

# The State of Delaware & Asset Building



## IDA Learning Conference

September, 2004

Caroline E.W. Glackin, Ph.D.

Co-Chair, Governor's Task Force for Financial Independence (DE)

Director, Delaware Center for Enterprise Development, Delaware State University

[cglackin@desu.edu](mailto:cglackin@desu.edu)

302-857-6943



# Context – Political & Social

---

- Governor attuned to the needs of low- income and low-wealth households
- State Treasurer committed to financial literacy and self-sufficiency
- Small state in relatively good financial condition
- Many organizations providing services, but not necessarily coordinated
- First statewide task force to address the broad topic of asset building

# Context - Economic

---

- Poverty
- Wealth Inequality
- Financial Illiteracy
- Unbanked Households
- Insufficient Retirement

# History of the Initiative

---

- State Treasurer Markell adopts financial literacy as a key strategy of his office
- Delawareans Save! IDA Collaborative formed and implemented
- Other asset building efforts underway with little coordination of services
- Advocacy work with respect to asset building continues

# Purpose of Task Force

---

- Identify & explore current & proposed strategies to help people save money & build assets
- Pursue those strategies that will have the greatest impact & are most viable
- Formulate & advocate for any public policy efforts that are required for implementation
- Develop suggestions consistent with the highly restrictive state budget environment

# Process

---

- Governor Minner & Treasurer Markell agree to creation of Task Force for Financial Independence with gubernatorial appointees
- Glackin, Director of IDA lead agency, co-chair
- Task Force composed of 33 key leaders in public, private & not-for-profit sectors
- Research & strategy support from Corporation for Enterprise Development
- Financial support from Citibank

# Categories of Exploration

---

- Established by Steering Group
- Four Categories, Three Subgroups
  - Asset Facilitation
  - Asset Incentives
  - Asset Protection
  - Removal of Barriers to Asset Accumulation

# Operation of the Task Force

---

- Steering group met regularly for approximately 12 months
- Members invited in December 2001 for a series of 5 meetings of 3 hours each from January through May of 2002
- Introductory meeting with CFED for kick-off and brief break-outs for committees (pre-assigned)
- Task Force meetings started & ended as a whole with breakouts
- Background research by CFED & others
- Recommendations by subcommittees discussed with entire Task Force and selected by consensus
- Writing by steering committee based upon group input with final review by entire group
- Communication via email, telephone and in-person meetings
- Approval and endorsement by Governor

# Recommendations

---

- All either low or no cost to the State of Delaware
- Increase youth & adult financial literacy education
  - Provide financial fitness education to all state case workers & make available to state employees
  - Encourage employer support for work site-based education
  - Permit financial literacy as an approved TANF work activity
  - Encourage financial literacy and anti-predatory lending education as well as pre-purchase housing counseling
  - Support no and low-cost bank accounts
- Provide incentives for asset accumulation
  - Increase support of IDAs as funds become available
  - Support grant opportunities for children's' accounts
  - Support state EITC, IITC, and ongoing efforts for EITC

# Recommendations

---

- Increase protection of household assets
  - Encourage best practices for non-traditional lenders and debt managers
  - Provide support for mainstream and non-profit alternatives to high cost fringe banking
  - Investigate predatory practices and red-lining in insurance for homeowners
- Provide a safety net without holes for health insurance, particularly with respect to small business owners & employees
  - Easy-to-read list of resources for unemployed
  - Expand CHIP & CHAP & FQHC

# Implementation

---

- Governor endorsed all recommendations at a well-attended press conference
- Cabinet Secretaries sent representatives for Financial Fitness training to evaluate options
- Family Economic Self-Sufficiency study completed (MWUL), disseminated & adopted
- Financial literacy education is a TANF work activity (DHSS)
- “Don’t Borrow Trouble” campaign extended (Bank Commissioner serves as lead)

# Implementation

---

- Westside Health & Purdue providing financial literacy education in the workplace
- EITC outreach campaign (Nehemiah Gateway CDC lead) expanded & some state \$\$
- Financial Survival Guide for the Unemployed created (Citigroup with DE Department of Labor)
- Money School from Purses to Portfolios (Delaware Financial Literacy Institute & Citigroup) – October 23, 2004 – 1210 women registered in 1 week
- Children's savings account demonstration (SEED) at Boys & Girls Clubs

# Implementation

---

- Ways to Work (Nehemiah Gateway) program created to provide automobiles for employment transit
- Microenterprise curriculum used for IDA being introduced more broadly
- Delawareans Save! IDA Collaborative (First State CLF as lead) – 300+ Accounts opened with investors saving \$230,000+
- Fringe banking regulations introduced via State Banking Commissioner and passed in legislature
- State Chamber of Commerce creating pooled health insurance for small companies
- Insurance red-lining issues being pursued

# Next Steps

---

- Continue to follow-up on progress
- Possibly reconvene Task Force members to update & prompt for further action
- Continue advocacy across all sectors
- Highlight successes
- Learn from others
- Adopt strategic options

# Contact Information

---

## Caroline E.W. Glackin, Ph.D.

Director, Delaware Center for Enterprise Development  
School of Management  
Delaware State University  
1200 N. DuPont Highway  
MBNA America Bldg., Ste. 108  
Dover, DE 19901  
302-857-6943

[CGlackin@desu.edu](mailto:CGlackin@desu.edu)