

Linking Asset Building to Public Benefits and Work Supports

Congress created or expanded a number of public benefits and work supports around the time of Welfare Reform in 1996 to provide additional income to low-wage working families. These programs include the Earned Income Tax Credit (EITC), State Child Health Insurance Program (S-CHIP), Food Stamps, Weatherization, Medicaid, and subsidies to child care at the Federal and state levels. The goal: provide a stable level of income for low-wage workers and families and work incentives that lead to increased job retention and possible advancement.

These work support programs are underused. A recent study by Mathematica Policy Research found that only about 60 percent of eligible families in the U.S. actually participate in the food stamp program. According to the U.S. General Accounting Office, only 75 percent of eligible families participate in the EITC. Low-wage workers, in particular those earning close to the minimum wage, can receive thousands of dollars of additional income from the myriad of work supports available—especially if they have two or more children.

This added income can be used to help with daily living expenses. It can also go towards building assets, such as a first home or a higher education, and the long-term stability they provide. One way to build assets is under the Federal Assets for Independence (AFI) program, which helps individuals receive financial literacy training and open matched savings accounts, Individual Development Accounts (IDAs), for use in purchasing assets. An important consideration is that work supports, with the exception of EITC, cannot be used as match funds for AFI IDA savings. The added income, however, will increase the likelihood that the accountholders can make their match or address existing issues, such as the need for credit repair, that may pose barriers to both asset building and better employment.

Connecting Public Benefits to Asset Building

AFI and other asset-building programs are increasingly linking work supports to their programs. A notable example is Volunteer Income Tax Assistance (VITA) sites, which help low-income individuals apply for and receive EITC refunds. In turn, these funds may be applied in asset-building activities. One such effort is under way by the City of San Antonio, an AFI grantee in 2000, 2001, and 2004. The city encourages their VITA sites also to offer many benefits and work supports. They also partner with the United Way of San Antonio to work with employers and offer benefits and asset-building products at the workplace. The overall goal is to help participants link with multiple benefits to increase their asset-building potential. The core elements of this practice include:

- **Offer multiple benefits.** EITC is an excellent benefit around which IDA programs can organize, but low- and moderate-income employees may be eligible to receive additional

benefits as well. AFI Projects, like the City of San Antonio, help their participants by providing information about these benefits. They also connect participants to nonprofits and government entities that can help them access these benefits.

- **Promote benefits in new venues.** Accessibility and simplicity are crucial features to increase enrollment in work support programs. VITA sites are a natural location for offering multiple benefits. The United Way has led the effort to design and implement VITA sites to offer access to benefits under the Super Site Model in several cities. Super sites offer an array of benefits and supports including financial education, IDAs, and asset-preservation training. United Way and the City of San Antonio finance and support one such super site initiative. One new idea they are using is to bring multiple benefits to employers through mobile clinics and financial education seminars.
- **Offer asset-building services at benefits sites.** Informing AFI participants about benefits is one task. The other is to offer asset-building services at these sites. VITA sites are a natural forum to introduce financial education, IDAs, and other asset-building products, including homeownership and asset preservation. Super sites, likewise, offer courses in financial education and recruit and enroll IDA account holders who meet eligibility requirements. Financial literacy and credit repair classes are taught by a network of local bankers and credit counseling representatives.
- **Develop a sustainable model.** It is essential to have the right partners, agencies and organizations committed to increasing benefit access, and to have the resources to maintain this operation. City government, which is often responsible for public benefits work, can play a vital role in funding or staffing the VITA centers to ensure coordination, volunteer training, and information on other resources and benefits. VITA sites, community centers, and employers need to be located strategically throughout the community for both access and political support. Support is more likely to be forthcoming when city council members and other elected officials have these sites in their neighborhoods and can see direct benefits to their constituents.

How San Antonio Links Public Benefits and Asset Building

In San Antonio, EITC/VITA is the cornerstone for multiple benefits and asset-building work. [<http://www.sanantonio.gov/comminit/VITA/vitamain.asp>] For the 2005 tax filing season, San Antonio had 26 VITA sites throughout the city, five of them super sites. Through fundraising efforts, the City of San Antonio and United Way have helped staff and fund 18 sites, providing an important infrastructure to sustain EITC/VITA operations. An additional eight sites are supported by the United Way and other partners. All sites have information and materials on public benefits, other work supports, and asset building, including financial education and IDAs. The five super sites actually enroll people in other benefit programs, provide financial education,



and help recruit people for the AFI IDA program. This work happens through the San Antonio Coalition for Family Economic Progress.

The city's Department of Community Initiatives (DCI) [<http://www.sanantonio.gov/comminit/ida/idamain.asp>] links people with financial education in a variety of ways. Financial education courses are offered throughout the city at IDA program and VITA sites. In addition, all DCI customers, in particular those who receive adult education and emergency assistance services, are encouraged to attend financial education classes.

All DCI staff, regardless of the program they work in, are trained to provide information on financial education. Some actually teach the course, using materials developed by others. There is a huge emphasis on financial education and how to mitigate predatory lending practices.

The United Way [www.unitedwaysatx.org] offers financial education in the workplace and has successfully trained over 394 employees of the San Antonio Water Systems. They incorporate information on multiple benefits into the curriculum, which has resulted in an increased number of applications for benefit programs, including programs that tend to have a negative stigma, such as food stamps. The United Way, in partnership with several other community-based organizations, offers referral agent training to teach employees at major sites how to listen to co-workers and match their concerns with local resources. Over 700 referral agents participated in training, representing 121 companies and community organizations. The 8- to 16-hour training provides a good background on work supports and asset building.

DCI manages three AFI grants. They use the VITA sites and other partners, including the United Way, to help recruit and enroll participants. All IDA account holders are encouraged to use VITA sites and apply for other benefits. They receive information from the City periodically about other benefits, eligibility determinations, and how and where they can apply. The goal is to create a seamless connection between benefits and asset building. As a result of this strategy, the IDA program is fully subscribed, and there are plans to continue expanding it.



Outcomes of the San Antonio Coalition

In its three-year existence, the San Antonio Coalition for Family Economic Progress has achieved some impressive results in the following areas:

- **Tax returns/EITC refunds:** The results from the fourth year (2005 tax season) were quite impressive. Of the 25,000 tax returns prepared, \$39 million in refunds were returned, making it one of the three largest initiatives in the U.S. This figure has additional significance, given that over 60 percent of San Antonio workers earn \$9.00 or less per hour, making them one of the largest low-wage workforces in the United States. The goal for the VITA sites in the 2006 tax season is to prepare 30,000 tax returns.
- **Individual development accounts:** By June 2005, connecting the AFI IDA program to the broader family economic success work had led to 504 IDA account holders throughout the city. These account holders were all enrolled in the past two years, and 110 had purchased assets (75 for first-time homes, 25 for education, and 10 for microenterprise). The remaining 394 were saving towards asset purchase, and many of them were using EITC refunds towards their match. Of these, 214 were saving towards home purchase; 168 for education; and 12 for microenterprise.
- **Financial education:** The San Antonio Coalition for Family Economic Progress has placed considerable emphasis on financial education. All IDA account holders complete financial education seminars offered by DCI. United Way also offers financial education as a training benefit for employers. Over 394 employees of San Antonio Water Systems have completed the United Way course, and the course is being offered to additional employers. In addition, using the FDIC Money Smart curriculum, United Way has developed a community-wide “train the trainer” program specifically designed for community- and faith-based organizations. To date, United Way, in partnership with FDIC, had trained over 789 individuals from community-based organizations, nonprofit housing providers, government entities, and faith-based organizations. The EITC/VITA super sites also offer financial education, and the other VITA sites have promoted financial education seminars as a core strategy for asset building. United Way, in partnership with Frost Bank and Broadway Bank, educated over 160 individuals at the super sites during the 2004 tax season.
- **Multiple benefits:** United Way and the City of San Antonio have aggressively promoted enrollment in a variety of benefit programs, such as S-CHIP and Medicaid. United Way data states that an additional 24,008 children enrolled in S-CHIP, and 129,769 children were covered under Medicaid in San Antonio. There is a more concerted effort to link other benefits to the EITC/VITA sites, the super sites in particular, because they handle a



- significant portion of the free tax filings. Encouraging employers to inform their employees about benefit availability is also a relatively new strategy that is being implemented.

Lessons Learned

In making links between public benefits and asset building, experiences of the San Antonio Coalition for Family Economic Progress provide insights on implementing such an initiative. The following are observations from a relatively young initiative whose long-term results and impacts are still under study.

- **Get champions.** The complexity of linking benefits to assets programs requires strong champions to keep it together through their vision and ability to work across sectors and implement and build political support.
- **It's all about EITC.** EITC is the driver in this model because it provides interaction with thousands of low-income tax filers who receive refunds and access to other benefits. The EITC refund can be used to open IDA accounts and pursue other asset-building opportunities. Having an effective EITC/VITA effort in terms of outreach and services is critical to long-term family economic success.
- **Sustain infrastructure.** Both DCI and United Way strongly support the EITC/VITA sites, with the City staffing half of the sites and funding the other sites in partnership with United Way and other funders. The super sites are an important part of the infrastructure because they are capable of offering multiple benefits and connecting individuals and families to asset-building opportunities. DCI uses CDBG, CSBG and general funds to support this effort. DCI creatively used youth employment dollars to pay stipends to 40 youth to support VITA sites. Some of the youth are now coordinators of the local sites.
- **Be strategic with your partners and resources.** All partners in this effort take on a role or roles. DCI promotes multiple benefits and asset building with all of its clients and provides the information and resources to pursue these opportunities. The United Way has been resourceful in reaching out to employers and in using large nonprofits, such as Catholic Charities and the San Antonio Food Bank, to assist employees and local residents in accessing a variety of benefits. Both DCI and the United Way are learning new strategies to apply to this approach, especially in enrolling participants for additional benefits, such as Food Stamps and Medicaid, as well as generating employer interest in IDA programs.

To learn more about public benefits and how they connect to asset building, go to the Center for Law and Social Policy: www.clasp.org.

