

The ABCs of the ABPP

The Asset Building Coalition

The Michigan Asset Building Coalition (ABC) is a diverse, bipartisan alliance of nonprofit, for-profit and governmental organizations, institutions and individuals actively engaged in supporting effective strategies to reduce asset poverty and help working families achieve lasting and sustainable financial security. Working collaboratively in Action Committees, ABC members utilize their experience and expertise as asset building practitioners to recommend specific changes in state and federal policy that improves the quality of life for Michigan families and the communities they call home.

The Asset Building Policy Project

The Michigan Asset Building Policy Project (ABPP) at the Community Economic Development Association of Michigan (CEDAM) strategically coordinates all policy, communication and advocacy efforts of the ABC. Working to advance the ABC Policy Agenda, the ABPP actively engages policymakers and stakeholders to support public policy that increases access to higher education, career-advancement and job-training opportunities, improves personal economic and finance skills, and empowers low-wage workers and families to escape poverty through the building and development of personal assets.

The Asset Building Policy Project (ABPP), a project of the Community Economic Development Association of Michigan (CEDAM), unites individual-development and community-development policy to create opportunities and assets that will help families and communities thrive.

In addition to CEDAM, work of the ABPP is made possible through the generous support of the Council of Michigan Foundations, the Charles Stewart Mott Foundation and CFED.



For more information, or to find out how you can support the work of the ABPP, please contact Ross Yednock, ABPP director at 517.485.3588 or visit our website at: www.cedam.info/ABC.htm



ASSET BUILDING
POLICY PROJECT

*Helping Michigan's
Working Families
Achieve Lasting & Sustainable
Financial Security*

ABC Policy

Goals

The ABC seeks to expand opportunities for all individuals and families to build and protect personal assets, such as education, job skills and health, and financial assets, such as savings accounts and homeownership. The goals of the ABC are to help working families:

- Save and invest for their future
- Leverage their limited resources
- Build financial security through ownership
- Value, participate in, and complete higher education and skill training

Agenda

In pursuit of these policy goals, the ABPP is working to advance the **2009 Policy Agenda**. The following priorities, identified by ABC members, have the greatest potential for advancing asset-building opportunities for Michigan families.

- Increase support for matched savings accounts
- Eliminate asset limits for public benefit programs
- Streamline and coordinate access to public benefits
- Support efforts that improve financial education & increase financial literacy
- Strengthen career training and microenterprise support

ASSET BUILDING TERMS

POVERTY LEVEL: Federally defined minimum income needed to support an individual or family at a “minimum” standard of living. For 2008, \$21,200 is the federal poverty level for a family of four.

LOW-INCOME: Families earning less than 200% of poverty per year.

ASSET POVERTY: The inability to live at the poverty level for more than 3 months without income.

SELF-SUFFICIENCY: The ability of a household to meet and sustain its basic needs without receiving public benefits. The real self-sufficiency level is considerably more than twice the federal poverty level.

ASSET: Refers to everything a person owns (cash, retirement savings, home, business, etc.) that has exchange for value. Human capital in the form of education and training is also considered an asset because it enables people to achieve economic security and mobility.

MICHIGAN FIGURES

In 2008, 14 % of the population was living in poverty.

In 2007, 28.3% of the population was considered low-income.

In 2005, it was estimated that 18.7% were asset poor, compared to 11.5% who were income poor.

Asset Building

Asset-building policy – policies that enable families to build wealth for current and future generations like mortgage and tuition income tax deductions – have long been part of the American political and economic landscape. However, these policies have not benefited all families. For example, households that earn over \$50,000 a year receive more than 90% of all mortgage interest tax deductions.

Most policies that serve low-income families have focused on income maintenance rather than asset accumulation. As a result, in the last two decades, even as income poverty rates have decreased, asset poverty has become more widespread.

Asset-building policy, as opposed to income based policies that currently exist as supports for low-income families, strives to more closely align “welfare” policy with economic development policy and better prepare individuals and families to be successful in the New Economy. Whereas traditional welfare policy has focused on income maintenance for the present, **asset-building policy increases opportunities and incentives for low-income households to save for, plan for, and invest for the future, providing a “stake” or sense of ownership in their future and an individual connection to the economy.**