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Institute for Youth, Education, and Families

Helping Families Build Assets
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Speakers:

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Barb Constans, Community Development Grand Administrator, City of Madison, Wisconsin
Anne Stuhldreher, Senior Research Fellow, New America Foundation

BOSLAND: Hi, this is Julie Bosland. And I'm so glad that all of you are able to join us today for the latest in the National League of Cities' Institute of Youth, Education and Families audioconference series. Today we're talking about helping families in your community build assets. I think as most local officials know, many low-income working families are really living on the edge of financial disaster. Despite their best efforts, these families continue to struggle to make ends meet and have no reserves to cover the inevitable costly crisis such as a hospital stay or major repairs for the family vehicle, or to save for investments in the future. In fact, according to the New America Foundation, fully half of all Americans have few or no assets.

And this is a real problem for cities, and cities are recognizing that because research shows that families who lack assets have higher rates of economic strain, of housing insecurity, marital dissolution, inter-generational poverty transmission and other problems that show up in families and in neighborhoods. But on the flip side, efforts to build assets typically lead to a range of positive outcomes -- increased property values and upkeep, greater educational attainment among children, improved health and satisfaction among adults and higher levels of civic engagement. So there are lots of reasons that cities and towns are getting interested in the topic that we're going to be talking about today.

There are also very concrete ways that cities can help residents build assets. These include promoting financial literacy to ensure that families have the knowledge and the skills that they need to improve their financial health, such as budgeting, improving credit ratings and utilizing banking services.

A second key way that some cities have been getting involved is by helping families avoid high-cost financial services and predatory lenders. While they're often technically legal, although in some cases they're not, these services exploit low-income residents through high-cost products such as payday loans, check cashing, refund anticipation loans for tax refunds and rent-to-own schemes.

A third way is through launching savings initiatives, which are often a critical

component of asset building campaigns, such as helping families connect to and open bank accounts, encouraging regular savings and in many cases matching that savings with public or private funds. These match savings accounts that allow individuals to save for specific investments like an education or a down payment on a home are commonly known as Individual Development Accounts, or IDAs, for short.

And fourth, cities often offer home ownership counseling and incentives to help people build assets through a home. This assistance could take the form of counseling, of low-cost loans, or in some cases, direct grants to help cover down payments for income-eligible families and first-time homebuyers. Or in some cases, things like the Teacher Next Door or the Cop Next Door program to help some civil servants to be able to afford houses in the cities where they live and work.

Today we are lucky to have with us a great panel of speakers. William Porro is Special Projects Coordinator in the Mayor's Office in Miami, Florida. He coordinates the resources of the Community Development Department in conjunction with the Mayor's Initiative to Impact Poverty and works to create linkages through such projects as free tax preparation, Individual Development Accounts and financial literacy seminars to produce a continuum of care for city residents. Hi, William -- welcome.

PORRO: Thank you -- thank you. It's a pleasure to be here with you all.

BOSLAND: Our second speaker today is Barb Constans, who is the Community Development Grants Administrator for the City of Madison, Wisconsin. Barb has worked with community-based groups in Madison on the development of projects aimed at providing affordable single-family homes and multi-family properties and creating jobs for low or moderate-income individuals. Welcome, Barb.

CONSTANS: Thanks, I'm really glad to be here.

BOSLAND: And our third speaker today is Anne Stuhldreher, who is a senior research fellow with the New America Foundation [<http://www.newamerica.net>] and also works as a consultant to Mayor Gavin Newsom of San Francisco. She is currently undertaking research and writing aimed at developing innovative policies for broadening asset ownership in the United States, and in particular exploring how to use refundable tax credits to promote asset ownership and how to expand access of low-income and unbanked individuals to mainstream financial services. So glad you could be with us, Anne, as well.

STUHLDTREHER: Thank you.

BOSLAND: Before we all get started in our conversation of what specific cities are doing to help families build assets, let's start by talking about why city leaders in each of your communities felt like this was an important goal in the first place. Barb, would you like to start us off?

CONSTANS: Sure. I think that we look at this in Madison in kind of a different bent. We look at asset building from the community-building aspect. We're really interested in building a strong community base, and to have that, we have to have a strong citizen base. For that our citizens need to feel comfortable in Madison and they need to be able to live here. Madison is a

growing Midwestern community. It's becoming a very popular place to live despite its winters, which actually are being mitigated lately by some changes in our global climate. But what we found back in the early days when we started focusing on affordable housing was that if we could stabilize the cost of housing for lower income families and get them into affordable home ownership positions or into affordable rental situations -- although mostly what I focus on is affordable home ownership -- we could really work to stabilize that family and stabilize the neighborhood. Because once their monthly housing cost was locked down and wasn't going to ratchet up as our economy has grown locally, we could really serve in the long run to stabilize a whole neighborhood, and then a whole community. And then over time they'll borrow against the asset that is their house and they're doing really interesting and innovative things with that asset.

BOSLAND: That's great -- putting it in the context of the full community development. That is a front-and-center priority for most local officials out there. William, can you talk a little bit more about what some of the impetus was in Miami to get engaged in these issues?

PORRO: Really when I came on board not too long ago -- and I really appreciate being a part of this panel -- pretty much my intent is to encourage those that are out there listening to basically start where you're at and not get paralyzed by too much analysis. And really, that shouldn't be an option when we need to start doing something right away.

In our case, when I came on board, many of the things were already laid down in terms of groundwork. For one, the city had just recently been voted, according to the Brookings Institute and findings there, that we were the largest poor city in the nation. So last year our Mayor took it upon himself -- actually back in 2003 -- to start an actual strategy of alleviating poverty in the city. And that was pretty much broken down into four categories. The initiative consists of four components or cornerstones -- one being access to existing benefits, improving the financial literacy of our residents, obtaining access to capital and also saving to build wealth and accumulating assets. So we wanted to be able to benefit residents on both sides. We have a large entrepreneurial economy within the city and also we wanted to benefit the residents. So we wanted to accumulate assets on both sides of the coin. So all of that was very important and actually was done in the resolution which was placed before our commissioners. And again, to your question, it was very, very important.

STUHLBREHER: This is Anne Stuhldreher -- I don't think I have too much to add. It seems like Mayor Newsom and the City of San Francisco's reasons for getting into this parallel those of Barbara and William in their respective cities. I would say that -- as I'm sure most of you know -- San Francisco is such an expensive city. And the city doing what it can to help folks save and build assets is really seen, I think, as a necessity rather than a luxury. And when folks are able to enter the financial mainstream, open a bank account, start saving and have a cushion of savings or eventually get into a home, as Barbara described, those families are no longer as economically vulnerable as they were when people are -- can really be just one divorce or layoff or accident away from the streets. I just also would add that in our city, we have a real active community-based organization network that has been very active in developing and pursuing some of these asset-building strategies, such as offering Individual Development Accounts, Earned Income Tax awareness campaigns, etc. And I think that really caught the attention of the Mayor and the city, and the city has been working closely with those organizations as well.

BOSLAND: Anne, can you say a little bit more about that -- about the key elements of what Mayor Newsom has been doing and how he is engaged with this community coalition?

STUHLBREHER: Sure. Well, I think the primary thing that we've done, or the most recent thing in San Francisco that I wanted to highlight, is that we have created a local Earned Income Tax Credit. I'm sure most of you all are aware that around 20 million families in the United States receive the Earned Income Tax Credit. They received over \$36 billion in refunds, the average refund from the EITC [Earned Income Tax Credit] being around \$1,700. These are available to folks who make under \$36,000. So for a lot of these folks, this is really the best chance that they have to save money each year.

I think that Mayor Newsom really wanted to -- the EITC is also just one of the most effective, and I think well administered, resources we have for lower income people, and he wanted to build on that. So he, with the help of a lot of community groups here in San Francisco, including one particular -- SF Works -- created what we're calling the Working Families Credit. It is a local match to the federal Earned Income Tax Credit. It's a two-year pilot. We think that this pilot is being -- it's a \$6 million, two-year program. Half of the money is being put forward by the city, and we're aiming to raise the other half privately. We think the match rate will be somewhere between 10 and 20% of a person's federal earned income credit. So we're thinking this will put a few hundred extra dollars, hopefully, in folks' pockets. And we're hoping that with that kind of extra increment that people will be able to save a portion of their Earned Income Tax Credit and Working Families Credit. And we've really used this as a kind of catalyst to organize a lot of the free tax prep sites, H&R Block offices, etc. to really market and provide asset-building services such as free bank accounts and low cost IRAs [Individual Retirement Accounts] to folks.

And I can talk more about this later if folks are interested. I think some unique aspects of what we're doing with the Working Families Credit -- H&R Block is actually co-sponsoring the credit. They've helped fund the credit with a \$1 million donation. They're providing discounted tax prep services and discounted IRAs, as I mentioned. They also are not marketing refund anticipation loans to Earned Income Tax Credit filers in the city. We also have an awareness campaign around the EITC. We worked with our advertising community to get billboards, PSAs [Public Service Announcements] -- a lot of free advertising. As I understand it, January is, after, I guess, the holiday season, kind of a dead month for advertising. So we were able to get a lot of free advertising. And then we've also worked the Mayor's office and we've worked closely with the banks to provide free bank accounts to folks so that they can receive their refund both quickly and cheaply and have it electronically deposited into a bank account. We know that so many folks in this country are unbanked and outside of the financial mainstream. So this was a good opportunity to get them to take the first step.

Mayor Newsom has also been very supportive of the EARN network [Earned Assets Resource Network] which offers Individual Development Accounts. That's a wholly privately implemented effort at this time. They do receive some city funding. And the Mayor, I think, has been helpful so far really in just talking about the importance of asset building, the importance of IDAs [Individual Development Accounts] and has been kind of a vocal supporter of these efforts.

BOSLAND: Wow, you've put a lot of exciting ideas on the table. And I know that William in

Miami, you have all been doing some similar efforts in helping residents avoid fringe financial services, connect to banks, claim the EITC and other efforts along those lines. Could you perhaps elaborate on what some of the specifics of your efforts have been?

PORRA: Sure. In ours, when I came on board I did quite a few of those things simultaneously. In other words, I started the financial literacy with a local college. As a newcomer to government -- I come from the private sector -- one of the things that I spent much of my time on was really just getting cooperative efforts with agencies that already existed. And it had the same intent as the city's intent was -- to help the residents. So in looking around, many of the local colleges and universities were very, very helpful, and it's to them that I actually tip my hat because they open doors of possibilities in terms of venues and things, and channels of acquisition to parents that are suffering in poverty.

Actually, I use the word poverty, and actually these are working families. And in trying to get the help to them, again, going back to our cornerstones of just letting them know what benefits already exist within the city. It was amazing to me how many people didn't know that we had a first-time homebuyer program, that we had subsidies through CDBG [Community Development Block Grant] funding that they can tap into and rehab their homes and things like that. So access to existing benefits is one critical aspect that they needed to overcome.

Improving their financial literacy -- in our first event that we set up with a community college, I took the FDIC [Federal Deposit Insurance Corporation] Money Smart curriculum, and it was very well attended. I marketed it myself through a couple of agencies. And it was very, very well attended. I had different agencies that were there, including banks and others that again wanted to help out. And it was very successful.

What I found out very quickly in surveying the people that actually attended was that the curriculum was too basic for them. They were looking for something with a little bit more meat on it, which then I met someone at the InCharge Institute [<http://corporate.incharge.org/>]. And there are a bunch of curriculums out there in terms of financial literacy. They seem to have a very, very good curriculum. They wanted to partner with us. And then we did a "Train the Trainer" event where again I invited now FBOs and CBOs -- community-based organizations and faith-based organizations -- throughout the city and invited them, with the city sponsoring the event and taking the cost and saying "Come in. Let me train you with this particular curriculum." And again, it was an extraordinary event. We had over 30 people that were trained, both in faith-based and also community-based organizations. And then I gave them a little hook and I said, "If anybody can do at least two or three of these curriculums within the next six months, the city will purchase a computer for that organization" as an incentive for them to make the effort of going out to the community. And that's been very, very successful.

An offshoot of that was that one of the organizations -- which I wish I would have said I intentionally thought to design it that way -- but an offshoot of that was that the school system actually had sent four volunteer teachers that have designed a program in the city called Bilingual Parent Outreach. And I found out later on that they provide services to about 25,000 families within the city in the entire year. So an offshoot of that was that I trained four of their people, and, as of January of this year, they were able to provide this curriculum to over 2,000 families within the city in one fell swoop, which was very exciting for us. So we want to take that now to another level and create what we are going to call the Parent Academy, which is an idea that our new superintendent of the school system is designing. So we're on the ground floor level there to hopefully make it something even larger within the school system. So that was the

financial literacy component.

I also noticed in my short time on board, that there were no private organizations in the city or businesses that were involved in some of these city efforts. And I approached Office Depot, who is now one of our official sites for VITA [Volunteer Income Tax Assistance] this year for tax preparation. And the H&R Block -- when Anne had mentioned this -- about a year ago, they were actually picketed in the city by an organization, and they were promoting the RALs -- the Rapid Anticipation Loans and so forth and so on. And basically taking all of the tax preparers and putting them all in one bucket and just complaining all about them. H&R Block actually took a very difficult situation and actually turned it around. They approached us, and we were in negotiation with them almost since the time that I started here -- it's almost been a year -- where now they provide, as Anne had mentioned, discounted tax rates -- we have a five year agreement with them -- where the person can get their taxes done for as low as \$35 dollars, compared to \$90 or \$100, which is the average tax preparation fee here in the city. They get free IRAs. They get a limited use debit account with Bank of America. All at the point of sale or transaction, which is when the person is getting their taxes done. So I use that also to leverage that particular point of contact to promote other city services. So every person that sits down with an H&R Block tax preparer gets basically a one-page sheet which has a little synopsis of each and every program that the city has that can benefit them. And again, the response there has been -- again, we just started -- but it's been very, very encouraging.

And then we started the IDA program, since that is also promoted there. It's promoted at our VITA sites. So I've created, as you mentioned before Julie -- I've tried to create a connection between what already exists and other new programs as they come on board. So they're all interconnected. So as a resident gets their taxes done, that's not my intent is just to do their taxes. But it's to create a relationship with them through surveys that I do along the way. And then I promote other services to them simultaneously as they go through the system. So they start out with taxes. They're promoted to the IDAs. Hopefully they'll become a first-time homebuyer within the city. So pretty much that's how we've been able to do it.

BOSLAND: That's great. And one of the things I was really hearing out of that is the importance both of city leadership, but also of city partnerships. And both Anne and Barb had mentioned as well the importance of partnerships with community organizations. And William, you were highlighting colleges and universities and the school system and private organizations.

Barb, I wanted to give you a chance to talk about what you've been doing in the City of Madison and how some of those partnerships have helped you, both on the home ownership and community development front as well as your Money Conference that you've been doing.

CONSTANS: Okay. We've been working -- related primarily to home ownership, because that's my focus, although we do the Money Conference sort of stuff -- since the early days of the Community Development Block Grant. That's really what got us started. And because that was a funding source and a funding stream from the federal government, which we've been able to augment over the years with other things, although that's still a key backbone of our programs, we have been primarily focused on working with non-profit organizations for the last 25 years. The non-profits have been tremendous partners for us in doing affordable home ownership development in the City of Madison. They are the ones who came to us with ideas related to how to do single family home ownership, and then promoted it and took it forward. Without

them, we really wouldn't have the kind of program that we have.

Our mayor, David Cieslewicz, also came into office in 2003 with an idea that we've seen around the country, but that he really brought forward and carried through our common council's approval last year, which is an inclusionary zoning ordinance, which says that all developments in the community now where there are ten units or more of new development coming online have to have at least 15% of the units set aside as affordable housing units. And those units have to be affordable to families who are at 80% of county median or less. That, when you couple it with our programs that are run through our Community Development Block Grant programs, our home programs, things that are innovative that are coming out of the federal government like the American Dream Down Payment Assistance Loan program make it possible for us to provide a home, and then to provide some of the financial backing to get the families into a home. Because one of the things that we find is in thinking about asset building, a home can become an asset for a family over time. But the initial getting into a home is very difficult for families. They may have credit rating difficulties. They may have difficulty having a down payment -- just that little bit of an asset -- a down payment -- is hard for families to save, particularly for those families, as Anne mentioned, that aren't part of the traditional financial institution system. And we have a lot of undocumented residents in Madison who are not part of your traditional savings and loan system.

So we've been trying to focus the issue of savings within the traditional system on our community through a thing called the Money Conference. It's sponsored in part by the city, although quite honestly, we haven't been as involved as we might have been in the past. But it's put on by a group called the Asset Builders of America. They do an annual one-day conference where they bring in a whole series of speakers and they address the community and issues related to savings, buying homes, building savings accounts. And the neatest thing that I see about this is they have a whole track for teenagers and young adults. So they actually bring young adults in and they are teaching them the fundamentals of savings and the fundamentals of building an asset. And then if you make it through the track of the day, you're actually able to set up your very own first savings account, which gets a young person on the road to building an asset and to knowing how to do financial management and gets them interested in the idea that financial management, financial literacy is not something just for their parents. It's something for them. Because we're finding that when you start out with kids, it really carries forward and changes what might be a family dynamic where it is generational -- the inability to save an asset.

So I'm very lucky that we have a mayor who is actively promoting affordable housing and actually sponsoring legislation that moves it actively forward. That we have a lot of non-profits in Madison -- groups like Operation Fresh Start, a small non-profit who are instrumental in using Youth Build funds and home funds. They take young adults. They actually build brand new homes, and we turn around and provide that family with a down payment loan to purchase the property. So we're kind of hitting two sides of the coin, if you will, and we're teaching kids how to have a job and save money from that job. And then we're helping families to buy a home and build an asset. It's a good place to be in right now.

BOSLAND: And I think that point with the Youth Build is really one that William was also making. As you're getting started in projects like this, take a look at what kinds of programs are already in place in your community and ways that you can utilize those in different ways or create connections. So that's exciting.

For any of you, what have you found most challenging, or what do you think

tends to be most challenging for cities that are trying to do more to help families build assets?

PORRO: I can tell you, Julie, that really what I found was the most challenging in implementing some of these initiatives has been really a coordinated effort, or really just trying to -- because I noticed that there are multiple agencies doing many of the things that one another are doing. And the coordinated effort with multiple agendas really along various agencies, which ends up fragmenting the effort, and also it works against any synergistic approach you're trying to work towards. So at least from my experience here that has been the most challenging to overcome.

BOSLAND: And William, have you found that the city stepping in and providing leadership has helped address some of those?

PORRO: Oh, absolutely. I either get one of two responses. Either "I can't believe you're saying this. Where have you been for the past ten years that we've been suffering through this?" That's one. Or either "Yes, we'll help you out, but there's not much that we can really offer." So it was either one extreme or the other that I've found down here.

STUHLBREHER: Yeah, I would really echo what William said in terms of implementing this local Working Families Credit. We have a lot of partners involved. We have the Mayor's office, the Treasurer's office, the local community groups, the free tax prep sites, the IRS [Internal Revenue Service], H&R Block. We have the banks that are providing the free bank accounts. And I do think that the Mayor's leadership and his office really being involved has been kind of a catalyst in getting all of these different groups to come to the table and work together. It's not completely seamless yet, but we're -- you know, it's going fairly well.

And I think also one of the challenges for us has been, like so many cities, San Francisco is hurting financially right now. And so trying to find the funding for these initiatives and the way this Working Families Credit is structured, the city is putting up half the money, and we're raising the other half. So we have fundraising challenges trying to raise the private portion to fund the credit.

BOSLAND: Well, that raises an interesting point, and one that I know people are always concerned about. Where do you come up with money to do initiatives like this?

CONSTANS: I would have said that in Madison, we have a funding issue. Clearly, like every city -- maybe not as bad as San Francisco or some -- but we have some funding issues related to where do you get enough money to actually provide the services and provide the programs that you need to provide? But aside from the funding work -- and I can speak to where we get that, you know, where the money has come from, and we have some very innovative things going on related to that. But I just wanted to mention that I think one of the biggest challenges that I have seen related to families and asset building is really not on the side of the non-profits and there's too many or not enough money, although those are definite issues. But it's really related to lower income people have jobs that don't pay livable wages. And they're living in communities where the cost of housing and services are incredibly high. And there is just an incredible mismatch between someone making \$5.25 or \$5.50 an hour in a minimum wage service job and their ability to afford stable, decent housing in many of our communities. And I think the three communities that are on the line right now -- Madison isn't as costly as San Francisco certainly,

but our cost of housing has gone up on average 10 to 15% a year. And I know that my salary doesn't go up that much, much less the salary of someone who is in our service industry. And as a lot of the better paying industrial kinds of jobs go away -- we've never had much of a base in that in Madison anyway, but we've always been predominantly a white collar community -- lower income families, the biggest problem is they don't have enough income. If they had more income, if the jobs that they were in paid better salaries, it would go a long way toward closing the gap because they might have something to save to become an asset. But if they can't save anything, it's hard to get an asset going no matter how much financial literacy and training we give them if their dollars just don't stretch from day 1 of a month to day 30 of a month. We have a problem. That's the biggest challenge that I see.

PORRO: We're going through that flux here, and it's working against our efforts. The speculation is going on now here, and we're getting close to what's happening in San Francisco or in California per se. There is about \$15 billion worth of projects going on in the city. It's going through an incredible renaissance. People are speculating on properties, and six months later getting \$100,000 out of them. And that's obviously squeezing the working families. And we're trying to put a workforce initiative together as we speak now with South Florida Workforce, which is a state-funded agency, to try to tackle some of those things with the hardest to employ. Because of all of the construction, we're meeting with these construction companies and the contractors and saying, okay, this is the issue. You need what we call first source hiring. You need to come to our residents first before you hire somebody from Broward or someone up north. Give our residents a chance first to get them work.

STUHLREHER: I would like to jump in though and provide a complementary viewpoint to Barbara's. Yes, our cities are incredibly expensive, and it is challenging for people to save. However, don't write off the ability of lower income people to save and invest in themselves. The research, both from the national IDA demonstration show that actually it was folks with the lowest incomes who saved the greatest percent of their incomes. And I used to run the largest Individual Development Account program in the country. And even in the Bay area, the folks who are participating on average are at 20% of the area median income. Over 90% of our savers are saving at their goals. We've had over 700 people -- families -- purchase assets. A few hundred purchase homes in the Bay area. So there are challenges. But when people kind of get a goal and go through this financial management training, it is amazing what can be unleashed in terms of helping them, and helping them kind of create their own pathway and their own road to really get to their goals of going back to college or buying a home.

CONSTANS: I agree. I mean, I wasn't meaning to say that it can't happen. I just think that --

STUHLREHER: -- Definitely another challenge there.

CONSTANS: People's wages need to jump up, was what I was going after, and that that is the biggest challenge that I see for the families who want to purchase the properties is being able to have the ability to save for a down payment, although the Zero Percent Down Payment programs are certainly a good thing.

But I know that Julie had asked what sources of capital are out there for these programs. In Madison, although we've used the traditional sources of capital -- the ones that

come from the federal government, the Community Development Block Grant program, the home program, now we're making use of a New American Dream initiative -- we've done a couple of innovative sorts of things related to affordable housing. When we do tax increment financing districts -- we recently implemented as part of our city ordinances that 10% of all of the tax increment that's generated in any tax increment district, 10% of that has to be set aside for affordable housing creation in that tax increment district. So that if you're doing downtown housing development and you're getting TIF [Tax Increment Financing] financing to do that, 10% of the increment has to come back directly to the development of affordable housing.

In addition, most of those downtown developments now because of our inclusionary zoning also have to include a component of affordable housing as part of their development or go through a waiver process that involves kind of a payment in lieu of the development of the affordable housing or the ability to develop it within a mile radius. So that's one of the monetary means that we're going at to try and get money into the development of affordable housing and the development of asset building within the community. It's a piece of a kind of -- we're trying to look at the puzzle as a whole piece and recognize that the federal stuff may ebb and flow. So we really need to become more independent.

The other thing that we've done over the years is that we rarely give grants anymore, although I technically work in the Community Development Block Grant office. Everyone that we work with wants to know where the word "grant" went over the years. Because unless you're a neighborhood center or something like a CAP [Community Action Partnership] organization where you're providing financial literacy training and what we give you is money to provide that financial literacy training, so we're doing staffing costs or administrative cost -- if we're putting money into real estate or capital, we do it as loans. They may be long-term deferred loans that the families don't have to pay back until they sell the property. But we've learned over the years that it doesn't pay in the long run for the community for us to give it away. So we take that money as a loan and we take the fact that it's a loan very seriously. We recapture it when the property turns over and we put it back into affordable housing or we put it into new job creation. We make sure that small business development is primarily loans. So that has been a big tool for us in stabilizing our financial ability to carry our programs forward over time.

BOSLAND: Thanks. William or Anne, did you want to add to some of the ways that cities can find funding or partnership?

PORRO: Well, ours was basically -- I mean, it's from the general fund. We have monies that were set aside back in 2003 and rolled over, and there's a small portion that's added each year. Again, my goal obviously is to take that money and use it in such a way that I can have the highest return on investment directly into the pockets of the residents and the businesses.

I did want to add one thing that really -- when Anne talks about -- and I agree with you wholeheartedly, Anne, in terms of the working families can save if they put their hearts to it -- you're absolutely correct. There's another side of the coin, which is really the small businesses. We found out with great success in our city that there is a large section of our economy of micro-entrepreneurs in our city here in Miami -- over 70,000 of them, of which 80% -- almost 90% of them -- it's almost impossible that they will ever get a loan from a bank. So they're always in that realm of they can't expand. They can't do very much other than what they're doing. So they're stagnant. We've had great success with an organization that we

funded -- now almost a complete year now -- we're going into our second year -- where we've been able to fund about 120 loans to these micro-businesses and give them the money. The average loan size is \$4,500 approximately, which right now we're trying to analyze what impact that's had in terms of generating new jobs. I've seen many of the entrepreneurs myself where they needed just to expand in the kitchen, and now they're flourishing in different parts of the city. That's been a great success to us, which indirectly again helps the residents, and hopefully they'll hire new people and flourish. And again, they're acquiring and accumulating assets that way, through their business.

BOSLAND: Great. Well, I'm looking at the time and wanted to make sure that any listeners on the call that had questions for any of you have an opportunity to ask those. At this point, we'd like to open it up for questions.

FACILITATOR: Your first question comes from Nancy Hanson.

QUESTIONER: Oh, yes, that's us. We're right here in Everett, Washington. And we're interested in, William, a copy of the sheet you give people with benefits and programs from the city. Is that possible?

PORRO: Absolutely. Julie, would you like me to send this to you?

BOSLAND: Sure. If there are particular things that folks on this call would like, we'll have the speakers go ahead and send them here to NLC, and we can get that out to registrants on the call.

STUHLDTREHER: And Nancy, I'd also like to -- we did the same thing in San Francisco. It's actually a packet of materials of programs that both the city has, benefits that folks would be eligible for, and also a list of resources from the non-profit community. And we've gotten great feedback from tax filers.

QUESTIONER: Oh, we would love to see that. This is Karen Shaw, also in Everett. We would love to see that kind of thing. And along those same lines for both of you, just the add-on question of whether you do human needs funding in your city in addition to these funds that you set aside from your general fund? Here in Everett, we take a dollar amount -- three dollars per resident -- and set it aside, and we grant that back to those agencies -- human need non-profit agencies running programs that benefit our citizens in our city. And I'm wondering do you do anything like that in addition to these funds?

PORRO: In our case in Miami, we do it pretty much really through our Community Development Department and the public service aspect of Community Development. So we're really already doing that in a big way in the city. So to do it with what I call the Poverty Initiative Fund really wouldn't make any sense at this point.

QUESTIONER: No, I wasn't implying that you should do it with that. I was just trying to see if one program was trading off for the other one or if you were doing both.

PORRA: No, not in our case.

STUHLDTREHER: In San Francisco, a lot of the asset building initiatives have been funded with really a variety of funds – TANF [Temporary Assistance for Needy Families], CDBG. This local tax credit was funded through the general fund. And actually that was really key to I think getting a lot of the advocates to come around and support it. When we first started talking about this, a lot of folks in the advocacy community said they would be in support of something like this as long as it didn't come at the cost of another program for lower income folks. And that's why I think the Mayor decided to fund it from the general fund.

QUESTIONER: Okay, because that's what we were wondering. Because, of course, our general fund is pretty tight now --

STUHLDTREHER: Right, right -- sure.

QUESTIONER: -- to figure out where we could -- and how it was being done some other places.

PORRO: Well, I know that there are some interesting grants that I personally haven't used, but I've earmarked for future efforts, if need be, that could provide seed money to many of these types of initiatives. So I don't know if it would sustain it, but it would definitely get it up and running.

STUHLDTREHER: There is also, so people know, for these Individual Development Account programs, there is a source of funds at the federal level provided through the Assets for Independence Act that will match funds that local groups put up to fund these kind of match savings accounts -- Individual Development Accounts.

QUESTIONER: How do we find out about those? How do we find out about Assets for Independence Act?

STUHLDTREHER: Julie, can you send out --?

BOSLAND: -- Sure.

STUHLDTREHER: That would be great.

QUESTIONER: Great.

BOSLAND: Great, thanks for that question. Were there any other questions in the queue?

FACILITATOR: Your next question comes from Amy Vering.

BOSLAND: Go ahead, Amy. Hello?

FACILITATOR: Amy, your line is open. You may proceed with your question. Her line has been withdrawn.

BOSLAND: Maybe in the interim, our speakers could touch on for cities that were newly interested in working on building assets, what first steps would you recommend?

PORRO: As I mentioned before, I think an untapped resource is definitely our local colleges. You should spend, I guess, as I did -- I spent my time looking at where that connection with those residents already takes place, and then hopefully come alongside them and add value to that relationship. That's what I did with the public school system. They were elated that the municipality wanted to come alongside them and help their parents that they already struggled with in helping. So they're already doing a lot of the work with the same heart and intent behind what we wanted to do. So we came alongside them and just provided value to that relationship. So that helped us, both at the community college level and also with the public school system.

STUHLREHER: You know, I'm sure there is probably a lot more going on maybe in your community than you realize. I know I'm always surprised about learning about things in San Francisco. There may be an Individual Development Account program in your community. There is probably work being done around providing free tax preparation to provide the Earned Income Tax Credit. There is a -- if you go to the website of the Corporation for Enterprise Development -- www.cfed.org -- they have an IDA network where you can find Individual Development Accounts in your state and in your region. And I think one of the first steps would be to take an inventory of what's going on already in your local community.

There is also -- I would just like to highlight a resource that's available through my organization, the New America Foundation, which is if you go to www.assetbuilding.org, that is a website that really compiles a lot of what's going on in asset building, a lot of different approaches to asset building. And you can also sign up for a listserv, and they send something out about every two weeks, which kind of catalogues who is doing what in this area. So there are a lot of resources at the national level that you can tap into.

PORRO: There are two ways, I guess, you could look at it in terms of the IDAs in particular. One is actually going towards and getting the grant and applying for the federal grant and getting the money. For that person or that agency that does that, or the municipality, they have to then in turn go out and try to get matching funds either that they raise themselves or they acquire somehow. The other side, and the way we've decided to do it, which ends up being much quicker, is really along the same lines of what you're talking about, Anne -- reaching out to a partner who is already doing that -- i.e., here in Miami was the YWCA [Young Women's Christian Association]. They have one of the most successful ones. And we partnered also with another agency. And we helped the funding for them to pull down that match. So they were already awarded the federal grant. We just helped them in getting the match so they can provide the funds to a resident. So in terms of applying ourselves, we just decided to fund their project.

CONSTANS: The other partner that we found very helpful here in Madison is that a lot of times there are local banks and lending institutions who are obviously very interested in the idea of asset building for a variety of reasons. And we have found that in terms of partnerships, our partnerships with a non-profit who can work with a bank to actually develop -- like we have in Madison the Money Conference. But having a bank that's very interested to provide leadership. They'll sponsor seminars. They'll sponsor information centers. We had a Latino credit union start here in Madison because there was a distinct need to provide credit services for that

particular community. We find that a lot of times it's there, as the other speakers have mentioned. You just aren't thinking about who's in the community already doing it. Our CAC services agency -- Community Action Coalition -- runs an IDA program that has been well received. And there are usually groups out there doing it. It's just a matter of matching them up, one to the other.

BOSLAND: Did we have any other questions at this time?

FACILITATOR: Yes, we have a question from Evelyn Boykin.

QUESTIONER: Hi. Given all the news that we are seeing regarding the proposed cuts to the Community Development Block Grant, I'm wondering how the speakers would respond to what kind of an impact this would have on their asset building programs.

BOSLAND: Barb, do you want to start with that one?

CONSTANS: Yeah, I guess I'm in a fortunate position at this point in that a Community Development Block Grant cut would severely hurt our community in terms of a lot of the programs that we do. But in terms of the programs that we do specifically related to asset building, it would probably not have as large an effect as it would, say, on our neighborhood center programs, on our gardens programs, those kinds of things. Because most of our asset building programs, as you gathered from my comments, had been directed at home ownership. And most of our home ownership funds are either generated through our own revenue stream here in the community, they're out of our general revenue budget or they are from our federal home funds. And because of the fact that we have set all of them up as loan programs, that money regenerates itself over time. So that portion of my program is not as critically -- is not going to be as critically injured as other parts of our program. Our neighborhood center program will be decimated if we lose Community Development Block Grant funds. So I see it as a huge problem and a major concern for us, and potentially a crisis, but I don't see it as affecting our asset building particularly, except on the portion of our program that's related to job creation, which is a whole different aspect of asset building. If you've got a job, you can begin to build an asset. And a big part of our Community Development Block Grant funds goes toward economic development programs, micro-business enterprise loans -- and micro-businesses, as you know, typically create a lot of jobs for low-income families. And that portion of our program would be severely injured if we lose CDBG funding.

BOSLAND: Were there other questions in the line?

FACILITATOR: No, ma'am, there are no further questions at this time.

BOSLAND: Okay, well, it's just about time for us to wrap up. Before we get off the line, I wanted to let you all know that if the ideas that were presented in this audioconference have piqued your interest, you may want to apply to participate in an upcoming project sponsored by the National League of Cities' Institute for Youth, Education and Families. Each participating city that's selected to be a part of this project will get to go on two site visits to cities like those that we're presenting on the phone today that are already implementing asset building programs.

And we will also be providing technical assistance through the Institute to help those selected cities plan and implement their own initiatives. Each person who is registered for this call will automatically be sent a copy of the application form this spring for that project, and six cities will be competitively selected to participate.

If you have any questions about the project that I just described or want more information on city strategies to help families build assets, I would also in addition to the great ideas that were shared by the speakers in terms of first steps, suggest that you also contact Abby Hughes-Holsclaw, who is our in-house expert here at the Institute and manages our work on family economic success. And she can be reached by e-mail at holsclaw@nlc.org. And I can send that around as well when we send the follow-up information.

Just two other little updates -- I wanted to make sure that folks regularly check in at our Institute website -- that's www.nlc.org/iyef -- for updates on a whole variety of projects and resources from the Institute. And also to let you know about our next audioconference in this series, which will focus on preventing youth obesity, and that will be held on March 24 at 12:30 p.m. EST. For details on registration, you can also see the website. You can call (202) 626-3014, mention which audioconference you're registering for and provide your contact information, or send your contact information to rogers@nlc.org. So we hope that you will continue to join us for further audioconferences in this series. I'm just so grateful to the speakers that we had on the line with us today. I thought you all had terrific information to share, and we look forward to continuing to learn about city level asset building strategies from all of you. So thanks, everyone.