

32 Institute on Taxation and Economic Policy. 2003. *Who Pays?A Distributional Analysis of the Tax Systems in All 50 States.* 2nd Edition, http://www.itepnet.org/wp2000/text.pdf (accessed April 23, 2009).

33 … "Variables that at first glance seem to be measuring only economic and social phenomena, such as poverty rates and the size of the minority population, are found to also measure both public preferences and governmental constraints on expenditure decisions." See: Peterson, P. E. 1995. *The Price of Federalism*. Washington, DC: The Brookings Institution.

34 Peterson (1995) suggests that "Perceptions that minorities are undeserving of welfare, coupled with underrepresentation in state legislatures, create a political context unfavorable to redistributive expenditure." While the data are considerably older than other data used in this report, Peterson found that a one-percent increase in the proportion of racial/ethnic subpopulations in a state was accompanied by $2 less per person in redistributive spending.

Peterson, P. E. 1995. *The Price of Federalism*. Washington, DC: The Brookings Institution.

See also the following:

Soss, J., R. C. Fording, and S. F. Schram. 2008. "The Color of Devolution: Race, Federalism, and the Politics of Social Control." *American Journal of Political Science* 52(3):536–553.

35 With the exception of South Dakota, each of the Year Two states has a non-white population (i.e., combined population of American Indians/Alaska Natives, Asians, Black non-Hispanics, Hispanics, and Native Hawaiians and Other Pacific Islanders) of more than 30 percent. More than half of the population in two states—New Mexico and Texas—is non-white. In four Year One states, however—Iowa, Maine, New Hampshire and Vermont—people of color comprise less than 10 percent of these states' populations.

Data are from 2006 American Community Survey (U.S. Census Bureau).

36 See endnote 8 for a discussion of the Alaska Permanent Fund.

37 For example, a 2009 report prepared by the Alaska Department of Labor and Workforce Development cites that "Alaska's seasonal economy, relatively small labor force, and shallow pool of local workers with specialized skills" have been factors in the tendency for employers to recruit residents from outside the state. The report documents that in 2007 nonresident workers comprised 19.6 percent of private sector, states and local government workers employed during the year. See: Hadland J. and R. Kreiger. 2009. *Nonresidents Working in Alaska 2007*. Alaska Department of Labor and Workforce Development. http://www.labor.state.ak.us/research/reshire/nonres.pdf (accessed April 23, 2009).

Significantly higher rates of unemployment in rural and remote areas have also been noted to contribute to the high unemployment rate of the state. In addition, it is suggested that the exclusion from measured unemployment rates of people willing to work but not actively looking for employment tends to underestimate the true unemployment situation in Alaska. See the following:

Goldsmith, S. 2007. *The Remote Rural Economy of Alaska*. Institute of Social and Economic Research, University of Alaska Anchorage. http://www.iser.uaa.alaska.edu/Publications/u_ak/uak_remoteruraleconomyak.pdf (accessed April 23, 2009).

Rural Policy Research Institute. 2006. *Demographic and Economic Profile: Alaska*. http://www.rupri.org/Forms/ Alaska.pdf (accessed April 23, 2009).

38 Individual Development Accounts (IDAs) are matched savings accounts that encourage and reward monthly saving by low-income families or individuals for approved assets—most commonly a first home, post-secondary education, or starting a small business. Government (federal, state, or local) and private funds can be used to match the savings of account holders, up to a pre-determined amount.

39 Center for Social Development. 2007. *State IDA Policy Summary Tables,* http://www.community-wealth.org/_pdfs/ articles-publications/individuals/paper-csd.pdf (accessed April 23, 2009).

Center for Social Development. "Policy By State." State-by-State IDA Policy Pages, http://csd.wustl.edu/Asset Building/SAP/Pages/Map.aspx (accessed April 23, 2009).

New Mexico Department of Workforce Solutions. "Family Opportunities Account Act," http://www.dws.state.nm. us/dws-FOA.html (accessed April 14, 2009).

40 New Mexico State Legislature. 2006. "An Act Relating to Asset Building For Working, Low-income Families; Amending the Individual Development Account Act to Change the Name of the Act, Change the Requirements, Establish Criteria for Program Administrators and Increase Accountability; Creating a Fund." http://www.dws.state. nm.us/pdf/HB0112.pdf (accessed April 17, 2009).

State of New Mexico. Office of the Governor. 2006. "Governor Bill Richardson Signs Legislation to Encourage

Working New Mexicans to Save Money." Press Release 8 March 2006, http://www.governor.state.nm.us/press/ 2006/march/030806_03.pdf (accessed April 14, 2009).

41 Corporation for Enterprise Development. 2008. "Support for IDA Programs." CFED Assets and Opportunity Policy Progress: a Virtual Convening on 2008 State Policy Victories, http://www.cfed.org/scorecard/webinar/data/index.php?view=support_ida_programs (accessed April 14, 2009).

42 For a list of recommended policies and program characteristics see the following:

Corporation for Enterprise Development. 2007. *Support for IDA Programs.* CFED Assets and Opportunity Scorecard 2007-2008, Policy Brief, http://www.cfed.org/imageManager/scorecard/2007/policybriefs/IDAs. pdf (accessed April 23, 2009).

Parrish, L., H. McCulloch, K. Edwards, and G. Gunn. 2006. *State Policy Options for Building Assets.* Washington, DC: New America Foundation and Center for Social Development, http://www.newamerica.net/files/Doc_File_3134_ 1.pdf (accessed April 23, 2009).

Mahon, C., K. Moy, and M. Koide. 2005. *Individual Development Accounts: A Report to the Field.* The Aspen Institute, Economic Opportunities Program, http://www.aspeninstitute.org/sites/default/files/content/docs/economic%20opportunities%20program/eopIDAScan04.05.pdf (accessed April 23, 2009).

43 The Earned Income Tax Credit (EITC) is a federal tax credit provided to low-income working individuals and families to reduce their tax burden, supplement wages, and assist in the welfare-to-work transition. State EITCs—often a percentage of the federal credit—supplement the federal EITC and serve as a credit for state taxes paid by low-income working people. As a non-refundable credit, a state EITC allows taxpayers to benefit (to the extent that they owe taxes) by reducing a family's taxes to zero. A refundable credit, however, allows families to receive a rebate if the amount of the state EITC exceeds the amount of income tax owed.

44 Levitis, J., and J. Koulish. 2008. *State Earned Income Tax Credits: 2008 Legislative Update.* Center on Budget and Policy Priorities, http://www.cbpp.org/6-6-08sfp.pdf (accessed April 23, 2009)

State EITC Online Resource Center. "50 State Resource Map on State EITCs," http://www.stateeitc.com/map/index. asp (accessed April 20, 2009).

For a list of recommended policies and program characteristics see the following:

Corporation for Enterprise Development. 2007. *State Earned Income Tax Credit.* CFED Assets and Opportunity Scorecard 2007-2008, Policy Brief, http://www.cfed.org/imageManager/scorecard/2007/policy briefs/state_eitc.pdf (accessed April 23, 2009).

Parrish, L., H. McCulloch, K. Edwards, and G. Gunn. 2006. *State Policy Options for Building Assets.* Washington, DC: New America Foundation and Center for Social Development, http://www.newamerica. net/files/Doc_File_3134_1. pdf (accessed April 23, 2009).

45 Medicaid is a federal/state health insurance program for low-income seniors, children, working families and people with disabilities.

The State Children's Health Insurance Program (SCHIP) provides federal matching funds to states to cover children (and some parents) who don't qualify for Medicaid, but for whom private health insurance is either unavailable or unaffordable.

The Temporary Assistance for Needy Families (TANF) program provides assistance and work opportunities to needy families. Federal funds are provided to states, territories and tribes with the responsibility and flexibility to develop and implement their own welfare programs.

The Supplemental Nutrition Assistance Program (SNAP)—until October 1, 2008, known as the Food Stamp program —provides low-income families Electronic Benefits Transfer (EBT) cards with which they can buy approved food items in authorized retail food stores. Federal funds are granted to each state (each of which may have their own name for the program).

Corporation for Enterprise Development. 2008. "State policy resource center for children's savings accounts." http:// www.cfed.org/focus.m?parentid=2&siteid=2166&id=2167 (accessed April 23, 2009).

46 Corporation for Enterprise Development. 2008. *Asset Limits in Public Benefit Programs*. CFED 2007-2008 Assets and Opportunity Scorecard Policy Brief, http://www.cfed.org/imageManager/scorecard/2007/policy briefs/asset_limits.pdf (accessed April 21, 2009).

U.S. Department of Health & Human Services. 2006. "XII. Specific Provisions of State Programs." *Temporary Assistance For Needy Families (TANF) Seventh Annual Report to Congress*. Administration for Children & Families: Office of Family Assistance, http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport7/chapter12/ chap12.pdf (accessed April 23, 2009).

47 Under the federal asset rules, households typically are not eligible for the SNAP if they have countable financial assets worth more than $2,000 ($3,000 if the household contains an elderly or disabled member). However, states may declare a household categorically eligible for SNAP if all members participate in a program, receive a service, or are authorized to receive a service that is funded by the federal TANF (Temporary Assistance for Needy Families) block grant or state maintenance-of-effort (MOE) dollars. If a program or service funded by the TANF block grant or MOE has an asset test, that asset test effectively becomes the SNAP asset test in the state. If the TANF- or MOE-funded program or service has no asset test, the SNAP has no asset test either. These are the rules that govern program eligibility in Arizona and Georgia.

Dean, S., C. Pawling, and D. Rosenbaum. 2008. *Implementing New Changes to the Food Stamp Program: A Provision By Provision Analysis of The 2008 Farm Bill.* Washington, DC: Center on Budget & Policy Priorities, http:// www.cbpp.org/7-1-08fa.pdf (accessed April 23, 2009).

48 The TANF asset limit was at one point $2,000 (as cited in U.S. Department of Health & Human Services. 2006. "XII. Specific Provisions of State Programs." *Temporary Assistance For Needy Families (TANF) Seventh Annual Report to Congress*. Administration for Children & Families: Office of Family Assistance, http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport7/chapter12/ chap12.pdf (accessed April 23, 2009)). In 2003, however, the limit was reduced to $1,000 (per conversation with Celia Hagert, senior policy analyst at the Center for Public Policy Priorities, 9 June 2009). For further information, see: http://www.cppp.org/research.php?aid=837&cid=3&scid=7

49 Center for the Study of Social Policy. 2008. "Policy 7: Unemployment Insurance." *Policy Matters 2008 Data Update,* http://www.cssp.org/policymatters/pdfs/7.%20Unemployment%20Insurance%20-%202008.pdf (accessed April 13, 2009).

Corporation for Enterprise Development. 2008. "Unemployment Benefit Eligibility." CFED Assets and Opportunity Scorecard 2007-2008, http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid= 3909 (accessed April 23, 2009).

50 "The base period is the time period during which wages earned and/or hours/weeks worked are examined to determine a worker's monetary entitlement to UI. Almost all states use the first 4 of the last 5 completed calendar quarters preceding the filing of the claim as their base period. A base period consisting of the first 4 of the last 5 completed calendar quarters results in a lag of up to 6 months between the end of the base period and the date a worker becomes unemployed/ files a claim. As a result, the worker's most recent work history is not used when making an eligibility determination. As a result, several states use an ABP [alternative base period] for workers failing to qualify under the regular base period. For example, if the worker fails to qualify using wages and employment in the first 4 of the last 5 completed calendar quarters, then the state will use wages and employment in the last 4 completed calendar quarters." Directly quoted from:

U.S. Department of Labor. 2008. "Chapter 3: Monetary Eligibility." *Comparison of State Unemployment Laws 2008,* http://workforcesecurity.doleta.gov/unemploy/uilawcompar/2008/monetary.pdf (accessed April 23, 2009).

51 Center for the Study of Social Policy. 2008. "Policy 7: Unemployment Insurance." *Policy Matters 2008 Data Update,* http://www.cssp.org/policymatters/pdfs/7.%20 Unemployment% 20Insurance%20-%202008.pdf (accessed April 13, 2009).

52 The Community Development Block Grant (CDBG) program, administered by the U.S. Department of Housing and Urban Development, provides annual direct grants to cities, urban counties, and states for neighborhood revitalization, economic development, and other community development initiatives.

53 Corporation for Enterprise Development. 2008. "Microenterprise Support," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475& measureid=3980 (accessed April 23, 2009).

Corporation for Enterprise Development. 2008. "Microenterprise Support," *CFED Assets and Opportunity Policy Progress,* http://www.cfed.org/scorecard/webinar/data/index.php?view=microenterprise_support (accessed April 23, 2009).

54 "Small business investment companies (SBICs) are federally licensed investment companies that target financing to economically and socially disadvantaged entrepreneurs. SBICs offer hard-to-find, patient, growth-oriented capital in the form of long-term loans, equity, or convertible debt. In exchange for a pledge to invest exclusively in small businesses, SBICs qualify for federal Small Business Administration guarantees. SBIC financing is important because it helps small companies in their critical start-up phase obtain much-needed seed capital. Most states boast a number of public or nonprofit business investment or loan funds."

Corporation for Enterprise Development. 2008. "Small Business Investment," CFED *Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475& measureid=3914&year= 2007&order_element_id=9014 (accessed April 23, 2009).

55 U.S. Department of Labor. 2008. "Chapter 4: Extensions and Special Programs." *Comparison of State Unemployment Insurance Laws 2008,* http://workforcesecurity.doleta.gov/unemploy/uilawcompar/2008/extensions.pdf (accessed April 23, 2009).

56 Corporation for Enterprise Development. 2008. "Microenterprise ownership." *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=39 13 (accessed April 23, 2009).

Corporation for Enterprise Development. 2008. "Small business Ownership," *CFED Assets and Opportunity Scorecard 2007-2008,*http://www.cfed.org/focus.m?parentid=31&siteid=2471&i d=2475&measureid=3911 (accessed April 23, 2009).

Corporation for Enterprise Development. 2008. "African American business ownership rate." *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3990 (accessed April 23, 2009)

Corporation for Enterprise Development. 2008. "Hispanic business ownership rate," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3991 (accessed April 23, 2009).

57 Parrish, L., H. McCulloch, K. Edwards, and G. Gunn. 2006. *State Policy Options for Building Assets.* Washington, DC: New America Foundation and Center for Social Development, http://www.newamerica. net/files/Doc_File_3134_1. pdf (accessed April 23, 2009).

58 National Council of Economic Education. 2007. *Survey of the States: Economics and Personal Finance Education in Our Nation's Schools in 2007,* http://www.ncee.net/about/survey2007/NCEESurvey 2007.pdf (accessed April 23, 2009).

59 Housing trust funds are distinct accounts created by city, county, or state governments that receive public revenue to support affordable housing. For additional information about housing trust funds, see: Brooks, M. E. 2007. *Housing Trust Funds Progress Report.* Center for Community Change, Housing Trust Fund Project, http://www. endlongtermhomelessness.org/downloads/news/HTF%2007%20final.pdf (accessed April 23, 2009).

60 Corporation for Enterprise Development. 2008. "Housing trust fund," *CFED Assets and Opportunity Scorecard 2007- 2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3982 (accessed April 23, 2009).

In early 2009, to address the projected state budget deficit, the Florida state legislature enacted a law that cut, redirected, and swept housing trust fund monies into the general revenue coffers. For further information, see http://www.floridahousing.org/Home/Developers/Chapter2009-1LawsofFL/.

61 Corporation for Enterprise Development. 2008. "First-time homebuyer assistance," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3929 (accessed April 23, 2009).

62 Corporation for Enterprise Development. 2008. "Homeownership rate," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m ?parentid=31&site id=2471&id=2475&measureid=3921&year =2007&order_element_id=8901 (accessed April 23, 2009).

63 Corporation for Enterprise Development. 2008. "Homeownership by income," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed.org/focus.m?showmeasures=1&parentid=31&site id=2471&id=2475&measureid= 3923 (accessed April 23, 2009).

64 Corporation for Enterprise Development. 2008. "Homeownership by race," *CFED Assets and Opportunity Scorecard 2007-2008,* http://www.cfed. org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3922&year=2007&order _element_id=8905 (accessed April 23, 2009).

65 Clancy, M., R. Cramer, and L. Parish. 2005. *Section 529 Savings Plans, Access to Post-secondary Education, and Universal Asset Building.* New America Foundation Asset Building Program, Issue Brief, http://www.newamerica. net/files/archive/Doc_File_2246_2.pdf (accessed April 23, 2009).

Clancy, M., L. Reyes Mason, and S. Lo. 2008. *State 529 Matching Grant Program Summary.* Center for Social Development, http://csd.wustl.edu/Publications/Documents/529_Summary.pdf (accessed April 23, 2009).

Dynarski, S. 2005. *High-income Families Benefit Most from New Education Savings Initiatives.* Urban-Brookings Tax Policy Center, Tax Policy Issues and Options No. 9, http://www.urban.org/UploadedPDF /411147_new_edu_ savings. pdf (accessed April 23, 2009).

66 While none of the Year Two states offers matching grants for their 529 college savings plans, the state of Texas offers matching grants with its prepaid tuition plan (for resident students who attend an accredited institution of higher education in the state). In 2007, the Texas Legislature authorized the Texas Save and Match program as a mechanism to provide matching contributions to the Texas Tomorrow Fund II (TTF II). Individuals and companies can make donations to the Texas Match the Promise Foundation to be used to supplement savings by Texas families in existing prepaid tuition TTF II accounts.

Texas Comptroller of Public Accounts. "Texas Match the Promise Foundation." *Every Chance Every Texan* website, http://www.everychanceeverytexan.org/funding/match/

New America Foundation. 2008. "529 College Savings Plans Have Important Features that Make Them Effective Savings Platforms But They Should be Reformed to Make Them More Inclusive," Testimony of Reid Cramer before Hearing on Education Tax Incentives, Committee on Ways and Means, Subcommittee on Select Revenue Measures, May 1, 2008, at: http://www.newamerica.net/files/529%20Testimony% 20by%20Reid%20Cramer,%205- 1-08.pdf (accessed April 23, 2009).

67 SavingforCollege.com. *529 Plans.* Web site, http://www.savingforcollege.com/college_savings_201/ (accessed April 23, 2009).

68 National Governors Association Center for Best Practices. 2009. "Workforce Development: Overview," http://www. nga.org/portal/site/nga/menuitem.4096192acba1c8899cdcbeeb501010a0/?vgnextoid=eff09286d9de1010VgnVCM1000001a01010aRCRD (accessed April 24, 2009).

Mazzeo, C., B. Roberts, C. Spence and J. Strawn. 2006. *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity*. Workforce Strategy Center. http://www.workforcestrategy.org/publications/ WSC_workingtogether_12.1.06_3.pdf (accessed April 24, 2009).

69 Corporation for Enterprise Development. 2008. "TANF-funded workforce training," *CFED Assets and Opportunity Scorecard 2007-2008*, http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2475&measureid=3951 (accessed April 24, 2009).

70 To fulfill diverse and varied missions, workforce and economic development organizations typically seek to meet performance requirements based on guidance from different governance boards or councils, which use a variety of tools and engage in planning processes that cover numerous geographic areas and adhere to incompatible schedules. Workforce development programs comprise a broad spectrum of participants, both businesses and individuals, and more specific constituent groups within those categories. Coordination of workforce development services and programs occurs across states with a high degree of variation with respect to program stewards and partnerships. Several challenges are associated with the interconnectivity and breadth of these systems. One such challenge is trying to measure outputs associated with specific workforce development activities (because of the timing and tracking required to do so). This, in turn, makes it difficult to link workforce development training to specific asset outcomes.

71 Florida created Workforce Florida, Inc. (WFI), a corporate entity to oversee the Florida Agency for Workforce Innovation (AWI). In addition to strong leadership from the state legislature, representatives from WFI sit on the state economic development board, Enterprise Florida, Inc. The 45-member board appointed by the Governor oversees and monitors the administration of the state's workforce policy, programs and services carried out by

the 24 business-led Regional Workforce Boards and the AWI. The WFI board is comprised of three standing committees (Executive, Finance and One-Stop) and three standing councils (Youth Development, Career, and Business Competitiveness). The Councils develop strategies to target the needs of job seekers and employers across the employment spectrum.

National Governors Association Center for Best Practices. 2005. *Aligning State Workforce Development and Economic Development Initiatives.* NGA Social, Economic and Workforce Programs Division, Issue Brief, http://www. nga.org/Files/pdf/NGA-NCEEWorkforce.pdf(accessed April 24, 2009).

Workforce Florida, Inc. "About WFI." http://www.workforceflorida.com/about/index.htm (accessed April 29, 2009).

72 In Georgia, the Commission for a New Georgia (CNG)—created by Governor Sonny Perdue in 2003—has organized task forces that develop recommendations on key functions of state government, including workforce and economic development. CNG is an independent council of executives from throughout Georgia that provides consulting service to the government on management and performance for increased efficiency, reduced costs and improved service.

Ligot-Gordon, D., S. Johnson, R. Mangat, J. Mills and R. Taylor. 2008. *Supporting Sectors Strategies in the South*. Southern Growth Policies Board and National Network of State Partners. http://www.southern.org/pubs/pubs_pdfs /ssi_whitepaper.pdf (accessed April 24, 2009).

State of Georgia. "Office History." Governor's Office of Workforce Development, http://gowfd.org/00/channel_createdate/0,2095,59756011_89157483,00.html (accessed April 29, 2009).

State of Georgia. "The Commission for a New Georgia." Web site, http://newgeorgia.org/commission.html (accessed April 29, 2009).

73 In New Mexico, the Governor's Workforce Coordination and Oversight Committee was created to support the efforts of the Office of Workforce Training and Development, established in 2004 to better align the state's education and workforce development programs with the occupational demands of the future state economy. This Committee includes the Cabinet secretaries from all the executive agencies involved — as well as representatives of the business and labor communities and the legislature. In 2007, the Office of Workforce Training and Development was combined with the New Mexico Department of Labor, creating a new government agency, the New Mexico Department of Workforce Solutions.

New Mexico Department of Workforce Solutions. "About Us." http://www.dws.state.nm.us/dws-about.html (accessed April 29, 2009).

74 The Texas Workforce Investment Council was created in 1993 to assist the Governor and Legislature with strategic planning and evaluation of the Texas workforce system. Subsequent legislation consolidated 24 workforce programs, creating the Texas Workforce Commission—the state government agency charged with overseeing and providing workforce development services. In addition, the Council was charged with establishing systemwide performance measures for all workforce programs and moved to the Governor's office. With its majority private sector and cross-agency membership, the council also serves as a vehicle for linking workforce and economic development programs.

National Governors Association Center for Best Practices. 2005. *Aligning State Workforce Development and Economic Development Initiatives.* NGA Social, Economic and Workforce Programs Division, Issue Brief, http://www. nga.org/Files/pdf/NGA-NCEEWorkforce.pdf(accessed April 24, 2009).

Texas Workforce Solutions. "Who We Are." http://www.twc.state.tx.us/twcinfo/twsolutions.html (accessed April 29, 2009).

75 A growing body of research suggests that the most practical way to match supply and demand is to organize communications between skill providers and skill consumers according to some segment of the broader universe of employers. Some of this segmentation happens anyway, but states are finding that they can promote improved labor market performance by organizing their own economic and workforce development efforts around particular occupations, industry sectors, or clusters of employers with common characteristics (e.g., members of a supply chain or companies in a specific stage of growth, such as start-up firms or at-risk companies). One of the helpful steps that state leaders can take is to align economic and workforce development jurisdictions around the same regional labor markets.

National Governors Association Center for Best Practices. 2005. *Aligning State Workforce Development and Economic Development Initiatives.* NGA Social, Economic and Workforce Programs Division, Issue Brief, http://www. nga.org/Files/pdf/NGA-NCEEWorkforce.pdf(accessed April 24, 2009).

76 The Georgia Governor's Certified Work Ready Communities initiative consists of four elements: Work Ready Certificates, Work Ready job profiles, Certified Work Ready Communities and Work Ready Regions. Work Ready Regions are intended to bring together two or more counties to focus on a critically important industry (or two) in that region. The initiative also provides resources to regions to create job profiles documenting the skill needs of specific occupations in key industries. One of the primary goals is to increase the number of employers using work ready certification and the number of employees who receive a work ready certification, documenting skills in applied mathematics, reading, personal skills and work ethics. Georgia's approach incorporates several important aspects including promoting regionalism in a state that has historically been county-centric, promoting sector strategies through its focus on one or two industries within a region, and focusing on work readiness credentialing as a means to increase the labor market competitiveness of Georgia's workers.

Governor's Office of Workforce Development. 2008. *Georgia Work Ready Initiative Fact Sheet*. Georgia Work Ready. http://www.gaworkready.org/files/resources/url/Georgia_Work_Ready_facts.pdf (accessed April 29, 2009).

Ligot-Gordon, D., S. Johnson, R. Mangat, J. Mills and R. Taylor. 2008. *Supporting Sectors Strategies in the South*. Southern Growth Policies Board and National Network of State Partners. http://www.southern.org/pubs/pubs_pdfs /ssi_whitepaper.pdf (accessed April 24, 2009).

National Governor's Association Center for Best Practices. 2008. *Accelerating State Adoption of Sector Strategies: An Eleven State Project to Promote Regional Solutions to Worker and Employer Needs*. Phase I Project Report. NGA Center for Best Practices, National Network of Sector Partners, and Corporation for a Skilled Workforce. http://sectorstrategies.org/system/files/AcceleratingSectorStrategies-Phase1Report.pdf (accessed April 29, 2009).

77 New Mexico recently identified seven strategic market sectors that will serve as the foundation for the state's future economy and guide the makeup of its education and training programs. Arts and Entertainment; Business Services; Communications and Information; Energy and Environmental Technologies; Engineering, Construction and Manufacturing; Health and Biosciences; and Hospitality and Tourism now guide the makeup of education and training programs. These programs are available in the Workforce Connection Centers, community colleges, GED and adult literacy programs, and through TANF case managers so that workers are prepared for high-demand jobs and employers have ready access to the highly skilled workers they need.

New Mexico Governor's Workforce Coordination and Oversight Committee. 2006. *Work in New Mexico: New Mexico Career Cluster Guidebook*. http://www.dws.state.nm.us/pdf/careerclusters.pdf (accessed April 29, 2009).

National Conference of State Legislatures. 2007. "State Workforce Development Initiatives." http://www.ncsl.org/programs/employ/StateWorkforceDevelopmentInitiatives.htm (accessed April 29, 2009).

78 Florida's FETPIP is housed within the Department of Education and oversees state schools from kindergarten through graduate study. The system includes information on all students in public K–12, college, university and career and technical students, as well as those in private colleges and vocational trade schools. Since its creation in 1988, the functions of FETPIP have broadened to include program evaluation, performance-based funding, consumer information, and research. In particular, FETPIP must provide for the State quarterly and annual performance reports to measure employment, job retention and earnings for participants in the WIA, Wagner-Peyser and Welfare Transition workforce development programs.

Mazzeo, C., B. Roberts, C. Spence and J. Strawn. 2006. *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity*. Workforce Strategy Center. http://www.workforcestrategy.org/publications/ WSC_workingtogether_12.1.06_3.pdf (accessed April 24, 2009).

National Governors Association Center for Best Practices. 2005. *Aligning State Workforce Development and Economic Development Initiatives.* NGA Social, Economic and Workforce Programs Division, Issue Brief, http://www. nga.org/Files/pdf/NGA-NCEEWorkforce.pdf (accessed April 24, 2009).

Florida Department of Education. Florida Education and Training Placement Information Program. Web site, http://www.fldoe.org/fetpip/ (accessed April 29, 2009).

79 State-chartered EDCs are authorized to collect and spend local economic development sales taxes on various economic development projects, including workforce education connected to job creation. A 2003 report found that supporting workforce education was among the best practices used by the more effective EDCs. From 1997–2004, Texas EDCs spent $15.8 million on job training initiatives, about 2 percent of EDCs' "discretionary" spending, or about 0.56 percent of total expenditures.

80 Edwards, K. 2008. *Asset-building Policy Coalitions in the United States.* St. Louis, MO: Washington University, Center for Social Development, Policy Report No. 08-09. http://csd.wustl.edu/ications/Documents/PR08-09.pdf (accessed April 23, 2009).

81 The public revenue stream supporting the Florida housing trust fund has been diverted to the state general fund to reduce the state's budget deficit. See endnote 60 for detailed information.

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