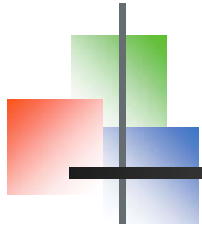




# Asset Building Budget

Georgia Consortium for  
Personal Financial Literacy  
December 8, 2006



# CFED

- CFED works to expand economic opportunity by helping more people save and invest, succeed as entrepreneurs, contribute to and benefit from the economy.
- CFED operates at the nexus of public policy, private markets, and community practice by identifying and researching promising ideas, collaborating with public and private partners to test those ideas, and driving the application of proven models.



## Why Are Assets Important?

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Assets are critical to individuals and households.

Assets allow Americans to plan for the future, buy homes, prepare for retirement, send their children to college, and weather unexpected financial storms.



# Assets and Opportunity Snapshot: Financial Security Across the Nation



- Nearly one in five households owes more than it owns (21 million).
- One in four female-headed households has zero or negative net worth.
- One in three minority-headed households has zero or negative net worth.
- One in four families (26 million) does not own enough to subsist at the poverty level (\$4,875 in income) for three months.



# Assets across America: Financial Security

## Findings on Net Worth



- For every **one dollar** in net worth of a household headed by a white adult, a minority-headed household has about **6 cents**.
- For every **one dollar** in net worth of a household headed by a male, a female-headed household has less than **40 cents**.

# Federal Government Response



**\$362 billion a year**

It includes direct outlays and tax expenditures promoting four different kinds of assets:

- Homeownership = \$117 billion
- Retirement accounts = \$124 billion
- Savings and investment = \$125 billion
- Small business development = \$0.05 billion

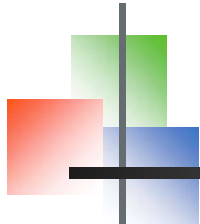
Over \$500 of tax expenditures for every \$1 of direct outlays



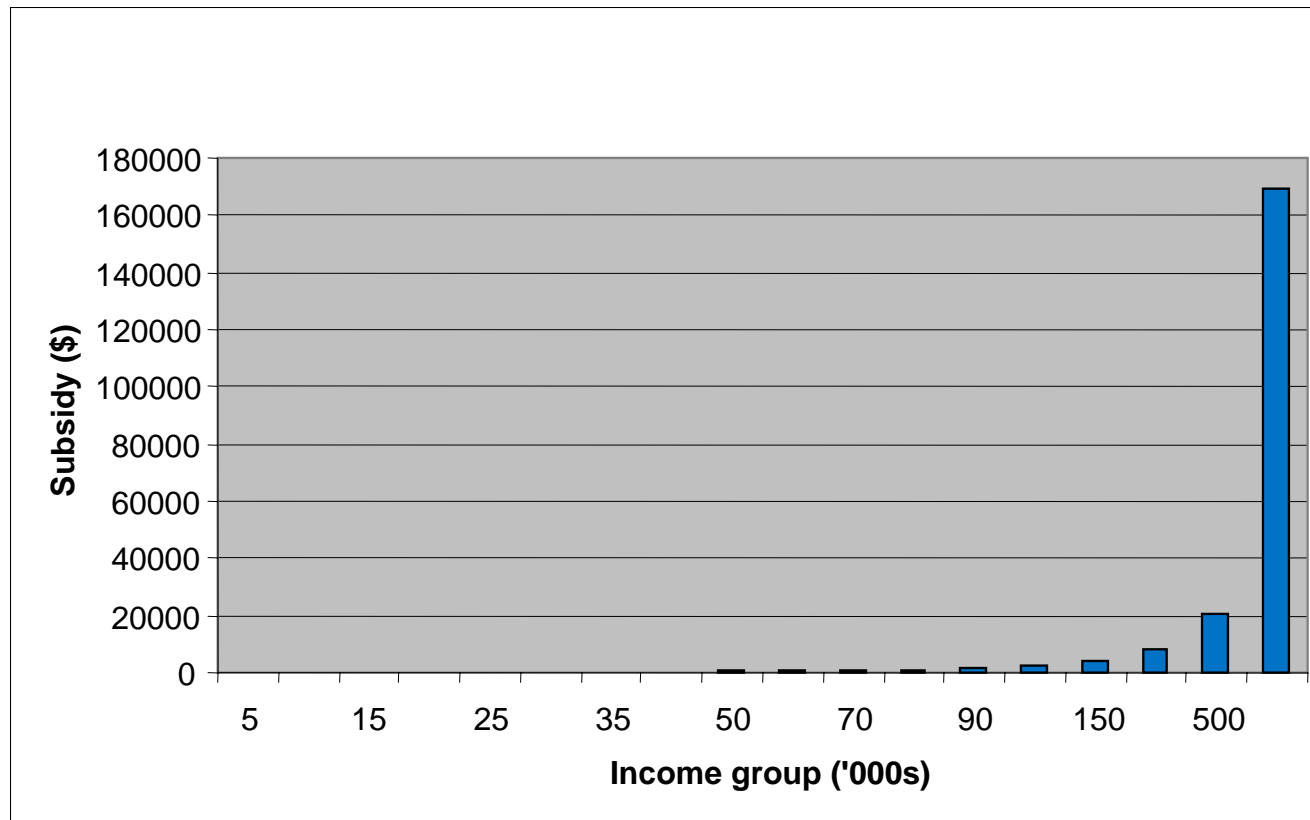
## Policies' Structure Matters



- Deductions and nonrefundable tax credits
- Upper limits
- Need to have assets already



# Average asset-building subsidy

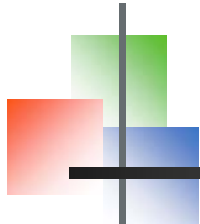




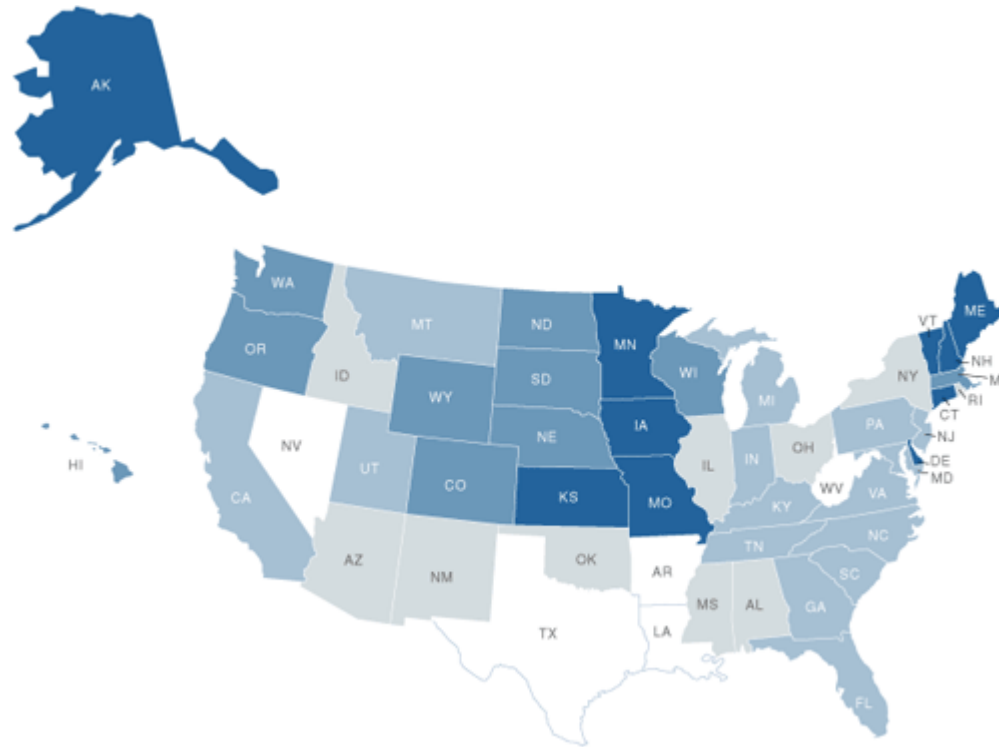
## Solution: Incent Asset Building for All



- Households with incomes exceeding \$1 million receive, on average, an annual tax benefit of \$169,150
- The top fifth (those with household incomes greater than \$80,000) received 88.7%
- 80% shared 10.5%
- The lowest 60% of households < 3%
- The poorest 20% of households (those with incomes less than \$20,000) receive about \$3
- Overwhelmingly, tax expenditures for asset building outweigh direct expenditures (\$506 to \$1).



# State Asset Scorecard Outcomes





- focus:**
- [home](#)
- [methodology](#)
- [state grades](#)
- [issue briefs](#)
- [scorecard data](#)
- [measures](#)
- [grades >](#)
- [customize data](#)
- [errata](#)
- [advocacy center](#)
- [consulting services](#)
- [about](#)
- [press release](#)

## georgia

[Press Release](#)

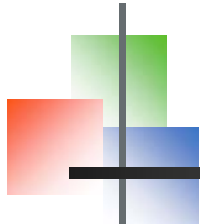
[State Page](#)

state summary:

INDEX	GRADE	POLICY
Financial Security	D	substandard
Business Development	B	substandard
Homeownership	B	favorable
Health Care	C	substandard
Education	D	favorable
<b>OVERALL</b>	<b>C</b>	<b>substandard</b>

Georgia received a C grade on the 2005 Assets and Opportunity Scorecard. While the state boasts an equitable distribution of wealth across racial groups (ranking 8th in household asset equality by race), several measures paint a stark picture of Georgians' economic security in general. Georgia ranks in the bottom tier for net worth of households (42nd). Furthermore, the Peach State ranks 39th in households with zero net worth and in asset poverty, 46th in households with savings accounts, 48th in bankruptcy rate, and 51st in households with checking accounts. Overall, this snapshot suggests that much of the state's population lacks not only the means, but also the tools - such as broad access to favorably structured financial products - to weather financial crises.

Georgia has implemented policies to help individuals from falling into financial ruin as a result of predatory lending, but additional financial security policies could also be considered. Supporting asset-building savings programs, raising income tax liability thresholds, increasing state minimum wage, removing or raising asset limits for public assistance recipients, and re-examining workers' compensation and unemployment benefits are all examples of actions taken by other states as they seek to secure the economic well-being of their citizens.



## Financial security

*numerical data reflect rank among jurisdictions*

### Outcomes

grade: **D**

Net worth of households . . . . .	42
Asset poverty. . . . .	39
Asset poverty by race . . . . .	11
Asset poverty by gender . . . . .	27
Household asset equality by race . . . . .	8
Household asset equality by gender . . . . .	23
Households with zero net worth . . . . .	39
Households with checking accounts . . . . .	51
Households with savings accounts. . . . .	46
Bankruptcy rate . . . . .	48
Subprime loans. . . . .	22

### Policy

rating: **Substandard**

Asset building savings program . . . . .	.substandard
Income tax threshold. . . . .	.substandard
Tax credit for low-wage workers. . . . .	standard
Minimum wage. . . . .	.substandard
Asset limits for public assistance . . . . .	.substandard
Banking for low-income consumers . . . . .	standard
Community reinvestment for state-chartered banks . . . . .	standard
Predatory lending norms and standards. . . . .	favorable
Short-term loan protections . . . . .	favorable
Property insurance disclosure. . . . .	standard
Workers' compensation coverage. . . . .	standard
Workers' compensation benefits. . . . .	.substandard
Unemployment benefit level . . . . .	.substandard
Unemployment benefit eligibility. . . . .	standard
Family leave benefits . . . . .	.substandard

## Business development

### Outcomes

grade: **B**

Small business ownership . . . . .	28
Private loans to small business . . . . .	7
Microenterprise ownership . . . . .	27

### Policy

rating: **Substandard**

Small business investment . . . . .	favorable
Incentives for private lenders . . . . .	substandard
Microenterprise support . . . . .	substandard
Support for community development lenders . . . . .	standard
Help for poor farmers . . . . .	standard
Unemployment benefits for entrepreneurs . . . . .	standard

# Homeownership

## Outcomes

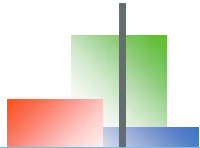
grade: **B**

## Policy

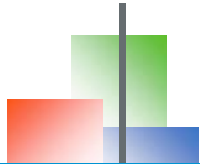
rating: **Favorable**

Home value . . . . .	22
Homeownership rate . . . . .	24
Homeownership by race . . . . .	24
Homeownership by income . . . . .	5
Homeownership by gender . . . . .	14
Foreclosure rate . . . . .	34

Bond sales for homeownership assistance . . . . .	favorable
Trust fund for housing . . . . .	standard
Property tax relief . . . . .	substandard
First-time homebuyer assistance . . . . .	favorable



Health care	Outcomes <span style="float: right;">grade: <b>C</b></span>	Policy <span style="float: right;">rating: <b>Substandard</b></span>
	Employer-provided insurance . . . . . 23	Average income for coverage . . . . .substandard
	Uninsured low-income children. . . . . 34	Coverage for poor adults . . . . . standard
	Uninsured low-income parents . . . . . 35	Welfare-to-work coverage. . . . . standard
		Assistance for hard-to-insure. . . . .substandard



## Education

### Outcomes

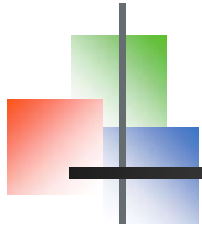
grade: **D**

### Policy

rating: **Favorable**

Head Start coverage . . . . .	46
Math proficiency . . . . .	37
Reading proficiency . . . . .	38
Two years of college . . . . .	32
Four years of college . . . . .	38
Degrees by race . . . . .	24
Degrees by income . . . . .	30
Degrees by gender . . . . .	40

State-funded Head Start . . . . .	favorable
State-funded preschool . . . . .	standard
Per pupil spending . . . . .	favorable
School spending equity . . . . .	standard
College financial aid . . . . .	substandard
Workforce training . . . . .	favorable
College savings match . . . . .	standard



[www.cfed.org/](http://www.cfed.org/)



[www.cfed.org/go/scorecard](http://www.cfed.org/go/scorecard)

# Georgia Asset Data