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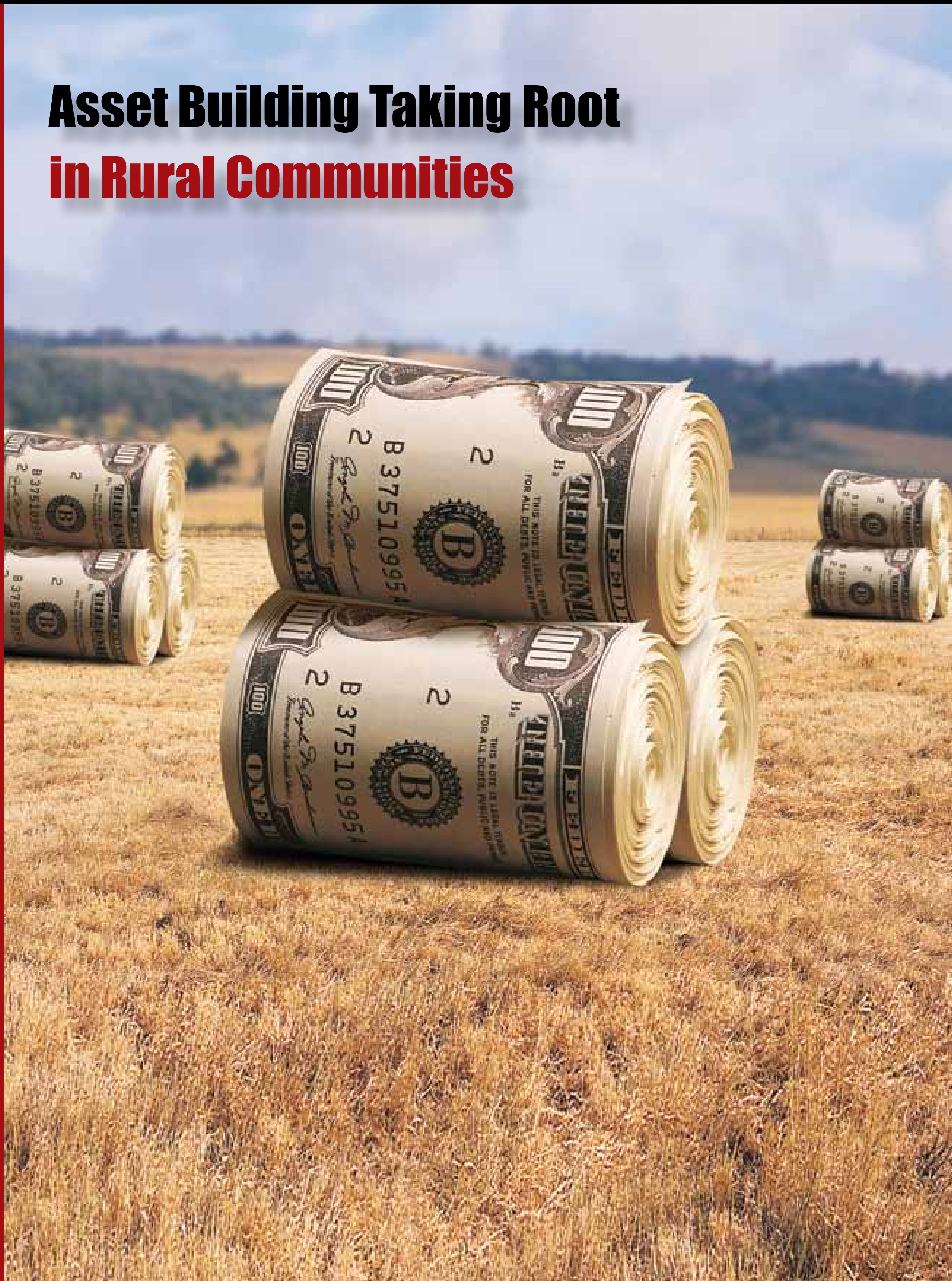
Asset Building Taking Root in Rural Communities



As the rural landscape changes economically, socially and demographically, the need for asset-building initiatives has never been more pressing.

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Postrecession, the asset-building movement continues to gain momentum across the country. Individuals and families pursue wealth-building strategies based on such time-honored principles as budget to save, save to invest, credit building, controlling debt and protecting wealth once it has been accumulated.

Promoting these principles is especially important for low- and moderate-income (LMI) households. Public benefit programs that have assisted LMI families for decades are in jeopardy of being cut or defunded due to city, state and federal budget cutbacks. Asset-building strategies can complement existing programs and help develop infrastructure for greater self-sufficiency as families try to do more with less.

To quote Andrea Levere, president of the Corporation for Enterprise Development, or CFED, "Almost two decades of real-world practice and implementation, paired with high-quality research and evaluation, has documented that if the right structures and opportunities are available, low-income families can and will dramatically shift their economic trajectories through savings and asset accumulation for themselves and their children."

As coalitions and initiatives develop around asset building, our partners realize that more time and effort are needed in rural parts of the Eleventh District. Many of the programs are centered in urban cores. However, organizations in rural areas have used innovative approaches to implement their own asset-building efforts. Successful models have emerged in the district with the common goal of shifting families and communities from a borrow-and-spend to save-and-invest mindset.

This issue of Banking and Community Perspectives *highlights the environment around rural asset building, points to valuable resources and showcases some initiatives taking root that foster economic growth, prosperity and self-sustainability.*

Alfreda B. Norman

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Asset Building Taking Root in Rural Communities

By Roy C. Lopez

Residents of rural communities face different challenges than their urban counterparts when they try to build assets or take steps to achieve financial security. The reasons are many and familiar.

Rural communities have seen their share of economic struggles in recent years. Nearly one in six people living in rural America fell below the poverty line in 2009, according to U.S. Census data. Of the nearly 3 million Texas residents who were classified as rural by the U.S. Department of Agriculture's Economic Research Service, 19.5 percent were below the poverty line. That is 3 percentage points higher than in urban Texas. Unemployment and educational attainment levels were also worse in rural Texas than in urban Texas. Additionally, the average price per acre of land in rural Texas at the end of 2009 was $2,086, a 7 percent drop from $2,247 in 2008.[1]

These strains are impacting rural communities in ways that are unfamiliar to generations that, for so long, had experienced sustained growth. To be sure, some West Texas counties report an economic boom from higher commodity prices such as oil, natural gas and cotton and from the growth of the wind energy industry. Generally, though, rural jobs pay low wages and lack the educational reimbursement programs and medical and retirement benefits that can lead to future economic success. Average earnings per job are nearly $20,000 lower in rural areas than urban.[2] The wealth held by rural families tends to be in the form of assets such as livestock, farm equipment and land, which are hard to convert to cash when needed to cover loss of income and other family emergencies. This is one reason payday lenders seem to target, congregate in and thrive in rural communities.

As local and state governments face daunting budget shortfalls in the recession's aftermath, problems in rural communities become exaggerated because public programs that could help improve economic opportunities and conditions are cut or never started. Worse yet, the state's budget woes are impacting school districts, which are often the largest employers in rural communities. Austin-based policy institute the Center for Public Policy Priorities estimates that Texas school districts could see nearly 80,000 in staff reductions based on one formula proposed by the Legislature to help offset a nearly $10 billion shortfall in the state's public

Rural communities have seen their share of economic struggles in recent years. Nearly one in six people living in rural America fell below the poverty line in 2009.

The face of rural Texas is changing, as seen in Bastrop, a once-rural town that has become a bedroom community for commuters to Austin.

Proximity to urban cores has changed the way rural residents live. As urban centers continue to grow outwardly, they often envelop what was once rural. Paradoxically, rural areas increasingly depend more on urban markets.

education budget. An additional 110,000 private-sector jobs could be lost in Texas as a multiplier effect from the proposed education cuts. Education quality can also suffer, which can have further implications for the financial success of a community.

Among other challenges to asset building, distance can test effective program delivery because it can raise operating costs in less-populated settings and diminish the availability of critical partners such as banks, colleges, financial education providers and community development corporations that make such strategies a reality. As with many rural programs across the country, organizational and staff expertise can also be hard to come by.

Rural: A Changing Landscape

Rural counties and parishes in the Federal Reserve's Eleventh District, which encompasses Texas and parts of Louisiana and New Mexico, are too diverse for generalizations. However, three broad economic themes emerge.

First, rural parts of the district have undergone profound economic transition. The paradigm shift away from an agrarian-based economy has caused many smaller communities to lose workers and, consequently, population. Today, agriculture accounts for only 13 percent of jobs in rural Texas and similar percentages in rural areas elsewhere in the district.[3] While more land is now farmed in the district, the number of full-time farmers has decreased significantly over the last 40 years due in part to improvements in science and technology. Parallel occurrences can be seen in rural manufacturing, which additionally faces the outsourcing of jobs to other regions or parts of the world.

Steve H. Murdock, former head of the Census Bureau and now chairman of the Hobby Center for the Study of Texas at Rice University, said the 2010 census shows sharp population growth in Texas since 2000—almost 4.5 million people, the greatest increase in the nation. But 90 percent of that growth comes from just five areas: Dallas–Fort Worth, Houston, San Antonio, Austin and the Rio Grande Valley. Over the same period, the population decreased in 79 of 254 Texas counties, mostly in rural West Texas and the Panhandle.[4]

Second, proximity to urban cores has changed the way rural residents live. As urban centers continue to grow outwardly, they often envelop what was once rural. Formerly rural Bastrop County, for example, is expanding as a result of residents who work in Austin, a 35-minute commute away. Paradoxically, rural areas increasingly depend more on urban markets for jobs, recreation, quality-of-life amenities and specialized resources. Of those rural counties that have experienced both population and job growth, the vast majority are adjacent to urban-core areas.

The line between what is urban and what is rural has blurred, and defining rural has become increasingly difficult. Sandra Tenorio of Buda-based Texas Rural Communities Inc. defined rural as one of her clients did: "If you have to drive more than two hours to get your husband a white shirt for a funeral, you are rural." However, it is widely accepted that rural encompasses counties that are under 50,000 in population.

There is growing recognition that urban and rural areas can coexist in a larger regional context; this can work to the benefit of rural areas as existing social programs integrate asset-building initiatives. The U.S. Department of Health and Human Services made it a priority to work with both urban and rural providers to strengthen coordination among early-childhood service providers and initiate more asset-building strategies within communities. Officials note that many of the challenges found in the inner cities are similar to those in rural communities.

Third, demographic trends that include age and ethnic composition are impacting rural economies in Texas and elsewhere. Rural Texas county residents tend to be older than their urban counterparts in addition to poorer and less-educated.[5] This trend can translate into heavier demands on health care and government support systems and into lost community wealth if owners die and leave farms, ranches and businesses to family members who have moved away. Meanwhile, Hispanics account for the bulk of the growth in rural Texas, and their numbers have grown in the last decade, as projected, from 777,000 to 1.6 million.[6] This will have social as well as economic implications.

As the rural landscape changes economically, socially and demographically—and as technology advances and social-service programs contract—the need for asset-building initiatives has never been more pressing. Whether it's through an individual development account (IDA), a community tax center or promotion of entrepreneurialism or financial education, organizations are beginning to embrace asset building as a means of improving a community's well-being. And policymakers are beginning to notice that asset-building strategies can be carried out without raising taxes or creating government-sponsored initiatives.

The State of Rural Asset Building

Community leaders are increasingly looking to design broad-based initiatives to support wealth building for low-income families. While other states and localities have supported different forms of asset building for the past several decades, only within the last 10 years has it become an explicit policy agenda that is moving forward in Texas. In the Federal Reserve's Eleventh District, state and local policymakers and nonprofit and business leaders are coming together to discuss ways to strengthen and connect existing community wealth-building strategies, identify new approaches and implement public policies to help make these opportunities accessible to more working families.

While rural communities have been slower to develop asset-building programs, several are progressing with new initiatives. "But more work needs to be done," said Bobby Gierisch, coordinator of Texas Rural Innovators, an Austin-based nonprofit that promotes small-town innovation. "There is a can-do spirit found in rural communities. All they need is a little direction and guidance—they will figure out the rest."

These initiatives include efforts to support wealth-building by families. In New Mexico and Louisiana, asset-building programs tend to emphasize IDAs, typically matched savings accounts, while in Texas, the initiatives have been driven more by nonprofits, financial institutions and municipalities that seem to favor community tax centers, financial education and small-business development support.

While each state's priority is unique and dependent on factors such as political will and funding, all share the goal of enabling lower-income families to save and invest to build wealth. The initiatives also have common strategies that include:

- Developing policies to promote saving and investment for education, homeownership, small-business development and retirement.
- Identifying ways to make tax-based savings incentives accessible to lower-income families.
- Increasing access to financial education and fostering the notion of credit as an asset. This encourages families to access mainstream financial services by establishing a relationship with a bank or credit union, avoiding high-cost alternatives such as payday lenders and auto-title lenders.

State and local policymakers and nonprofit and business leaders are coming together to discuss ways to strengthen and connect existing wealth-building strategies to help make these opportunities accessible to more working families.

Establishing a relationship with a bank or credit union is often the first step toward building assets. Rural community banks play a critical role for families looking to save, invest and secure their finances.

For all households, a solid grounding in personal financial matters and a clear grasp of the implications of financial actions, such as earning a poor credit score, are especially critical to establishing and maintaining assets.

Changing the Financial Habits of the Underserved

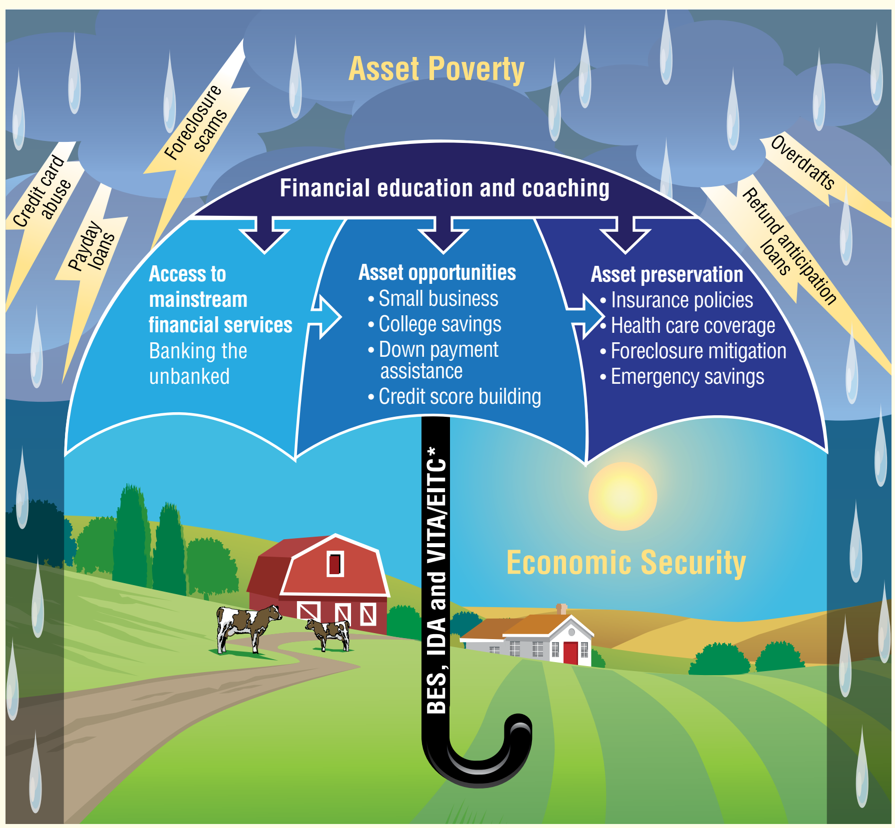
With financial decisionmaking becoming more complex, studies indicate that the average consumer lacks the necessary knowledge, skills and resources to make informed financial decisions.[7] Financial education can have a profound impact on a family's quality of life and future well-being. For all households, a solid grounding in personal financial matters and a clear grasp of the implications of financial actions, such as earning a poor credit score, are especially critical to establishing, expanding and maintaining assets (*see Figure 1 for an illustration of the wealth continuum*).

In 2010, the Center for Financial Services Innovation (CFSI), a national organization that researches the unbanked, determined the types of educational efforts that are most effective in changing behaviors and improving outcomes for underserved customers. CFSI found that the most effective interventions are those that 1) are immediately relevant to consumers' lives; 2) coincide with life-changing moments; 3) allow consumers to turn newly gained knowledge into action immediately; and 4) help clients acquire and preserve assets over time.

Designing a financial education program starts with an understanding of the community and its most pressing financial needs. Organizations most engaged in financial education at the rural level in the Eleventh District include banks (which may receive Community Reinvestment Act service credit) and credit unions, community-based organizations, high school economics/social studies teachers and land-grant extension offices.

Juana Longoria, vice president and services manager at First State Bank in Moore County, Texas, pop. 20,736, helped design the institution's financial education program. The

Figure 1
The Asset-Building Progression



*Benefits eligibility screening (BES) refers to counseling services used to assist families with the appropriate benefits needed to mend financial gaps while they work toward financial independence. IDA (Individual Development Account) and VITA/EITC (the Volunteer Income Tax Assistance program and earned income tax credit) form the basis for undertaking other asset-building opportunities.

bank focused on the immigrant employment base that was attracted to the area for job opportunities at JBS Swift and Co., a large poultry manufacturing company that employs over 2,500 people. The bank, discerning a lack of understanding of financial basics among many JBS Swift employees, saw a need to provide financial education.

"Too many of our community members were earning an income, yet still operating with just cash," Longoria said. The bank set its objectives and targeted its outreach efforts at the local school-district level. The strategy was to work with children of the employees first in hopes of influencing their parents, who in many instances had a mistrust of banks. Next, she plans to strengthen the bank's partnership with JBS Swift to take financial education directly to employees. "We use the Dallas Fed's Building Wealth curriculum; it touches on the basic needs, is easy to teach and is available in both English and Spanish. Our goal is to make them bank customers." (The curriculum can be found at www.dallasfed.org/ca/wealth/index.cfm.)

One promising policy initiative promoted by public-policy think tank the New America Foundation in its Assets Agenda 2011 is to advance financial education using an employer-based approach.

For many employers, the workplace can be an effective channel to deliver important financial education and services. This can be especially true for low- and moderate-income employees, who may be less inclined to seek out advice from mainstream financial institutions and less likely to have the financial resources to obtain professional advice. Research suggests that employees with low levels of financial stress are more productive, which can justify the greater involvement of employers in delivering access to financial planning materials.[8]

Because of the recent recession, financial education has become more relevant than ever. Government, philanthropic organizations and nonprofit groups, among others, have embraced programs that educate people about making wise financial choices. Attention is moving beyond the implementation of small, locally based initiatives to the development of a complementary national financial-capability strategy.

In late 2010, the Obama administration unveiled a national strategy aimed at guiding federal and private efforts to ensure Americans are equipped with the financial skills needed to attain economic security and stability.

The strategy addresses four main areas: increasing awareness of and access to financial education, identifying core financial competencies, improving the delivery of financial education and sharing best practices. The plan was developed by the Financial Literacy and Education Commission, a group of 22 federal agencies that includes the Federal Reserve Board.

Implementation of the plan falls to the newly created President's Advisory Council on Financial Capability. Given the wide array of local, state, nonprofit and private organizations providing financial literacy programs, it is essential to leverage resources and coordinate federal activities with resources at the community level.

Because of the recent recession, financial education has become more relevant than ever. Governments, philanthropic organizations and nonprofit groups, among others, have embraced programs that educate people about making wise financial choices.

Regional Forums Energize Asset-Building Efforts

In 2010, the Federal Reserve Bank of Dallas joined with RAISE Texas, Texas Rural Innovators and community partners to build on work done in 2008 and 2009 by Austin-based RAISE to expand asset-building resources in the state's rural markets.

A series of six Rural Asset Building Forums took place across Texas last year in Corpus Christi, Midland, Tyler, Silsbee, Bryan and Plainview. These regional forums drew more than 250 practitioners, bankers, service providers and policymakers, who came together to consider ways families can achieve financial security. The events brought local perspectives on current programs as well as ideas on asset building that were gaining traction across the country. The focus was exclusively on rural initiatives, and topics discussed in depth included financial education, small-business development, earned income tax-credit campaigns, payday lending and college savings programs.

The events were successful in encouraging dialogue, identifying resources and building local consensus on asset-building opportunities. In communities such as Plainview and Midland, rural coalitions were reinvigorated and new initiatives were launched. In Corpus Christi and Bryan, community tax centers were encouraged to expand by reaching out to surrounding rural counties.

Continuing the rural outreach in 2011, RAISE Texas, Texas Rural Innovators and the Federal Reserve Bank of Dallas will hold a Regional Rural Community Asset Building Forum for the northwest region of Texas on April 21 in Jacksboro. Also behind the effort are local hosts the Jacksboro Chamber of Commerce and Jacksboro Economic Development Corp., the Texas Department of Agriculture and Catholic Charities Diocese of Fort Worth. For more information on this free event, see www.raisetexas.org/action/events/Regional_Rural_Asset_Building_Forum.

Rural IDAs: Promoting Savings and Investment

Economic characteristics such as poorer-than-usual savings rates, which are often found in rural counties and parishes in the Eleventh District, suggest a compelling need for policies that help families build wealth and economic self-sufficiency. Research shows that even those of limited means can save when given access to meaningful savings incentives and institutional support.[9]

Individual development accounts hold much promise as a tool for addressing asset-building deficiencies in communities. IDAs supplement the savings of low-income households with matching funds drawn from a variety of public and private sources. Matched IDA savings accounts are typically restricted to three uses: purchasing a home, pursuing postsecondary education and starting or expanding a small business. While in the program, IDA participants establish a consistent pattern of savings and must attend financial education and asset-specific education classes. Classes teach participants different aspects of financial education, such as how to establish credit, cut down on expenses, set goals for saving and overcome barriers to saving. IDAs are delivered mostly by community-based organizations.

IDAs can be particularly effective in rural communities because low-income families in these areas tend to have relationships with nonprofits or other organizations that might administer the programs.[10] Too often, community members feel that a program like this is too good to be true and are deterred by a lack of trust. In a rural setting, many of those issues can be mitigated because residents often know one another and can spread the benefits of a program by word of mouth.

In Coleman, Texas, pop. 5,127, an IDA program was established at Central Texas Opportunities, a community-based nonprofit that serves seven rural counties in West/Central Texas. The program established a 4-to-1 match in the areas of education, small-business development and housing.

"This small investment of $100,000 helped jump-start the local economy and will increase our tax base for many years to come," said Hanna Adams, the community services director. The program established 50 accounts using a federal grant derived from the American Recovery and Reinvestment Act of 2009. "It was amazing to see how little money was needed to initiate a person's business idea, get them into a home or get them back into school. When people are personally invested, the mindset changes to … it will get done."

In 2010, IDA participants in Texas directed almost $4.4 million toward asset purchases and received $9.8 million in match money, funneling $14.2 million into the Texas economy, according to a survey by RAISE Texas, a network of organizations supporting asset building in the state.

The most common question from those seeking to establish an IDA program concerns the match. The Office of Community Services within the U.S. Department of Health and Human Services provides competitive grants. These grants are the largest single source of IDA match funds. The office's Assets For Independence (AFI) demonstration program for 2011 has $19 million to dispense and is scheduled to fund between 50 and 60 projects. Each AFI project must raise nonfederal cash contributions in an amount at least equal to the AFI grant. AFI participants are also required to receive financial education training. Unfortunately, many rural communities face a daunting task when asked to provide the nonfederal match.

Woody Widrow, executive director of RAISE Texas, said that "too many rural communities lack the funding from entities such as their city, United Way, a foundation or a local bank to sustain the nonfederal match requirement. However, those that are successful see the leveraging opportunities and how the AFI program allows for that collaborative partnership to grow."

Rural EITC/VITA: Tax-Based Savings Incentives

The earned income tax credit (EITC) is among the most effective poverty-reduction programs in the country. The EITC is a refundable tax credit for low-income working Americans that's administered through the Internal Revenue Service (IRS). President Reagan once called the EITC "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."[11] Every year, the EITC lifts more than 450,000 Texans, including 250,000 children, out of poverty while pumping millions of dollars into local economies.[12] The city of San Antonio estimates that each additional $1 in EITC generates $1.58 in local economic activity, and every $37,000 results in one additional permanent job.[13] The large sums of EITC dollars claimed in some areas provide a concentrated cash infusion in local economies.

Eligible individuals and families receive payments even if they do not owe federal income tax. But as many as 20 to 25 percent of eligible families do not apply for the tax credit, according to studies by the General Accounting Office, the Urban Institute and others. The average EITC refund is over $2,200 nationally and nearly $2,500 in Texas.[14] Many communities and organizations have been proactive in sponsoring campaigns that highlight the benefits of the EITC. The IRS and its partners promote the program through EITC Awareness Day each January.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to low- and moderate-income people who have difficulty preparing their own tax returns. Certified volunteers sponsored by various organizations receive training to prepare basic tax returns in communities across the country. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations. More than 12,000 free tax-preparation sites can be found nationwide, including many in rural communities.[15] They are reserved for people who make about $49,000 a year or less.

Under new IRS rules, taxpayers may split refunds among deposit accounts, giving them more options for saving and spending. They also may purchase Series I U.S. savings bonds directly on the tax form.

In 2010, community tax centers in Texas prepared more than 93,200 returns and processed over $65 million in EITCs. These free tax-preparation services also saved participants over $10 million in fees that tax preparers would have charged for their services.[16]

The EITC is especially important to rural families. Nationwide, a higher share of rural tax filers (20 percent) receives the EITC than urban filers (16 percent). Among poor and near-poor families, those in rural areas are more likely to be working and more likely to be working in low-wage jobs. Almost half (48 percent) of rural children live in low-income families, compared with 37 percent of urban children. These factors contribute to the higher rate of EITC receipt in rural areas and underscore the importance of the benefit to these families.[17] The amount received by the average rural family can mean the difference between living in poverty or not.

Some rural communities have been successful in establishing VITA sites. In Texas, Burkburnett in Wichita County and Big Springs in Howard County have partnered with the local school district and local banks to maintain a site that serves several hundred people each year. Rafael Torres, executive director of the Economic Development and Preservation Corp. in Laredo, has helped coordinate successful outreach campaigns in rural parts of Webb County. He credits the Laredo–Webb Community Action Agency for helping with the marketing. However, he cites challenges: "Rural VITA sites can be difficult to establish because Internet connectivity is sometimes lacking, and finding volunteers can be a chore."

Mario Prieto, asset development director of Community Action Agency of Southern New Mexico (Las Cruces, Sunland Park, Anthony and Santa Teresa), said his group's focus has been more holistic. Its strategy has been to develop a well-marketed megasite in Las Cruces that reaches out to eight rural counties. The idea is to serve EITC clients but also to target the energies of counselors and trained volunteers on benefits-screening to maximize clients' monthly cash flow.

The IRS provides an online listing of sites and training for organizations and institutions wishing to launch a VITA site.[18] In 2008, Congress appropriated $8 million for a VITA matching-grant program. This was the first time that community VITA sites had an opportunity to receive federal funding for their programs. Additionally, RAISE Texas, the United Ways of Texas and the IRS recently developed a toolkit titled, "How to Start a VITA Site in Your Community," which outlines the experience of local practitioners that have created VITA programs. This publication is designed to provide organizations, institutions and collaborative groups the basic information about VITA, the steps for starting a site and key activities necessary to operate the site.[19] For additional information, see the box "Asset-Building Resources" on page 10.

Moving the Rural Asset-Building Agenda Forward

"Income gets you by, while assets get you ahead." These are words used to frame the work of asset builders.

While asset building in a rural setting presents its own set of challenges, those challenges can be met through asset accumulation. Financial education classes can transform the financial health of individuals, families and communities; programs such as IDAs hold great promise for promoting savings and asset development; and community tax centers can mean the difference between poverty and sustainable living for many.

Individual Development Accounts hold much promise as a tool for addressing asset-building deficiencies in communities. IDAs supplement the savings of low-income households with matching funds drawn from a variety of public and private resources.

Programs like the earned income tax credit can mean the difference between a rural family living in poverty or not.

Asset building encompasses objectives such as higher education, small-business development, homeownership and retirement saving—but it's financial education, IDAs and community tax centers that set the foundation for more aggressive asset accumulation. To successfully broaden savings and asset-ownership efforts, community leaders together should consider expanding, strengthening and directing more resources toward rural areas, which, for the most part, have been on the fringe of this growing movement.

Notes

[1] Land prices are from the Real Estate Center at Texas A&M University. Real values are in 1966 dollars.

[2] USDA Economic Research Service, Texas datasets.

[3] "Rural Texas: A Snapshot," Texas Comptroller of Public Accounts' Texas Ahead portal, www.texasahead.org/map/rural_areas.html.

[4] "Hispanic Surge, Metro Area Growth Could Reshape Texas' Political Future," by Michael E. Young, *Dallas Morning News*, Jan. 29, 2011.

[5] See note 2.

[6] Based on realized projections from the "The Status of Rural Texas, 2004," Office of Rural Community Affairs, Austin, Texas, Jan. 1, 2005, p. 12.

[7] "Financial Literacy: An Essential Tool for Informed Consumer Choice?" by Annamaria Lusardi, NBER Working Paper no. 14084, National Bureau of Economic Research, June 2008.

[8] "The Assets Agenda 2011," by Reid Cramer, Alejandra Lopez-Fernandini, Lindsay Guge, Justin King and Jamie M. Zimmerman, New America Foundation, September 2010, www.newamerica.net/publications/policy/the_assets_agenda_2011.

[9] "Assets Beyond Saving in Individual Development Accounts," by Chang-Kuen Han, Michal Grinstein-Weiss and Michael Sherraden, Center for Social Development Working Paper no. 07-25, 2007.

[10] Based on community interviews.

[11] See http://americanradioworks.publicradio.org/features/poverty/work.html.

[12] "EITC 101," by Don Baylor, Center for Public Policy Priorities, March 26, 2007.

[13] "Using the Earned Income Tax Credit to Stimulate Local Economies," by Alan Berube, Brookings Institution, 2006.

[14] See IRS statistics, www.eitc.irs.gov/central/eitcstats.

[15] See IRS news release on free tax help, 2010, www.irs.gov/newsroom/article/0,,id=218833,00.html.

[16] Presentation made by RAISE Texas, Jan. 18, 2011.

[17] "EITC is Vital for Working-Poor Families in Rural America," by William O'Hare and Elizabeth Kneebone, Carsey Institute Fact Sheet 8, Fall 2007.

[18] See www.irs.gov/individuals/article/0,,id=234178,00.html and the IRS EITC webpage, www.eitc.irs.gov/central/main.

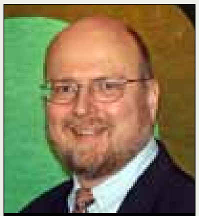
[19] "How to Start a VITA Site in Your Community," RAISE Texas, www.raisetexas.org/resources/VITA%20How-To%20Toolkit.pdf.

Asset-Building Resources

These resources are available to all communities in the Eleventh District to help establish or expand asset-building initiatives.

State/multistate	
Center for Public Policy Priorities	www.cppp.org
Frontera Asset Building Network	www.fabnetwork.org
Louisiana Asset Building Initiative	www.subr.edu/ida/FAQ.htm
Opportunity Texas	www.opportunitytexas.org
Prosperity Works/New Mexico Assets Consortium	www.prosperityworks.net
RAISE Texas	www.raisetexas.org
Federal	
America Saves	www.americasaves.org
Annie E. Casey Foundation	www.aecf.org/OurWork/EconomicSecurity.aspx
Aspen Institute/Economic Opportunities Program	www.aspeninstitute.org/policy-work/economic-opportunities
Association for Enterprise Opportunity	www.microenterpriseworks.org
Center for Financial Services Innovation	www.cfsinnovation.com
Center for Social Development	http://csd.wustl.edu
Corporation for Enterprise Development	www.cfed.org
Internal Revenue Service	www.irs.gov/eitc
National Association for Latino Community Asset Builders	www.nalcab.org
New America Foundation	www.assetbuilding.org
United Way Worldwide	http://worldwide.unitedway.org
U.S. Department of Health and Human Services/Administration for Children and Families—Assets for Independence	www.acf.hhs.gov/programs/ocs/afi

Q&A: The Aspen Institute's John Molinaro Says Wealth Building Can Have a Big Impact on Small Communities


John Molinaro

John Molinaro, codirector of the Community Strategies Group for international leadership organization the Aspen Institute in Washington, spoke to *Banking and Community Perspectives* about his perceptions of rural asset building from a national perspective. He has 35 years of experience working to improve the viability of communities and the economic success of families. He was a featured speaker at the 2010 Regional Asset Building Forum in Tyler, Texas.

Would you describe yourself as a rural asset-building advocate?

Molinaro: Our role is to help communities find ways to improve the economic viability of families and sustain their long-term success. We do that by providing a framework to help communities understand and plan ways to get struggling families into the financial mainstream. This is what I do; I guess that makes me an advocate.

Can you tell us about RuFES?

Molinaro: It stands for Rural Family Economic Success. It is a framework developed by the Annie E. Casey Foundation, with assistance from the Aspen Institute. It incorporates 27 family-focused goals for advancing economic success to community leaders. Leaders initiate change in their own communities with Aspen's technical assistance. The core concepts include:

- Earn it—Strategies for increased earning and income
- Keep it—Strategies for stabilizing a family's financial life
- Grow it—Strategies for acquiring assets and building wealth in thriving communities

The RuFES approach first determines the support families need to get ahead, plans how to best provide it and then focuses resources on specific families. It sustains those efforts until families can stand on their own. As you implement the program, you measure outcomes and adapt your plan as needed.

How do you get stakeholders to buy into the RuFES concept?

Molinaro: Our concepts center on self-reliance and strategies that teach survival tactics in a free-market economy. We also discuss the economic benefits of planning for the future. Leaders in a community know that many people around them are just one blown tire away from finding themselves on the welfare rolls. The concept remains easy to understand: When families pay bills on time, the economic benefits to a community are many. And when more people are able to pay taxes, social program costs tend to go down. Even very conservative leaders have an appreciation for these concepts.

What are the major advantages for asset building in a rural setting? What are the disadvantages?

Molinaro: Let's start with the three major assets targeted by most asset-building programs: homes, businesses and education. The big advantage in a rural setting is that costs can be less, making these assets more attainable.

For example, homeownership can be much more affordable in a rural community. The disadvantage is that home values, in general, don't rise as quickly, if at all, so the benefits of acquiring the asset aren't as great. Also, with such an illiquid asset, it makes it difficult to take money out of your home when an emergency or necessity arises.

It can be easier to start a new business in a rural community, where entry costs tend to be lower and there can be less regulatory red tape. Another advantage can be market niches overlooked by retail chains because the sales volume would be too small to support their business models. The biggest disadvantage is fairly obvious in that you have fewer potential customers than you would have in an urban environment. Another problem in a rural setting is finding good, reliable data on market conditions and penetration.

Educational achievement in a rural setting can also be less expensive if there is a nearby college. With living costs usually below those of an urban market, it can be easier to support yourself while you attend college. The problem lies in that once you become educated, jobs may be difficult to find in an area with finite opportunities. The field selected for study does not always translate into a nearby job. So you may have to move to find employment, creating the common brain-drain scenario. Adding to the difficulties, if you are forced to leave your rural setting, you may lose your base of support and find yourself having to pay for housing, food and child care expenses that were once provided by your family.

What are some of the core beliefs and assumptions that hold true when you advance family economic success?

Molinaro: Children do well when their families do well, and families do better when they live in supportive communities. This framework really holds true. It is a multigenerational approach that focuses specifically on low-income citizens and their ability to better themselves. We take a more comprehensive planning approach to the complex web of issues faced by families. We tend to be multidimensional and coordinate strategies for the range of problems that get in the way.

Can you describe rural capacity building across the country for asset-development programs?

Molinaro: Capacity building can be an issue, but it is dependent on which rural areas you are talking about. Some areas lack capacity; others are brimming with potential. The Internet can increase capacity for an organization taking on an asset-building initiative, but even today, we have huge swaths of rural America that lack reliable Internet service. With any asset-building initiative in a rural setting, even reaching a few people can make a significant difference in that community.

Do family economic success and asset building tie into a community's economic development strategy?

Molinaro: I believe they do. When you invest in the family and give them economic tools to succeed—like Individual Development Account programs and access to free tax-preparation services—a community can grow from within. Those resources stay in the community. Investments in workforce development can also pay large dividends. Communities often misplace their resources and target manufacturing relocations, offering subsidies like tax abatements. Investment in business retention and expansion builds stronger companies with deeper roots in the community. That can create better opportunities for local residents and stronger local economies.

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Dallas, TX 75265-5906

Regional Rural Community Asset Building Forum

April 21, 2011
9:30 a.m.–3:30 p.m.
Cowboy Christian Missions
2381 Highway 380 West
Jacksboro, TX 76458

This free event will bring together practitioners, service providers and policymakers from the northwest region of Texas to consider how to expand, improve and communicate about the ways organizations can help families achieve financial security.

To register, log on to:
http://regionalassetbuilding.eventbrite.com
For more information:
940-567-2602 or
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