

White Paper #2: Asset Building & Community Technology

The purpose of this paper is to inform community technology providers to the opportunities they have in interfacing with the evolving asset building programs across the State of Washington.

Any partnership must be grounded in a thoughtful appreciation of the public purpose, direction and structure of asset building programs, and a solid understanding of how these programs attempt to help low-income Washington residents with opportunities to improve their lives. Finally, the paper lays out several strategies for community technology agencies to develop partnerships with both the statewide and regional asset building providers.

What is Asset Building?

Asset Building is an array of community, non-profit, and private services that support low-income residents move toward self-sufficiency. Asset building projects working to find solutions to problems of injustice and poverty include: decrease predatory lending and increase savings for low-income households; earned income tax credit (EITC) outreach projects to increase filings; financial literacy training; homeownership counseling; and individual development accounts.

Foundations of Asset Building

Individual development accounts (IDA) are asset building's foundation. IDAs encourage working poor families who are trying to buy their first home, pay for college education or job training, or start their own business to make monthly deposits to savings accounts, and those savings are matched by a combination of public and private dollars, ranging from one to three dollars for each dollar. These projects have been successful. For instance, a pilot IDA program found that 2,378 low-income families saved more than \$838,000 and earned more than \$1.6 million in matching funds, a substantial amount considering the average monthly contribution by IDA account holders was \$40.

Asset Building in Washington

Currently in Washington the Department of Community Trade and Economic Development (CTED) is the main state agency advocating asset-building projects across the state. Furthermore, CTED organized a steering group that consists of a 25 people, representing various financial institutions, community organizations, public service agencies, and other public interest groups. As a unit, the steering group works to expand asset building and financial literacy projects, such as: developing private/public lending and Prosperity Products. Additionally, the steering committee works with market savings, smart borrowing, and EITC

CTED's currently Asset Building Projects:

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The IDA program helps low-income individuals and families move toward self-sufficiency through savings and investing. It is well known that assets provide security in wealth that has lasting value.

The EITC Campaign is a state and local program that CTED has been working with local coalition leads to ensure successful EITC outreach. Their 2006 tax season goal is to increase the number of filers by 5% across the state, which would result in over \$10 million in additional funds into the hands of low income workers.

Analysis of Asset Building/Community Technology

Asset building holds great promise for collaboration with community technology. In terms of fundamentals, the missions are comparative in both being directed towards customer skills (e.g. financial management, digital literacy) and individual outcomes. Additionally, asset building programs, such as counseling and financial planning lend themselves to a technology-based corollary, which is evidenced in the marketplace - think MS Money as a technology tool. There are, however, some gaps that must be bridged, including a lack of capacity in providers of both networks and that both “systems” have nascent statewide leadership, as evidenced by CCN’s start-up on our side of the fence.

What are the areas of greatest opportunity?

Technology already plays an important role in many aspects of asset building. Driven by the marketplace there are tested and sophisticated examples of online banking and bill paying, higher-end financial management literacy, and homeownership counseling. The reader will most likely have their own, regular online access to their bank accounts, 401(k) portfolio, automatic bill payment, etc. This provides community technology a solid model on which to create new tools aimed at our target audiences. The opportunity today rests with the fact that the marketplace has either ignored or chosen not to provide a range of beneficial technology tools to these sometimes hard-to-serve populations. Asset-building and community technology can use the innovations of the marketplace to build information and tools that respond to the specific needs of our customers.

These include:

- Tools: Financial management planners, budget tools, and calculators that assist users to be a more sophisticated customer of asset building services;
- Training: Online financial management training courses that help home-bound or busy clients participate or even supplement class-room based training.
- Advice & Support: Opportunities for users to interact with experts outside of face-to-face appointments or seek advice from within a community of users

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A key consideration in this area is that community technology must serve the purposes of asset building programs by extending, enhancing and improving the delivery of their services. Community technology centers become remote classrooms and access points to asset-building programs. However, fundamental to this relationship is the need for community technology to create usable content in the form of online information and tools. Without content there is an awkward and limited marriage between both parties. It is the creation of indispensable online tools that leads to a rich eco-system of content providers and users.

What are the biggest barriers to community technology participation in asset building?

A critical first issue is that there is not yet a guiding North Star that leads to collaboration between both CT and asset building. Leadership in the asset building arena, as evidenced by the coalitions discussed above, is diffuse and focused on building internal capacity, rather than striking out into strategic partnerships. Without a clarifying vision (and demonstration of that vision in practical reality) engagement will be limited and “catch-as-catch-can”.

Another barrier is within CT itself and its focus on public access and training, and not as content producers. While there are technology programs that use content generation as part of their youth programming, much of this content has been focused on individual, cultural or community awareness, rather than using technology as a platform to build functional asset building tools. While asset building tools, such as family budgeting, are relatively generic and not subject to much geographic variation it will be up to CT providers, either centrally or through local partnerships, to lead the adaptation/creation and adoption of functional content.

A third barrier is that even if there could be the production of functional online asset building content is that there are no standards or even impetus for asset building to roundly adopt them. For the sake of efficiency and scale it makes sense to create a core groups of statewide tools, but this would then lead to the need to “sell” the their usage region-by-region, a tedious process at best.

This lack of centralized standards is a function of where asset building (and CT) falls within the life cycle of their evolution. This leads to the last barrier is that asset building, like CT, is more a loose confederation of organizations with similar sounding programs, rather than ascribed point-of-view, funding resources and programs. This suggests that rather than a general engagement between CT and asset building we look for specific opportunities of partnership that can demonstrate a broad future collaboration.

What are barriers to increasing CT support in this area and can they be addressed?

The first barrier is the lack of a product to offer asset building. Simply put there are a number of ideas around technology usage within asset building, but there is little sophistication or experience on the asset building side to build and implement these ideas.

On the CT side there is also limited experience, apart from the Action Team members of CCN themselves.

Next is that there are currently no definite partnerships between CT and asset building. This is due to the fact that there are no products, so limited conception of how CT providers could assist in the goals and mission of asset building.

Lastly, current funding efforts for asset building are focused internally – rightfully so – on their capacity and statewide muscle, rather than on building CT products.

All three of these barriers have a single solution of developing a short-term win within a core group of motivated asset-building/CT providers who are willing to work on building and then utilizing a CT product. This group will have to narrowly define the scope their partnership, seek funding, build/adapt and test a tool and then implement under an evaluation plan that provides enough data points to convince the wider audience of the utility of technology within asset building.

How can Community Technology Providers Partner with the Asset Building?

Community Technology providers have much to offer to the asset building programs in terms of providing high quality online information and tools, as well as supportive technology-related training services and facilities that can act as remote resource centers that provide additional access points into the system.

First, CT providers should play a role in **supporting the establishment of asset building objectives in state and local economic development and human service programs.**

Second, CT providers should create an immediate program of action with a small group of asset building actors to begin to **build tools that change lives and demonstrate what is possible for the rest of the state** (and funders).

Third, CCN should lead an effort within the corporate community that helps **direct technology-related services offered by the marketplace for the benefit of low-income communities.**

Policy Recommendations

Any policy conversation with asset building leaders should hinge on the message/fact that *“CT is good for asset building, and asset building is good for CT.”*

This requires that CT providers consider joining the current asset building policy and legislative agenda by focusing on the ability for CT to help asset building implement more effectively and efficiently. This requires a focused set of interactions, such as training enhancement, peer-to-expert or even peer-to-peer support, consumer planning tools or

promotional/publicizing alternative access points to lower barriers of access for asset building projects.

Program Recommendations

There needs to be a common recognition between asset building and CT providers on common goals and programs, which is just beginning to be developed. Without the evolution of that conversation CT will not receive the “doubling” effects of alignment with another social movement; thereby increasing profile, funding potential and *touch* with the consumer. Absent the final alignment of goals, there are three program recommendations for CT providers to consider when working within asset building arena.

A first note, **don't do it alone** – seek out and find a program sponsor/partner that has a focus on asset building in your community. The most common are EITC/tax refunds, homeownership, Individual Development Accounts/financial literacy training, and small business support. Get to know their clientele and find the similarities and differences between who is enrolled in your program, and even get data on understanding technology penetration, digital literacy skills and needs to inform where clients would interface with the technology. Based on the partnership discussions, a direction will evolve.

1. **Enhance Programmatic Access** – while more acute in rural communities due to geographic barriers, there is often a time and presence barrier for clients to receive asset-building support services. While suggested next is an enhancement of how clients receive supportive services, CT providers can begin to enhance asset building by providing users to alternative access points. One method is combining existing digital literacy skill development with access to asset building services. For example, using (or building) online financial literacy training with teaching digital literacy skills, such as creating a class about using online banking/budgeting to teach tech skills and financial skills. In this regard, working with asset building programs to have a portion of the class taught by the CT staff and the other part taught by the asset building staff would be particularly effective. This is also most relevant to homeownership and IDA programs.
2. **Enhance Consumer-side Support** – technology plays an immediate and profound role of connecting people with each other and with “content editors”, or those that filter content for interest audiences. One of the better know examples is the creation of online mutual support communities around healthcare, such as diabetes management. In this regard, a CT provider, using practical (and free) web-based tools to enhance asset building programs by building and managing communities of users interested in connecting around a subject. This can be further enhanced by enrolling asset building staff to actively participate in the community, as well as taking a lead in managing the content. In this area, this could include online forums, social networking features, chat, listservs (perhaps a bit mid-90s), and even live events through training and discussions.

- 3. Enhance Consumer Management** – the ultimate expression of asset building success is the self-management of one’s assets, such as a home, small business or education. Technology has given the middle-class a full-range of tools to manage their financial life, and for the CT provider this offers a rich resource for creating or at least providing support and management for tools designed for the poor. Examples include online tax preparation software to family budgeting to eligibility tools for loans, etc. The CT provider could work directly with asset building providers to design and develop these tools; something as simple as a database of providers and simple eligibility tool or something more complicated in replicating a more complicated management tool (i.e. deduction finder) for low-income audiences. The other aspect of this approach is taking a mutually-agreed upon tool and being the technology provider to an asset-building program, through training clients, helping clients use the tool and providing an access point for its use. This also could include back office management functions, as well.

CCN/Corporate Council Recommendations

Asset building is an area ripe for corporate partnerships and supports. Beyond the traditional banking relationships there is potential for collaboration with mortgage and insurance companies, universities, financial service providers, etc.

The bottom line of these relationships are improving either the image or expanding market opportunities for these companies. In the regard of asset-building, that fits perfectly with the missions of the nonprofit providers, with the caveat of a well-informed and empowered consumer to make positive decisions for themselves.

CCN has a role to play to create either funding, expertise or content flows from market-based partners into the programmatic relationship between the CT provider and potentially the asset building partner. For instance, if a CT provider was focused on financial literacy with an asset-building partner, CCN should help structure a service provider (bank, financial advisory company, etc.) to provide sponsorship and content support for that relationship; everything from online content, volunteer experts and funding in exchange for branding opportunities.

The key in this regard is the creation of a set of focus areas within asset building that reflects programs on the ground. Without that being established it is much harder to sign up a corporate partner and then chasing functionality/capacity on the ground.