



**THE INSTITUTE ON ASSETS AND SOCIAL POLICY  
THE HELLER SCHOOL FOR SOCIAL POLICY AND MANAGEMENT  
BRANDEIS UNIVERSITY**

## **Innovative State Policies to Reduce Poverty and Expand the Middle Class** *Building Asset Security Among Low-Income Households*

While the term “asset policy” is relatively new, the concept is not. It combines the “liberal” objective of reducing poverty and inequality with the “conservative” tenet of individual wealth building, an attractive combination because it reflects shared goals and common values across the political spectrum. Today, governmental policies such as pre-tax retirement accounts and home mortgage deductions represent investments in the strength and independence of individuals and families. But these federal policies do not stand alone in enabling Americans to build assets.

This landmark study, conducted by Brandeis University’s Heller School for Social Policy Management and sponsored by SodexoUSA, uncovers the seeds of a new domestic policy framework that are being sown through innovative state initiatives. Across the nation, states with both abundant and lean fiscal resources, with urban and rural populations, and reflecting a variety of ideologies, are focusing their policies to enable residents to build their asset wealth. These developing “asset policies” can lead to a shared national strategy for building a future of greater social mobility and economic security for all Americans and, in so doing, significantly broaden the nation’s middle class.

**INCOME: Creating and Preserving an Asset Foundation.** Entering the economic mainstream, and staying there, requires public policies that ensure sufficient earnings and job-related benefits. Recognition of the importance of earned income is evident in long-standing government policies such as the minimum wage, unemployment insurance and the Earned Income Tax Credit. However, many policy makers, realizing that in today’s economy earned income often is not sufficient, are revisiting existing policies on job-related earnings and assisting with job-related expenses, such as child care.

Forward-looking state policies that will create and preserve an asset foundation through adequate income to stabilize family needs and eventually build wealth include:

*Florida’s Minimum Wage*  
*Kentucky’s State Income Tax Threshold*  
*Kansas’ State Earned Income Tax Credit*  
*New Mexico’s Unemployment System*  
*Arizona’s Child Care Subsidies for Working Parents*

**HUMAN CAPITAL: Strengthening Individual Capacity.** Targeted policy initiatives offering accessible and affordable education and training can strengthen the knowledge and skills of many who have traditionally been left out. Financial assistance programs can be targeted not only to traditional students, but also to adults. For those not ready to enter post-secondary education, opportunities to improve basic education and move on to advanced learning can be



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created. And for those struggling to find and maintain employment and build the work history necessary to advance to better jobs, programs targeting the incentives and supports to make this feasible are essential.

Innovative state policies that help build human capital through education and training, thus providing the wherewithal to enter and move up in the job market of the future include:

*Arkansas' Career Pathways*

*Kentucky's Adult Education Transition to Postsecondary Education*

*Arkansas' Workforce Improvement Grant Program*

*Georgia's HOPE Grant*

*Georgia's GoodWorks!*

*Florida's Passport to Economic Progress*

**WEALTH: Building and Securing Financial Assets.** Financial assets – savings and checking accounts, stocks and bonds, or even equity in property – play a crucial role in household economic well-being over the long term. However, significant numbers of families remain "asset poor." Key to building and preserving financial assets is access to sufficient and reasonably priced credit, the capacity and means to manage financial resources, and meaningful ways to accumulate and maintain wealth. In recent years many states have designed initiatives using a range of discretionary funds to increase savings, build financial literacy and management skills, and protect assets once they are accumulated.

Leading state policies that build wealth by securing financial resources to buy a home, start a business or new career, manage change in their lives and live securely in retirement include:

*Ohio's Elimination of Asset Tests*

*Louisiana's START Savings Program*

*Arkansas' Individual Development Accounts*

*Utah's Financial Literacy for Youth and Adults*

*Phoenix's Community Initiatives for Financial Independence*

*New Mexico's Home Loan Protection Act*