

Connecticut Asset Building Collaborative

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Recommendations supporting

Stable Families and a Strong Workforce

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Since 2013, the Connecticut Asset Building Collaborative (CABC) has been the state's leading organization to connect financial literacy practitioners and thought leaders to promote policies and practices that ensure stability for Connecticut families. The CABC supports Governor-elect Lamont's proposals to increase the minimum wage and establish paid family and medical leave. These measures will increase the financial stability of Connecticut families, address growing economic inequality and build a robust workforce that can earn and save towards higher education, home-ownership, retirement and emergency saving funds. To maximize the impact of these policy changes, they must be bolstered with broad family economic security and workforce development initiatives. Ensuring the vigorous financial health of Connecticut families will enhance the state's economy with a strong consumer base and reliable workforce for Connecticut businesses and employers.

The following summarizes CABC's policy and best-practice recommendations to expand opportunities for Connecticut families and enhance the incoming administration's policy agenda to raise the minimum wage and mandate paid family medical leave:

1. Support Financial Health of Low/Moderate Income Consumers

- Promote strategies to reduce the burden of consumer debt and increase savings.
- Increase publicity and expand the Volunteer Income Tax Assistance Program.
- Support replication of the Financial Empowerment Center model.
- Reduce/remove state imposed asset limits and benefit cliffs in public benefit programs that are disincentives for saving and employment.

2. Encourage Banks to Better Serve Connecticut Families

- Promote and replicate the New Haven BankOn program (a national model encouraging banks to develop safe and affordable accounts with no overdraft capability and assist consumers to learn about and access these accounts)
- Take steps to integrate BankOn options into state level programs that provide payments.

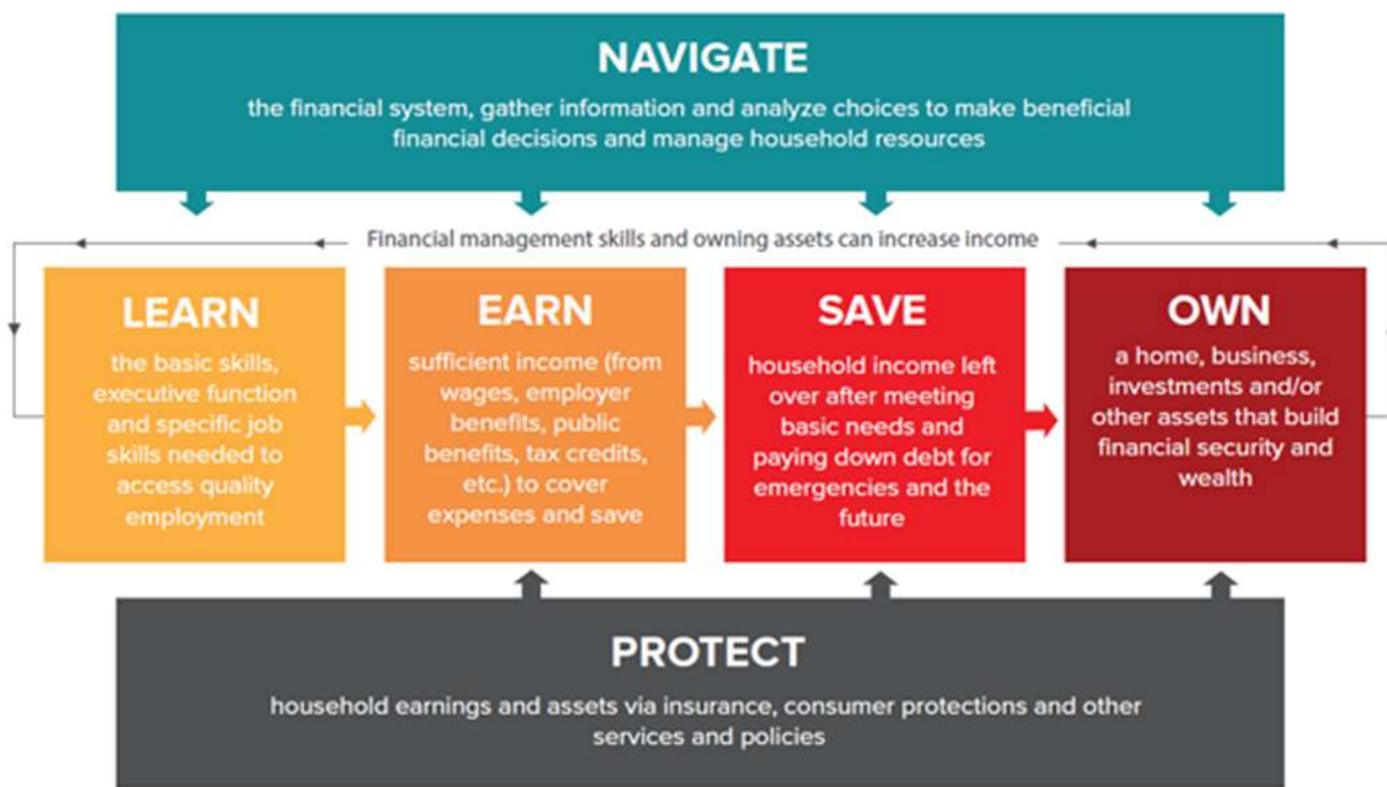
3. Complement the Increased Minimum Wage and Family and Medical Leave Benefits with Additional Workforce Supports

- Create a state-wide fund to assist employees with family crises and emergencies
- Support expanding access to benefits for traditional employees and the self-employed, such as buy-in to large group purchase health insurance pools and developing retirement savings accounts through the Connecticut Retirement Savings Board.
- Create tax-incentives for small business that can be used for workforce support and development.

The Connecticut Asset Building Collaborative bases its work on the Household Financial Security Framework created by [Prosperity Now](#) (formerly the Corporation for Enterprise Development - CFED). The following white paper outlines the Household Financial Security framework and provides relevant data¹ about Connecticut, current programs and best practice, and policy recommendations for the Lamont administration, Treasurer’s Office, and Connecticut General Assembly to support the financial security of all Connecticut residents.

The Collaborative is eager to partner with the Lamont administration, the Treasurer’s Office and the Connecticut legislature. To further discuss the recommendations in this paper, please contact Joy Duva at jaduva@yahoo.com.

More information about the Collaborative is on the final page of this white paper and on our [website](#).



¹ From the Prosperity Now Scorecard – [Connecticut data](#)

NAVIGATE:

Know how the financial system works, how to gather financial information and analyze it to make beneficial financial decisions and manage household resources effectively

Households need:

- Timely access to relevant financial information, knowledge and skills i.e financial coaching or financial education
- Educational and parental activities that build children's executive function from early childhood through adolescence

Data²

- 47% of Americans are spending more or equal to their income
- 45% of Americans do not have enough savings to cover three months of expenses
- 30% of Americans say they have more debt than they can manage
- 36% of Americans are unable to pay all their bills on time

Active programs

- ✓ Financial Education in the schools
- ✓ [Connecticut JumpStart Coalition](#)
- ✓ [CAHS CT Money School](#)
- ✓ The [Village's Family Financial Center](#), Hartford
- ✓ [Financial Empowerment Center](#), New Haven
- ✓ [LifeBridge Community Services](#), Bridgeport
- ✓ [UConn Extension](#) Financial Education Program
- ✓ [Connecticut Saves Campaign](#)

Examples of best practice

Financial coaching is an approach to helping consumers set financial goals and plan concrete action steps to achieve short and long term financial goals. Consumers increase knowledge and gain skills in personal financial management. Coaches can be trained volunteers or paid staff. A [study of financial coaching](#) funded by the Consumer Financial Protection Bureau found that financial coaching led to gains in financial behaviors; objective metrics like savings, debt levels, credit scores; and subjective feelings of financial confidence and well-being.

Financial Empowerment Centers -- This model has been replicated in cities across the country with the support of the [Cities for Financial Empowerment Fund](#). New Haven received a planning grant of \$20,000 from the Fund resulting in [The New Haven Opportunity Center](#). It has been operating over the past two years and provides financial coaching, financial education, and connection to other community resources. A [study of Financial Empowerment Centers](#) in five cities found that people who availed themselves of financial counseling succeeded in opening bank accounts, reducing debt, improving credit and increased savings.

How can Connecticut do better?

- ✓ Support continuation of training staff of public and private social service agencies on the [CFPB Financial Empowerment Toolkit](#)
- ✓ Support the replication of the Financial Empowerment Center model across Connecticut

² Data from www.cfsinnovation.org

LEARN:

Acquire the basic skills, executive function and specific job skills needed to access quality employment

Households need:

- Quality, affordable early childhood and K-12 education
- Financing/support for postsecondary education (e.g., financial aid, Children's Savings Accounts)
- Job training and apprenticeship programs

Data

- In Connecticut, single parents pay 48.7% of their income for infant center care
- The cost of infant care in Connecticut is more than the annual cost of college tuition at a four-year college.
- 87.4% of Connecticut students entering high school in the 2012-13 school year graduated in the class of 2016
- 8.5% of young adults, aged 16-24, in Connecticut are neither in school nor employed
- 3.98 times as many of the richest 20% of adults in Connecticut have a 4-year degree compared to the poorest 20%

Active programs

In addition to Connecticut's public school systems, community colleges and universities:

- ✓ Staffed family child care networks like [All Our Kin](#),
- ✓ [CHET Baby Scholars](#)
- ✓ Government agencies like the [Office of Early Childhood](#); policy groups like the [Early Childhood Alliance](#), and philanthropic coalitions like the [Early Childhood Funders Collaborative](#).
- ✓ Job Training programs like [Career Resources-STRIVE](#), [ConnCAT](#)
- ✓ Education and Skills through Adult Ed

Examples of best practice

[All Our Kin](#) is a nationally recognized, Connecticut-based nonprofit organization that trains, supports, and sustains community childcare providers in order to ensure that children and families have the foundation they need to succeed in school and in life. Through its programs, childcare professionals succeed as business owners; working parents find stable, high-quality care for their children; and children, the workforce of tomorrow, gain an educational foundation that lays the groundwork for achievement in school and beyond.

[ConnCAT](#) prepares youth and adults for educational and career advancement, through after-school arts, and job training programming. Jobs programs include phlebotomy, medical billing, and culinary arts.

How can Connecticut do better?

- ✓ Fully fund the Care4Kids child care subsidy program and expand eligibility limits
- ✓ Implement a refundable Child Tax Credit
- ✓ Limit CHET Baby Scholars to low-income families and auto-enroll newborns
- ✓ Coordinate VoTech schools with employers and job placement programs

EARN:

Earn sufficient income to cover expenses and save; may include wages, employer benefits, business income, public benefits, tax credits and investment income

Households need:

- Opportunities and support for acquiring education and job skills
- Available quality jobs and business opportunities
- Affordable, reliable services that facilitate work (e.g., transportation, child care, stable housing)
- Access to public benefits and tax credits

Data

- 14.0% of jobs in Connecticut are low-wage jobs
- 2.01 times as many workers of color in Connecticut are unemployed compared to white workers
- 9.8% of Connecticut workers are underemployed

Active programs

- ✓ Immigrant placement programs like at [IRIS](#), [CIRI](#)
- ✓ [Workforce Development Boards](#)
- ✓ [Career Resources, Inc.](#)
- ✓ [Bureau of Rehabilitation Services](#)
- ✓ [TANF Case Management Program](#) assist recipients of Temporary Family Assistance through intensive, solution-focused case management that reduces barriers to sustained employment.

Examples of best practice

Waterbury is among five \$450,000 grant winners from The Federal Reserve Bank of Boston's [Working Cities Challenge](#), a competition for Connecticut communities to improve the lives of low- and moderate-income residents. Each of the five winning cities— Waterbury, Danbury, Hartford, East Hartford and Middletown— will receive multiyear grants of \$450,000 to support programs designed to bolster their economic equality and workforce development. The Working Cities effort in Waterbury is going to address the economic and racial inequalities that have devalued the once-vibrant River Baldwin neighborhood in the city's south end.

[STRIVE](#) provides a three-week attitudinal job readiness course in a simulated work environment, emphasizing personal accountability; includes case management, job leads and two years of follow-up support. Programs are located in Bridgeport, Waterbury, Hartford and New Haven.

[TANF Case Management Program](#) is a statewide home-based case management designed to promote self-sufficiency and child well-being provided by the Connecticut Council of Family Service Agencies through support from the Department of Social Services and Department of Labor.

How can Connecticut do better?

- ✓ Increase minimum wage including wages for tipped workers
- ✓ Maintain and increase funding for Bureau of Rehabilitation Services
- ✓ [Eliminate LIHEAP and TANF asset tests](#)
- ✓ Expand refundable tax credits such as EITC, CTC. Turn deductions into refundable credits
- ✓ Expand access to portable benefits
- ✓ Implement a [state level caregiver tax credit](#)

SAVE:

Set aside household income left after meeting basic needs and paying down debt for emergencies and long-term savings for assets, college savings and retirement savings

Households need:

- Affordable and accessible financial products and services
- Incentive programs that help savings grow, such as CSAs and IDAs
- Income that is sufficient to meet basic expenses, with some left over

Data³

- Only 44% of Connecticut residents save regularly, and 48% have no rainy day fund
- 27% have some type of debt in collections, 31% only pay minimum amount due on credit cards, 15% have overdue medical debt, and 22% use non-bank borrowing
- 6.2% are unbanked, and 14% are underbanked
- Averages disguise extreme income/racial inequality. e.g: 18% of New Haven residents are unbanked, and 30% of non-white New Haveners. Only 20% white New Haveners have debt in collections, but 49% of non-white residents do.

Active programs

- ✓ [BankOn New Haven](#)
- ✓ [Connecticut Saves](#), [SaverLife](#), [Trusted Advisor](#), [VITA](#) and [MyFreeTaxes.com](#).

Examples of best practice

[BankOn New Haven](#) promotes safe, affordable bank accounts by partnering with banks to develop products that meet the needs of low income consumers.

[Connecticut Saves Campaign](#) encourages residents to increase their savings to reduce financial vulnerability and move closer to their short and long term goals.

[SaverLife](#) is an online program that kickstarts a habit of saving and promotes positive financial behavior, backed by monetary incentives. California recently enacted policy creating state infrastructure to broaden retirement savings: [CalSavers](#). The UC Berkeley Labor Center estimates with the increased \$15 minimum wage, [Calsavers may increase retirement savings by 50%](#).

[VITA](#) and [MYFreeTaxes.com](#) are no cost tax preparation services

How can Connecticut do better?

Promote savings

- ✓ Promote innovations in banking such as [Bank On](#) and view-only accounts to reach underserved populations including low-income and disabled.
- ✓ Maintain/increase funding for the Rental Assistance and Rent Rebate programs.
- ✓ Promote [Connecticut Saves](#), [SaverLife](#), [Trusted Advisor](#) and [MyFreeTaxes.com](#).
- ✓ Increase resources to be able to expand [VITA](#) free tax preparation programs
- ✓ Expand access to retirement savings through [Connecticut Retirement Security Authority](#) and related policies for small businesses and self-employed individuals.

Address debt burden

- ✓ Provide funding for state-wide free financial counseling/debt management support
- ✓ Replicate [San Francisco Financial Justice project](#) reducing burden of municipal/court fines and fees on families that are struggling financially.
- ✓ Support debt-free college options.
- ✓ Promote initiatives that [report rent payments](#) to credit bureaus.

For more information see recommendations by the [Aspen Institute](#) and [Prosperity Now](#).

³ Data from FINRA, Urban Institute and DataHaven

OWN:

Acquire a home, business, investments and/or other assets that help build financial security and wealth

Households need:

- Affordable options (e.g., subsidized housing, low minimums for investments)
- Access to affordable financing for mortgages and business loans
- Incentives/supports for asset purchases (e.g., downpayment assistance, tax benefits, IDAs)
- Preparation/skill-building prior to purchases (e.g., first-time homebuyer classes and business training)

Data

- 2.08% of mortgage loans issued in Connecticut are in foreclosure
- 3.7% of mortgage loans issued in Connecticut are high-cost
- 30.8% of homeowners in Connecticut are cost-burdened
- 51.3% of renters in Connecticut are cost burdened
- 16.6% of the Connecticut labor force own a microenterprise
- 1.54 times as many white workers in Connecticut own a business compared to workers of color

Active programs

- ✓ Neighborhood Housing Services ([New Britain](#), [New Haven](#), [Waterbury](#))
- ✓ Community Development Finance Institutions: [Capital for Change](#), [Housing Development Fund](#), [START Bank](#)
- ✓ [Women's Business Development Council](#)
- ✓ [HEDCO Inc.](#)
- ✓ [CCFSA](#)'s Housing Mobility Counseling and Search Assistance program provides free tenant education, mobility counseling and housing search assistance to encourage families to move from areas of low opportunity to those of higher opportunity for eligible participants in the Department of Housing's rent subsidy programs.

Example of best practice

[Iowa legislation to support business conversion to employee ownership](#) – This bipartisan legislation reduced the state's corporate income taxes for retiring business owners when they sold to the employees and managers through an employee share ownership plan. The Iowa effort mirrored an existing tax incentive at the federal level. Iowa also offered modest funds for feasibility studies to help business owners and their employees work out specific implementation. This has been applied in many sectors including agriculture and manufacturing. Versions of this policy are now under consideration with bipartisan support in New Jersey and several other states

How can Connecticut do better?

- ✓ Focus on ownership opportunities for vulnerable and marginalized groups, eg women, race, gender disability
 - Financial Counseling for home buyers and first time home buyers
 - Expand small business training and start-up capital

PROTECT:

Protect—through insurance, consumer protections, financial service regulations and other services and policies—what households earn, save and own against loss of income or assets, significant expenses (e.g., high medical costs) and predatory practices

Households need:

- Access to affordable, quality insurance, including unemployment, disability, health and homeowners'/renters' insurance
- Policies that protect consumers and regulate financial services
- Access to services that help address financial emergencies (e.g., foreclosure prevention programs, emergency loans)

Data

- 27% have some type of debt in collections, 31% only pay minimum amount due on credit cards, 15% have overdue medical debt, and 22% use non-bank borrowing.
- 64.7% of people in Connecticut have employer-provided health insurance
- 9.9% of adults in Connecticut could not see a doctor due to cost
- 5.7% of Connecticut residents are uninsured, and 4.7 times as many of the poorest 20% in Connecticut are uninsured compared to the richest 20%

How can Connecticut do better?

- ✓ Create ways for traditional employees and the self-employed to access affordable benefits and cope with financial emergencies.
 - Create tax-incentives for small business for workforce support and development
 - Encourage employers to develop [affordable loan/grant programs](#) and/or create a state-wide fund to assist employees with family crises and emergencies
 - Support expanding access to benefits for traditional employees and the self-employed, such as buy-in to large group purchase health insurance pools and developing retirement savings accounts through the Connecticut Retirement Savings Board.
- ✓ Maintain existing Medicaid eligibility levels and promote policies that make the sign-up and annual renewal process as user-friendly as possible.
- ✓ Help people manage consumer debt:
 - Support municipal efforts to reduce predatory lending practices as in [Miami](#).
 - Maintain existing consumer debt protection laws, including cap on interest rates, and take further steps:
 - Require verification of debt ownership before initiation of collections actions
 - Offer free legal assistance to consumers sued by debt collectors
 - Limit assets that can be taken in debt collection – see [here](#) for specific actions.
 - Maximize protection of assets in debt collection situations
- ✓ Minimize burden of criminal justice debt:
 - Review criminal justice fines and fees and ensure that judicial system is fully funded to avoid courts seeking to fund themselves through such fines and fees. See www.cjdebtreform.org.
 - Remove provision that criminal justice involved people must pay all fines/fees before becoming eligible to vote.

For more information see recommendations by [CTHealth](#), the [Aspen Institute](#) and [Prosperity Now](#).

About the Collaborative

The **Connecticut Asset Building Collaborative** is an effective network of public, private, and non-profit organizations and partners that promotes programs, services, and policies that help low and moderate-income individuals and families achieve financial security.

Our Vision

All families and individuals in Connecticut are able to effectively manage their personal finances, and are equally empowered to take advantage of a broad range of opportunities to build wealth.

The Collaborative educates, advocates and shares best practices to support organizations building shared prosperity. The Collaborative conducts Peer Learning sessions, Regional Meetings, writes policy briefs, maintains a [website](#) and sends a quarterly newsletter.

In conjunction with the Lamont and Wooden administrations, and with committed funding, the Collaborative can take a more active role in developing a network of nonprofit, public and private sector organizations supporting stable families and a strong workforce, including:

- Develop an up-to-date inventory of participants in the field
- Identify and fill gaps based on our breadth of membership, expert network and longstanding role in the field.
- Convene nonprofit, public, private and philanthropic sectors to advance these strategies.

The Steering Committee includes the following members who meet bi-monthly:

- Joyce Armstrong, Retired, [Bureau of Rehabilitation Services](#)
- Gloria Caesar, [Connecticut Association for Human Services](#) (CAHS)
- Rosa Carrero, [Liberty Bank](#)
- Cassandra DeFelice, [Connecticut Council for Family Service Agencies](#)
- Steven M. Diaz, [United Way of Central and Northeastern Connecticut](#)
- Joy Duva, Management Consultant
- Andrew Geisert, [LifeBridge](#)
- Annie Harper, [Connecticut Mental Health Center Financial Health Project](#)
- Dave Hinchey, [Credit Union League of CT](#)
- Leah Mayor, [Asset Funders Network](#)
- Michelle McCabe, [Center for Food Equity and Economic Development, The Council of Churches of Greater Bridgeport](#)
- Claire Morduch, [Nonprofit Consultant](#)
- Amos Smith, [Community Action Agency of New Haven](#)