INSIGHT

CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

Wealth in Sight: A Strategy for Improving Assets for Delaware's Residents

Final Report – Public Version

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FOR YWCA DELAWARE AND THE DELAWARE ASSET BUILDING GROUP

The Insight Center for Community Economic Development is a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities.

We work in collaboration with foundations, nonprofits, educational institutions and businesses to develop, strengthen and promote programs and public policy that:

- Lead to good jobs—jobs that pay enough to support a family, offer benefits and the opportunity to advance
- Strengthen early care and education systems so that children can thrive and parents can work or go to school
- Enable people and communities to build financial and educational assets

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Note: Methodology-specific documents are not included in the appendix of the public version of this report.

Executive Summary

As a small state with significant resources, Delaware is in a special position to help make one part of the American Dream a reality: building economic assets. Building on the foundation of current vision and asset strategies already underway, Delaware's families can develop and maintain the economic assets that lead to security for this and future generations.

One of the first steps in creating that vision was the development of the *2002 Governor's Task Force for Financial Independence* report. Many of the recommendations in that report have been implemented, among the most significant:

- Creation of the Earned Income Tax Credit (EITC) Outreach campaign throughout the state, with spokesperson State Treasurer, Jack Markell, and lead agency, Nehemiah Gateway Community Development Corporation, which also links EITC recipients to new savings accounts
- The extensive Delaware Money School classes offered by the Delaware Financial Literacy Institute and its partners, forming the basis for a statewide financial literacy publicity campaign
- Enacting the state Earned Income Tax Credit, which supplements the federal EITC by 20 percent
- Expansion of the Healthy Children Program (CHIP), the Community Health Access Program (CHAP), and the opening of a fourth federally qualified community health center, all of which expand health care access, a necessary measure to protect existing assets.

Despite these strong steps, many other 2002 recommendations remain unfulfilled. The Delaware Asset Building Group Steering Committee, with funding from the Jesse Ball duPont Fund and the United Way of Delaware, and leadership from YWCA Delaware, is taking the lead to develop a strategy and a coalition to move Delaware forward in its asset building efforts. One part of the strategy has been to commission this study to analyze the gaps between the asset building needs of Delaware families and the resources and policies currently in place.

Some of the asset building challenges and needs of Delaware families include:

- Falling rates of savings, in part due to the overall weak economy
- Rapid rise in the number of home foreclosures, similar to most other parts of the country
- Very low rates of business ownership and one of the lowest rates of business start-ups of any state
- Racial and ethnic disparities in asset accumulation (e.g., lower rates of savings and business ownership, as well as lower homeownership rates and median housing value among Delaware's African American and Hispanic/Latino families, even when controlling for income).

Existing programs and policies have gone far in addressing some of these challenges. And yet even more can be done. We recommend the following steps to meet Delaware's asset building challenges:

- Increase the financial asset limits for recipients of Temporary Assistance for Needy Families, or eliminate the limits altogether
- Increase the number of financial education classes in Spanish, especially in Kent and Sussex Counties, and create more customized approaches with Delaware's diverse communities
- Expand credit and debt counseling that links Delaware families to appropriate financial resources
- Make the state Earned Income Tax Credit (EITC) refundable and better link it to the federal EITC
- Strengthen the current Individual Development Account (IDA) program by providing state funding and greater flexibility
- Require homebuyer education for first-time homebuyers and financial education for high risk borrowers
- Create a task force to reinvigorate small business development
- Ensure a level playing field for minority- and women-owned businesses in state and local procurement
- Develop quick, actionable, steps for the foreclosure prevention task force and broaden the task force to include a deeper partnership among nonprofit organizations and faith-based communities
- Create a cross-sectoral, long-term statewide asset building coalition.

Section I

Project Background and Rationale

The Value of Assets

Individual and community resources such as businesses, retirement accounts, pensions, homes, investments, cars, savings accounts, and land—all economic assets—influence financial well-being, opportunities for future gain, the capacity to withstand hardship, and the transfer of wealth between generations. The opportunity to build and pass on assets is a cornerstone of America's promise to its citizens. And, from the Homestead Act and the G.I. bill to tax deductions for home owners, government policies have played an important role in helping individuals and families build and protect assets. The federal asset-building outlay, including the home mortgage interest tax credit, was $367 billion in 2005.

Sadly, many of the policies designed to build assets have been inaccessible to low- and moderate- income families. Without the opportunity to build sustainable assets, many individuals and families are left on the brink of poverty in the event of an unexpected emergency. Changes in asset policy, however, could enable these individuals and families to take advantage of programs designed to help them accumulate wealth and build true economic security. These changes would have long-term effects not just for particular individuals or families, but also for their communities and future generations in those communities.

Report Purpose

Public agencies, private for-profit companies, and non-profit agencies in Delaware offer a range of services to assist financially vulnerable populations in building and protecting assets. However, the resources available in the current policy and program environment are not sufficient to address the need.

This report describes the current gap between asset-building resources and the needs of individuals and families of low or moderate income in the State of Delaware. The report includes recommendations for strengthening the programs and policies that will help all Delawareans gain financial assets. It is our hope that experts and practitioners throughout Delaware will be able to use this information to prioritize the research-based recommendations included in this report and create a business plan outlining a high-impact program and policy agenda to assist financially vulnerable populations in building and protecting assets.

Research Methods

To prepare this report Insight Center staff gathered both quantitative and qualitative data to provide a comprehensive analysis. In January, 2008, Insight Center staff met with many of Delaware's asset-building leaders to discuss the goals of this project and to assess what other work is underway related to assets in Delaware. Then, staff reviewed previous documents that assessed the asset policies and programs of Delaware, such as the *2002 Governor's Task Force for Financial Independence* report and the *2007-2008 Asset and Opportunity Scorecard*, which offers an analysis of state asset-building policies for all 50 states.

Third, staff gathered and analyzed statistical data on the state and county levels of various financial and non-financial assets held by households. Wherever possible, staff collected comparison information by demographic differences and at the national level.

Fourth, Insight Center staff collected both qualitative information and, wherever possible, quantitative information about existing programs and policies. Dozens of programs were scanned, through individual calls, web searches, and materials.

Fifth, staff conducted one-on-one interviews with key stakeholders in asset development at the local and state levels, including directors of asset programs, to identify resources and gaps in Delaware's asset programs and policies. Introductions to these organizations were made by the YWCA (see Appendix B).

Finally, to ensure that the information collected at the state level was relevant to individual experience, staff organized focus groups with low- to moderate-income people in each county of Delaware.

This report lays out the findings from each of these research methods, and concludes with recommendations based on all of the findings.

Including Communities That Have Historically Been at a Disadvantage

This report investigates disparities in asset-building among racial and ethnic groups and between genders. Across the nation there are significant gaps between the asset levels of whites and people of color and between men and women. For example, the net worth of women-headed households is 60 percent that of male-headed households.[1] The median net worth of people of color in the United States is between 10 and 18 percent of the median net worth of whites, depending on how it is measured.[2] And the rates of asset poverty—the inability to stay above the federal poverty line for three months without any income—are much higher for women and people of color than for men or whites. While 16.6 percent of white households are asset poor, 39 percent of Latino households and 43 percent of African American/Black households are asset poor.[3]

This project deliberately assessed current policies and programs in light of these racial, ethnic, and gender disparities, and developed recommendations that will not only improve asset-building strategies for the state as a whole, but will specifically address the disparity between demographic groups in Delaware. Given the slightly higher percentage of the population that is female compared to male; the growing proportion of families headed by women; and the growing proportion of Delaware's population that is African American or Latino, it is all the more critical to address gaps in income and wealth among races, ethnicities, and genders in Delaware.

Snapshot of Delaware

This section provides a snapshot of the state of Delaware to offer some context to the description of asset-building policies and programs later in the report. Delaware has an estimated 870,000 people in 2008[4]. Bordered by Pennsylvania, New Jersey, and Maryland, the "Diamond State" is less than 100 miles long and 35 miles wide and includes a large amount of shoreline along the Delaware Bay. The state includes three counties: Sussex and Kent Counties, which together are traditionally considered southern Delaware, and New Castle County, in the north. New Castle County includes two of Delaware's major cities, Wilmington and Newark, with populations exceeding 70,000, and 30,000, respectively. Kent County includes Dover, the second most populous city, with 35,000 residents.

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[1] "Net worth" is the value of assets minus liabilities. CFED (2007). *Guide to the 2007-2008 Asset Scorecard.* CFED. Retrieved July 29, 2008. http://www.cfed.org/imageManager/scorecard/2007/scorecard_guide_web.pdf.

[2] See for example: Bucks, B. K., Kennickell, A. B., and Moore, K. B. (2006)."Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances," *Federal Reserve Bulletin, vol. 92*, Table 3. Retrieved May 2, 2007. http://www.federalreserve.gov/pubs/bulletin/2006/financesurvey.pdf. See also Kennickell, A.B. (2006). "Currents and Undercurrents: Changes in the Distribution of Wealth, 1989-2004," *Survey of Consumer Finances Working Paper.* Retrieved May 2, 2007. http://www.federalreserve.gov/pubs/feds/2006/200613/200613pap.pdf. See also Section II, page 8, of this report, for our estimate.

[3] CFED (2007). *2007-2008 Assets and Opportunity Scorecard.* CFED. Retrieved July 29, 2008. http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2471.

[4] Delaware Population Consortium (2007). "Single year projections 2000-2030 by County, gender, and race, October 23, 2007. Retrieved July 29, 2008. http://stateplanning.delaware.gov/information/dpc_projections.shtml.

According to the 2006 American Community Survey, Delaware's median household income in 2006 was $52,833, compared to $48,451 for the U.S.[5] In Delaware, 7.6 percent of families and 11.1 percent of individuals fall below the Federal Poverty Level, compared to 9.8 percent of families and 13.3 percent of individuals nationwide. The median age of Delawareans is 37.5 years. The majority of residents are white, non-Hispanic (69 percent) but the population includes significant percentages of individuals from other racial or ethnic backgrounds: 20 percent are African American/Black; 6 percent are Latino; 3 percent are Asian American; 1.2 percent report being two or more races; 1 percent falls into other categories.[6] There are slightly more women than men in Delaware (51.5 percent and 48.5 percent, respectively).

Sussex County has a population of 180,288, and is predominantly rural. In Sussex County, the 2006 median household income, $46,876, is nearly $6,000 below the statewide median household income. A total of 8.5 percent of families and 11.2 percent of individuals live below the poverty level, slightly higher than proportions at the state level. Sussex County has a slightly lower percentage of African Americans/Blacks, (13.2 percent), than state totals. Latinos make up 6.1 percent of the population, similar to the state overall.[7]

Kent County includes the city of Dover, which is the state capital. Kent County has a population of 147,601 residents and a large portion of them live in rural areas. In Kent County, the median household income is $47,722, more than $5,000 below the state median income level. Kent County has the highest poverty level of Delaware's three counties at 11.3 percent of families and 13.9 percent of individuals. The county's population is 21.4 percent African American/Black and 3.8 percent Latino.[8]

New Castle County includes the City of Wilmington, the largest city by far in Delaware. The total county population is 525,587 people. The county is more urban and suburban than Kent or Sussex Counties. In New Castle County, the median household income is $58,043, more than $5,000 above the state median income. Slightly lower than state percentages, 6.1 percent of families and 10.2 percent of individuals live below the poverty level. The county is the most diverse, with 23.1 percent of the population reporting being African American/Black and 7.1 percent reporting Latino ethnicity.[9]

The Delaware State Treasurer publicized a report about demographic trends in Delaware, and the need to prepare to meet the challenges that will emerge.[10] The report highlighted that:

- Delaware's population will age overall, which means the proportion of the population that works will shrink, so that "fewer workers will need to support a greater number of non-working people."
- Delaware's population of Hispanics and African Americans will continue to grow.
- Southern Delaware will experience faster population growth than New Castle County, resulting in housing, transportation, and other infrastructure needs in the south.

As a result, the Treasurer's office recommended making additional investments in education, workforce development and training, health care, and other public services necessary to ensure that Delaware continues to thrive given these demographics shifts.

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[5] U.S. Census Bureau (2006). "B19013. Median household income in the past 12 months (In 2006 inflation-adjusted dollars) - Universe: Households."*American Community Survey, 2006*. Retrieved July 29, 2008. www.census.gov.
[6] U.S. Census Bureau (2006). "Table B03002. Hispanic or Latino origin by race - Universe: Total population." *American Community Survey, 2006*. Retrieved July 29, 2008. www.census.gov.
[7] U.S. Census Bureau (2006). Table B03002.
[8] U.S. Census Bureau (2006). Table B03002.
[9] U.S. Census Bureau (2006). Table B03002.
[10] *Delaware Facing Forward - A Look at Delaware's Demographic Future* (2007). Delaware State Treasurer's Office. Retrieved July 29, 2008. http://treasurer.delaware.gov/documents/2007/DelawareFacingForward-DemographicFutureReport.pdf.

Previous Asset Assessments

There have been other efforts to look comprehensively at Delaware's asset-building policies and programs. Two reports that stand out are the *2002 Governor's Task Force for Financial Independence* (Governor's Task Force Report) and the *2007-2008 Assets and Opportunity Scorecard*, which offers an analysis of state asset-building policies for all 50 states. Because this project builds on previous efforts, we briefly describe those two reports below.

2002 Governor's Task Force for Financial Independence

In 2002, the Governor and State Treasurer created a Task Force for Financial Independence, which was charged with developing and implementing no- or low-cost strategies that would help Delawareans save money and build assets. The Task Force produced a report in 2002 that presciently stated:

> Recently, we entered a more uncertain period, characterized by rising unemployment and more turbulent financial markets. Shifts in economic well-being such as these highlight the need for greater financial security for all Americans.

The report identified promising strategies in three areas: asset facilitation, asset incentives, and asset protection and removing barriers to asset accumulation. The Governor endorsed all of the recommendations. Since then, many of those strategies have been implemented (see Table below).

Figure 1

Governor's Task Force for Financial Independence, 2002	
2002 Task Force Recommendations	Status to Date
Asset Facilitation	
Offer financial literacy training for caseworkers who work for the state.	Some training has been provided to State Housing Authority caseworkers.[11]
Allow financial literacy training to be claimed as an approved work activity under TANF guidelines.	The Department of Health and Social Services now allows financial literary training as an approved work activity.[12]
Facilitate employer-based financial literacy training.	By September 2004, Westside Health and Purdue were providing financial literacy education in the workplace.[13]
Create a statewide financial literacy publicity campaign.	The Delaware Money School publicizes and promotes dozens of financial education classes each year, including its own classes as well as those of partner organizations. [14] This is an initiative of the Delaware Financial Literacy Institute, formed in 2001, with support from the Office of the State Banking Commissioner.
Expand predatory lending prevention education.	The national "Don't Borrow Trouble" campaign began in Delaware in 2001 and continues to the present. The Office of the State Banking Commissioner administers the

[11] Interview with Caroline E.W. Glackin, January 16, 2008.
[12] Glackin, Caroline E.W, 2004. "The State of Delaware & Asset Building." Presentation at the IDA Learning Conference, New Orleans, September, 2004. Retrieved July 29, 2008. http://www.community-wealth.org/_pdfs/articles-publications/state-assets/paper-glackin.pdf. Dr. Glackin was the Co-Chair of the Governor's Task Force.
[13] Glackin, 2004.
[14] For more information about the Delaware Financial Literacy Institute, visit: http://www.dfli.org/index.cfm. Delaware Department of State, Office of the State Banking Commissioner (2007). "General Information: Financial Literacy Programs." Retrieved July 29, 2008. http://banking.delaware.gov/services/conedu/generalinfo.shtml. And for the quarterly newsletter, visit www.delawaremoneyschool.com.

Governor's Task Force for Financial Independence, 2002	
2002 Task Force Recommendations	Status to Date
	program, including offering consumer education on high-cost financial services.[15] There are about 15 active community partners.
Increase state support for first-time homebuyer counseling.	Limited state support is provided to the State Housing Authority, enabling it to require that participants in the Second Mortgage Assistance Loan Program must complete an approved course.[16]
Asset Incentives	
Create a statewide Earned Income Tax Credit outreach campaign.	The Delaware Earned Income Tax Credit Campaign, headed by the Nehemiah Gateway Community Development Corporation, is a partnership between the state and non-profits for the purpose of outreach for the federal EITC.[17] State Treasurer Jack Martell is the spokesperson of the campaign.
Enact a state Earned Income Tax Credit.	Nonrefundable tax credit of 20 percent above and beyond what families may claim for the federal EITC.[18]
Enact a Delaware interest income tax credit (IITC) in order to encourage families to save money.	Not implemented.
Study opportunities to expand the number of small businesses offering employee retirement plans.	Not implemented.
Provide state appropriations for IDA accounts.	The state approved a small amount of money for IDA accounts through the state Housing Authority. NCALL is the implementation partner.[19]
Obtain federal pilot funds for children's savings accounts.	The Boys & Girls Club of Delaware has developed a children's savings account program as part of CFED's Savings for Education, Entrepreneurship and Down payment but no federal funds support the project.[20]
Asset Protection	
Expand Healthy Children Program (CHIP).	Dental care now available for all children, although income eligibility is still fixed at 200 percent of the Federal Poverty Level.[21]
Expand the Community Health Access Program (CHAP).	CHAP has been expanded utilizing the state's tobacco settlement money.[22]
Support expansion of federally-qualified health centers (FQHCs) and approve applications of new locations.	Increased number of FQHCs from three to four centers, with La Red Health Center in Sussex County.
Encourage best practices for non-traditional lenders and	Unknown.

[15] Office of the State Banking Commissioner. 2007.
[16] Delaware State Housing Authority (2008). "Second Mortgage Assistance Loan Program." Retrieved July 29, 2008. http://www.destatehousing.com/services/hb_smal.shtml.
[17] The Nehemiah Gateway Community Development Corporation, http://www.nehemiahgateway.org/Documents/TaxSiteAd07.pdf. Also see the Delaware Earned Income Tax Credit Campaign, www.eitcdelaware.net.
[18] http://www.taxcreditresources.org/pages.cfm?contentID=39&pageID=12&subpages=yes&dynamicID=652
[19] Caroline Glackin. 2008.
[20] Caroline Glackin. 2004.
[21] State of Delaware. Delaware Healthy Children Program. Delaware Code. Title 16, Chapter 99, Subchapter III, § 9909, item (j). Retrieved July 29, 2008. http://delcode.delaware.gov/title16/c099/sc03/index.shtml#TopOfPage.
[22] Caroline Glackin. 2008.

Governor's Task Force for Financial Independence, 2002	
2002 Task Force Recommendations	Status to Date
debt managers.	
Provide support for mainstream and non-profit alternatives to predatory lenders.	The Delaware Community Reinvestment Action Council is studying how to open a community development credit union.
Disseminate an easy-to-read list of resources for the unemployed.	Has not happened. For organizations, the *Directory of Human Services for Delaware* is available only in print; it is not generally accessible for the unemployed.[23]
Create family economic self-sufficiency standards for Delaware	Self-sufficiency standard was produced and disseminated for multiple family types and for each county in Delaware.[24]
Develop anti-redlining policies for insurance	Unknown.

2007-2008 Asset and Opportunity Scorecard

Another comprehensive assessment of asset-building policies and programs in Delaware is through CFED's *Asset and Opportunity Scorecard*, which collects information on a wide range of asset areas.[25] The 2007-2008 Scorecard stated that "the asset picture in Delaware is one of strengths tempered by trouble spots." The strengths noted were Delaware's high individual net worth compared to other states, few residents with zero or negative net worth, and low percentages of asset poverty relative to other states. Homeownership rates and likelihood of employer-sponsored health insurance were also mentioned as positive characteristics of Delaware.

Issues that the Scorecard identified as problem areas for Delaware were: disparate homeownership between whites and minorities; high levels of debt (credit cards, installments, and mortgages); and low rates of business development and entrepreneurship, particularly among women and people of color. The report ranked Delaware in the bottom ten compared to other states in rates of business ownership for women and Latinos (44th for both), and in the bottom quartile for rates of business ownership by African Americans (38th).

The Scorecard offers recommendations to improve the asset climate in Delaware. The report states that Delaware should:

- Support micro enterprise development and community development lenders.
- Implement policies to curb predatory lending practices.
- Make the state Earned Income Tax Credit (EITC) refundable and provide a bonus for EITC funds deposited into savings or investment accounts.
- Eliminate asset limits for Temporary Assistance to Needy Families (TANF) public assistance.

This report builds from these two comprehensive asset policy documents, and includes recommendations from those reports that are not yet implemented but which would still have an impact on economic security for Delaware's individuals and families today.

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[23] Delaware Department of Health and Social Services (2006). _Directory of Human Services for Delaware._ Delaware Health and Social Services.

[24] Pearce, D. and Brooks, J. (2003). *The Self-Sufficiency Standard for Delaware.* Washington, DC: Wider Opportunities for Women. Retrieved July 29, 2008. http://www.wowonline.org/ourprograms/fess/state-resources/SSS/The%20Self-Sufficiency%20Standard%20for%20Delaware.pdf

[25] CFED (2007). *2007-2008 Assets and Opportunity Scorecard.* CFED. Retrieved July 29, 2008. http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2471.

Section II

The Current State of Assets in Delaware

This section will look at the current state of individual and household assets – or wealth – in Delaware. We will begin by looking at financial assets – savings, stocks, bonds, retirement accounts, etc., as well as debt – and then will move to non-financial assets, including homes, other property, businesses, and vehicles. Finally, we will examine some non-asset indicators, such as health insurance and education levels. These indicators help us to analyze the ability of Delawareans to accumulate and maintain their assets.

We will also examine the racial wealth gap in Delaware, where data is available. A quick look at census and related data, demonstrates that in general in the U.S. there is a larger gap in assets than there is in income. For example, in 2004 the median household income among non-Hispanic whites was $50,622, compared to $30,939 for African-American households, $33,320 for American Indian or Alaska Native households, $36,278 for Hispanic households, $60,367 for Asian households, and $44,593 for Pacific Islander households.[26] The median African American household, the group with the largest gap compared to whites, has an annual income that is about 61 percent that of the median white household.

On the other hand the median net worth of non-Hispanic white households in 2004 was $140,700, compared to the median net worth of nonwhite or Hispanic households of $24,800.[27] According to this measure the median net worth of households headed by persons of color is 18 percent that of households headed by non-Hispanic whites.

Financial Assets

Financial assets consist of all non-property-based assets, including savings and retirement accounts, stocks, and bonds. Most families in the U.S. have some type of financial asset, including lower-income families. Among the lowest-income quintile of U.S. families, 80.1 percent had at least one financial asset in 2004.[28] Acquiring a checking and/or savings account – transactional accounts – is the most common way for low-to-moderate income families to begin to accumulate assets. In 2004, 75.5 percent of the lowest-income quintile of U.S. families had a checking or savings account in 2004. The next most common financial assets among the lowest-income families were cash-value life insurance (14 percent of families) and retirement accounts (10 percent of families).

Interest, Dividend, and Net Rental Income

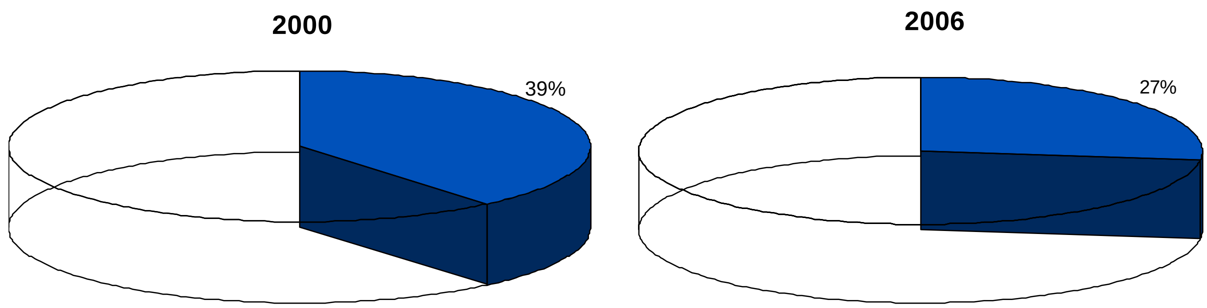
One way to determine how many households have assets in the form of savings accounts, investments, and rental property is by measuring how many households reported to the Census Bureau that they had interest, dividend, or net rental income. This does not include 401k and other tax sheltered retirement accounts. Because this is a self-reported figure, the portion of households reporting this type of income is likely under-reported, especially for those with only a small amount of income from this source.

Nevertheless, it is a good indicator of the trend in savings. In the U.S. as a whole, 25 percent of households reported that they had interest, dividend, or net rental income in 2006. Alarmingly, this fell from 36 percent of U.S. households in 2000. The percentage of Delaware households with interest, dividend, or net rental income in 2006 was 27 percent, slightly higher than the U.S. rate. However, as demonstrated below, the percentage of households in the state of Delaware with interest, dividends, or net rental income declined

[26] 2005 American Community Survey, U.S. Census Bureau.
[27] Federal Reserve Bank. *2004 Survey of Consumer Finances.*
http://www.federalreserve.gov/pubs/oss/oss2/2004/scf2004home_modify.html
[28] Federal Reserve Bank. 2004.

between 2000 and 2006, similar to the U.S. as a whole, from 39 percent in 2000 to 27 percent in 2006. This drop in interest income could be due to an actual decline in the percentage of households with savings or to a decline in the average amount of savings, since those with only a small amount of interest, dividend, or net rental income would be less likely to report it than those with a higher amount.

Figure 2: Interest, Dividend, and Net Rental Income in Delaware



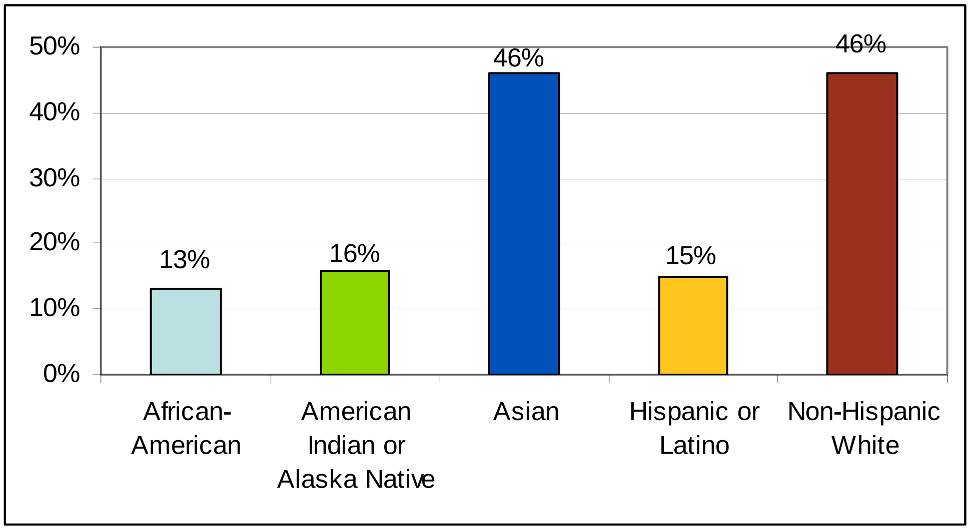
Portion of households reporting that they had interest, dividend, or net rental income. Source: 2000 Decennial Census and 2006 Current Population Survey, U.S. Census Bureau.

In addition to the decline in the portion of households reporting interest, dividend, and net rental income, Delaware households also experienced a decline in the amount of this income, when controlling for inflation (see Appendix D, Table D1). This is in contrast to the U.S. as a whole, where the average amount of this type of income increased from 1999 to 2005.

Within Delaware during 2006, New Castle County had the highest rate (29 percent) of interest, dividend, or rental income, while Kent County had the lowest rate (24 percent). (See Table D1 in Appendix D.) In addition, Kent County had the lowest average amount of this type of income and experienced the biggest drop in the average amount of this income from 1999 to 2005. This may indicate a need for more intensive efforts to encourage savings and other asset building specifically within Kent County.

African-American, American Indian or Alaska Native, and Hispanic households reported the lowest rates of having interest, dividend, or net rental income. In fact, the rate for African American and Hispanic households was less than one-third that of non-Hispanic white households. African American and Hispanic households also trailed in the average amount of this type of income (see Table D2 in Appendix D). This indicates the need for more intense asset building efforts, especially related to savings, among African American and Hispanic households.

Figure 3: Percent of Delaware Households with Interest, Dividend, and Net Rental Income by Race, 2000



Source: Decennial Census, 2000, US Census Bureau, SF4.

Retirement Savings

Assets are essential to build over the entire life cycle. Retirement savings accounts enable people to support themselves in the latter part of life. With questions regarding the long-term viability of the federal social security system, retirement savings accounts are all the more important.

Nationwide, retirement accounts are one of the asset groups that most distinguishes the lowest-income families (bottom 20-percent quintile) from the middle-income families (40- to 60-percent quintile). Only 10 percent of the lowest-income families had retirement accounts in 2004 compared to 54 percent of middle-income families.[29]

In addition, individual retirement savings accounts are among the assets with the greatest disparity between whites and people of color. For example, 42 percent of whites own an Individual Retirement Account (IRA) or Keogh account, while only 7 percent of African Americans and 8 percent of Latinos own such accounts.[30]

A major source of retirement savings is employment-based retirement plans, including pensions and employer contributions to 401k or similar accounts. In fact, employment-based retirement plans help to overcome some of the racial wealth gap present among individual retirement accounts. Just over half (54 percent) of U.S. non-Hispanic white workers are offered employment-based retirement plans compared to 49 percent of African-American workers, 32 percent of Hispanic workers, and 48 percent of other workers.[31] Not all workers offered retirement plans actually participate in those plans. Nationally, 50 percent of workers were offered a plan in 2006 and 39.7 percent participated. In other words, 79 percent of those offered employment-based retirement plans were participating in them. Employer opt-out programs can help increase that percentage by making participation in the plan the default option.

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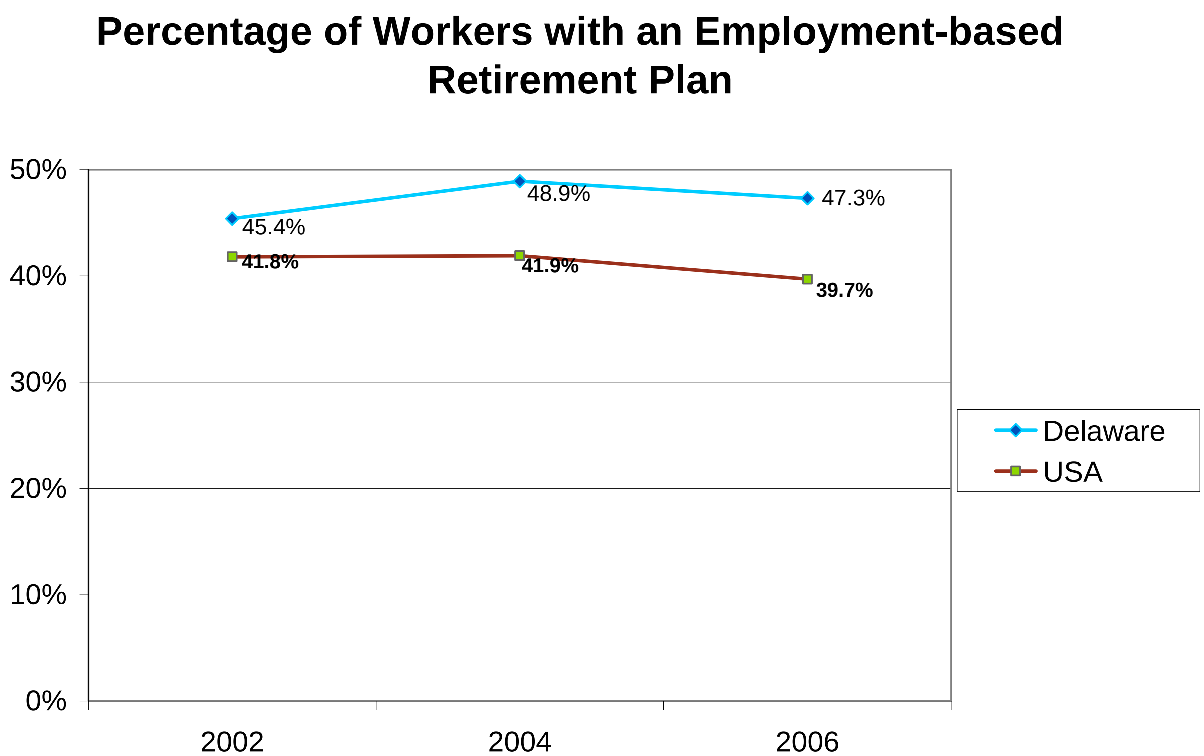
[29] Federal Reserve Bank. 2004.

[30] Ray Boshara, Reid Cramer, and Rourke O'Brien. (2007). "The Assets Agenda 2007: Policy Options to Promote Savings and Asset Ownership by Low- and Moderate-Income Americans." April 2007. New America Foundation. Retrieved July 28, 2008. http://www.newamerica.net/publications/policy/the_assets_agenda_2007.

[31] Employee Benefit Research Institute. "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2006." Issue Brief 311, Nov. 2007.

In 2006, 47.3 percent of Delaware workers participated in employment-based retirement plans, nearly eight percentiles higher than the overall U.S. rate. Significantly, the gap between Delaware and the U.S. is widening – in 2002 the difference between Delaware and the U.S. was less than four percentiles. The main cause of the increase in employment-based retirement plans in Delaware was a sharp increase among public sector workers, rising from a 72 percent participation rate in 2002 to an 83 percent participation rate in 2006.[32] This may be a direct effect of public policy changes in Delaware.

Figure 4



Source: Employee Benefit Research Institute estimates.

<u>Stocks and Bonds</u>

Though data specific to Delaware was not readily available, nationally, people of color have significantly lower ownership of traditionally higher return investment vehicles such as stocks and bonds. Just over one of four non-Hispanic white households owned stocks in 2004 (26 percent) compared to 8 percent of nonwhite or Hispanic households. On the other hand, ownership of stocks and bonds are an indicator of upper income wealth more than middle income wealth[33], indicating lesser importance as a strategy to assist lower income households in asset building.

[32] Employee Benefit Research Institute. 2007.
[33] Only 16.4% of middle quintile households in the U.S. owned stocks in 2004 compared to 55% of the uppermost ten percent of households by income. Federal Reserve Bank. (2004).

Other Economic Assets

The most common non-financial economic asset is a vehicle, followed by home-ownership. Less common non-financial assets include other property ownership and business ownership. Nearly two out of three lowest-quintile income households own a vehicle (65 percent); while 40 percent own their primary residence. Less than 10 percent of low-to-moderate income households have business equity[34], although for those who own a business it is often their largest asset.

<u>Homeownership</u>

Housing has been crucial to building wealth in our society. Home equity is the largest component of the average American family's wealth. Historically, home equity has been critical in the growth of the middle class throughout the U.S. following World War II. Home equity makes up 77 percent of total assets for lower-income families in general, and 55 percent of total assets for families of color.[35] In 2004, 33 percent of the lowest quintile income families in the U.S. had equity in their primary residence.[36]

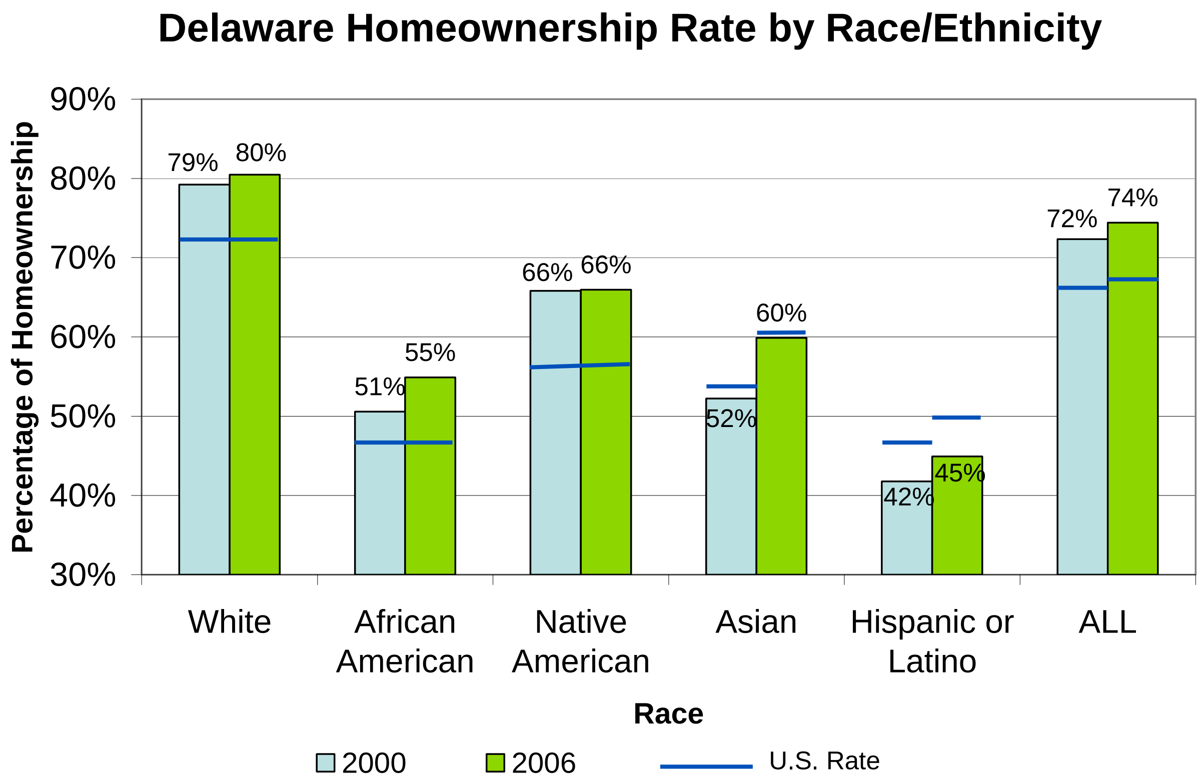
While home equity has been a significant resource to improve conditions for white families in the U.S., families of color have been less able to access the wealth potential of home equity. Several factors account for this problem: a historic legacy of discrimination in lending and access to homeownership, increased housing appreciation in segregated predominantly white communities, and continued discrimination in the housing market. Further, communities of color are often targeted by sub-prime lenders, putting at risk the home equity they have been able to attain. Recent challenges facing the U.S. housing market, such as exorbitant cost and widespread foreclosures, amplify these existing conditions, threatening to expand existing wealth disparities in the U.S.

We will examine two indicators related to home equity: homeownership rates and median home value, considering both geography and race of the homeowner. And we will examine three indicators related to the risk of losing home equity: mortgage debt; housing costs as a percentage of income among homeowners; and foreclosure rates.

The homeownership rate in Delaware – 74 percent - was higher than the U.S. rate – 67 percent - in 2006. Likewise the homeownership rates for whites, African Americans, and Native Americans were higher in Delaware than in the U.S. Significantly, the homeownership rate among Delaware's African Americans increased by four percent from 2000 to 2006, while holding even in the U.S. The homeownership rate among Delaware's Asian population was parallel to that of the U.S. Hispanics or Latinos were the one Delaware group with a homeownership rate below that of the U.S. average. This may indicate the need for more intensive homeownership efforts in the Hispanic/Latino community with appropriate home mortgage arrangements.

[34] Federal Reserve Bank. (2004). Low-to-moderate income families refers to those with incomes in the bottom three quintiles.
[35] Boshara, R., Cramer, R. & O'Brien, R. (2007).
[36] Federal Reserve Bank. (2004).

Figure 5



Source: Decennial Census, 2000, and American Community Survey, 2006, U.S. Census Bureau.

Even when controlling for income, there is a large disparity in homeownership between whites and people of color. Table D4 in Appendix D demonstrates that less than 60 percent of middle income African American, Asian, and Hispanic households owned a home in 2000 compared to 78 percent of middle income white families. The gap in homeownership between whites and African Americans was largest in New Castle County, after controlling for income, and smallest in Sussex County. New Castle also had the largest gap in homeownership between whites and Hispanic households in 2000. However, among households of any income level, the gap decreased slightly between 2000 and 2006. This would indicate that homeownership efforts among New Castle's Hispanic population may be bearing fruit.

Unlike New Castle County, the gap in homeownership rates appears to be increasing in Kent between white households and African American and Latino households. This creates a sense of urgency for the need for homeownership efforts in Kent's non-white households.

Sussex County has a homeownership rate of 81 percent, significantly larger than for Delaware as a whole. The exception is among Hispanics, where the 37 percent homeownership rate is much lower than the 45 percent statewide rate. Sussex had the smallest gap between white households and African American households in 2000.

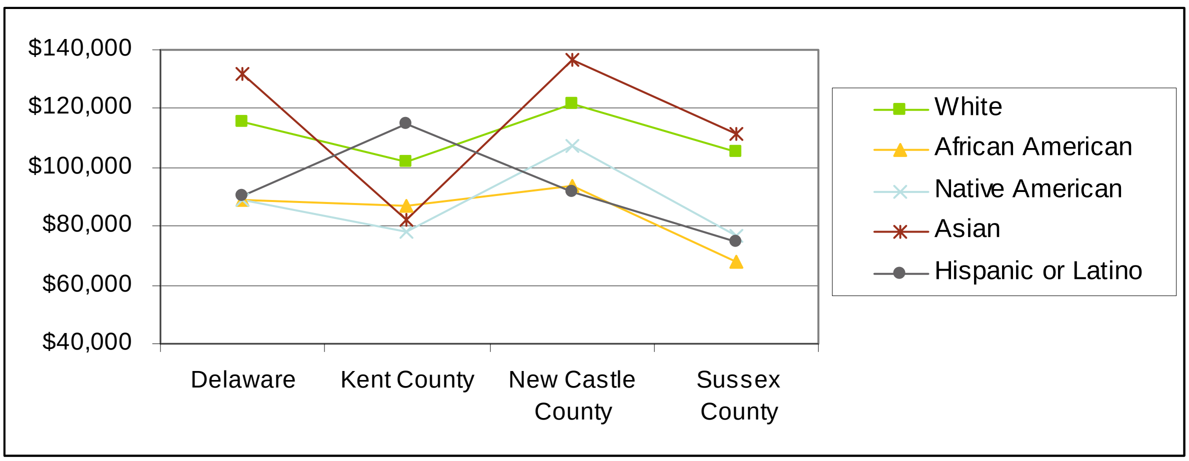
In addition to homeownership rates, it is helpful to examine the value of the homes in Delaware. This is important because it may indicate market barriers to first-time homebuyers who might not be able to afford a more expensive home and differing rates of property value appreciation by county and by race of homeowner.

The median home value of owner-occupied housing in Delaware in 2006 was $272,200, quite similar to the U.S. median of $270,500 (Table D5 in Appendix D). The Delaware median value had been slightly lower than the U.S. median in 2000, indicating that home values are likely increasing at a slightly faster pace in Delaware than for the U.S. as a whole. The median home value in Sussex County increased faster from 2000 to 2006 than in the rest of the state.

In 2000 the gap in median value of owner-occupied housing between whites and African Americans was just over $40,000 in Delaware, slightly less than the gap nationally (Table D5 in Appendix D). The gap between whites and Latinos was over $31,000 in Delaware, significantly greater than the $17,000 gap nationally. Kent County had the least gap in home values between whites and African Americans and Latinos while New Castle County had the largest gap.

Some of the difference in median home value between races is due to differences in income. Therefore, we controlled for income by analyzing only median income households – those households with an income between 80 percent and 120 percent of the region's median household income in 2000. Even after controlling for income, there is a significant gap in home values between whites on the one hand and African Americans, Native Americans, and Hispanics on the other hand (see Figure 6). The difference is most pronounced in New Castle and Sussex counties.

Figure 6: Median Home Values by Race, 2000, Middle Income Households Only



Source: Special tabulation, US Census Bureau, from Decennial Census 2000. This table includes only those owner-occupied housing units with a household income between 80 percent and 120 percent of the regional median household income.

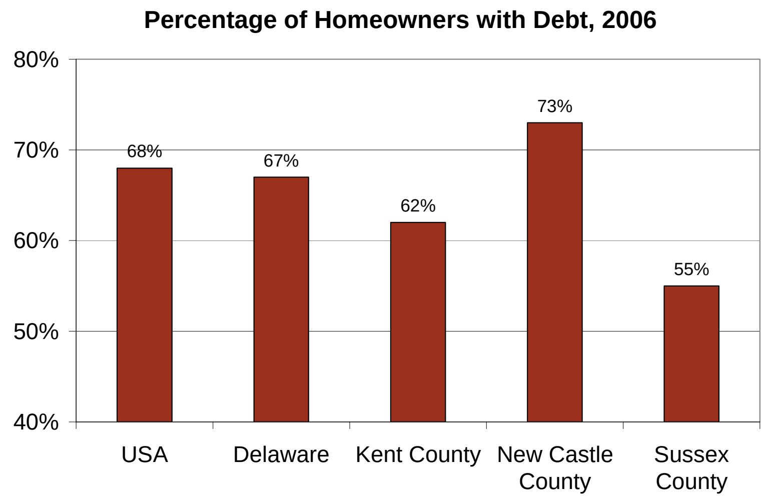
Two possible causes of the gap in home values between whites and people of color, with the exception of Asian households are:

- the limited access by potential home buyers of color to certain higher value communities, and
- a slower rate of home appreciation in communities predominantly consisting of people of color.

This would indicate the need for more housing discrimination enforcement and affirmative marketing campaigns on the part of local communities and developers.

In general, Delaware homeowners are about equally likely to have debt, i.e. a mortgage, as homeowners in the U.S. as a whole. However, New Castle County homeowners are much more likely to have debt than homeowners in Kent and Sussex counties (Figure 7). This indicates that a higher portion of homeowners are potentially at risk to fall behind in debt payments in New Castle County than in the remainder of Delaware.

Figure 7

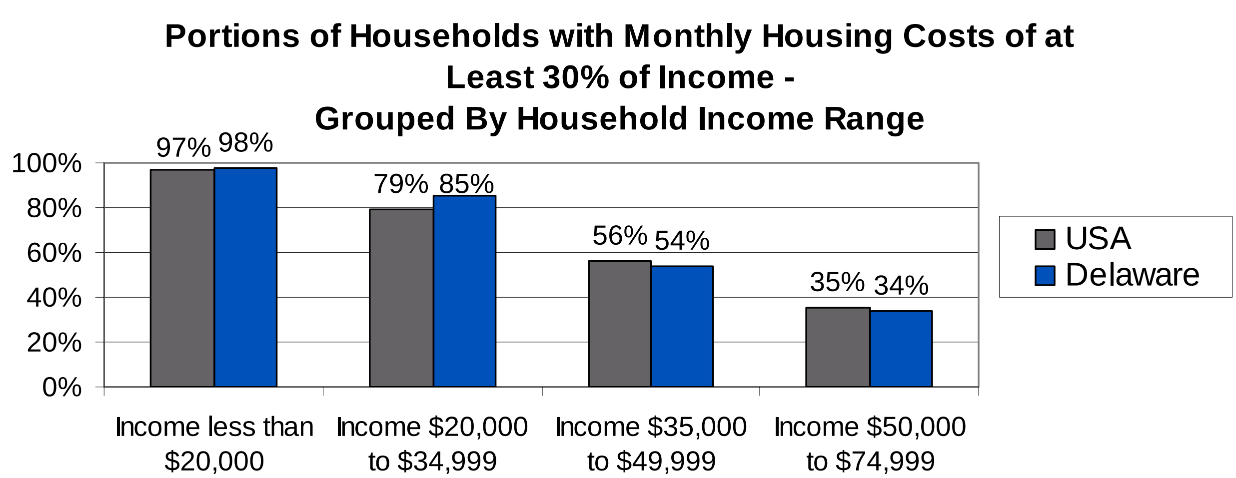


Source: Decennial Census, 2000, and American Community Survey, 2006, U.S. Census Bureau.

Nonwhite homeowners are more likely to have mortgage debt than white homeowners in Delaware, when considering only middle-income households. Seven out of ten white homeowners (70 percent) had debt in 2000 compared to 79 percent of Asian homeowners, 80 percent of African American homeowners, and 92 percent of Hispanic or Latino homeowners.[37]

Homeowners who are paying more than 30 percent of their income toward their mortgage payment and other housing costs usually are experiencing housing-income distress. For most income groups, Delaware homeowners were equally likely as U.S. homeowners to be experiencing housing-income distress. (Figure 8). For one income bracket, however, Delaware homeowners were at greater risk than U.S. homeowners – 85 percent of homeowner households with an annual income of at least $20,000 but less than $35,000 paid at least 30 percent of their income toward housing costs, compared to 79 percent of similar U.S. households.

Figure 8



Source: U.S. Census Bureau, 2006 American Community Survey.

[37] Special tabulation, US Census Bureau, from Decennial Census 2000.

New Castle County has a higher percent of homeowners in distress – paying more than 30 percent of household income for housing costs – than either Delaware as whole or the U.S.

To create a full picture of homeownership, it is necessary to include both the trend in homeownership rates as well as the trend in foreclosure rates, which is a nationwide crisis. A home foreclosure is an extreme case of the inability to preserve assets. The graph below shows the number of foreclosure proceedings begun in the state of Delaware in each quarter from 2003 until 2007. It is clear that by the third quarter of 2007, Delaware had not yet reached the peak of foreclosure starts. About 440 foreclosures were initiated in the third quarter of 2007, up from about 400 in the second quarter of 2007.

Figure 9

Source: Center for Responsible Lending, based on Mortgage Bankers Association data.
http://www.responsiblelending.org/pdfs/delaware-state-info-with-fc-starts.pdf

In general, Delaware has a lower foreclosure rate and portion of loans past due than the U.S. as a whole (see Table D12, Appendix D). The one exception is the portion of sub prime adjustable rate mortgages (ARMs) that are past due, where the state rate exceeds the national rate. These mortgages are the most at risk and indicate that Delaware's foreclosure rate in 2008 will likely be higher than in 2007. In the 4th quarter of 2007, 14.8 percent of home loans in Delaware were sub-prime adjustable rate mortgages (ARMs), compared to 15.9 percent throughout the U.S.

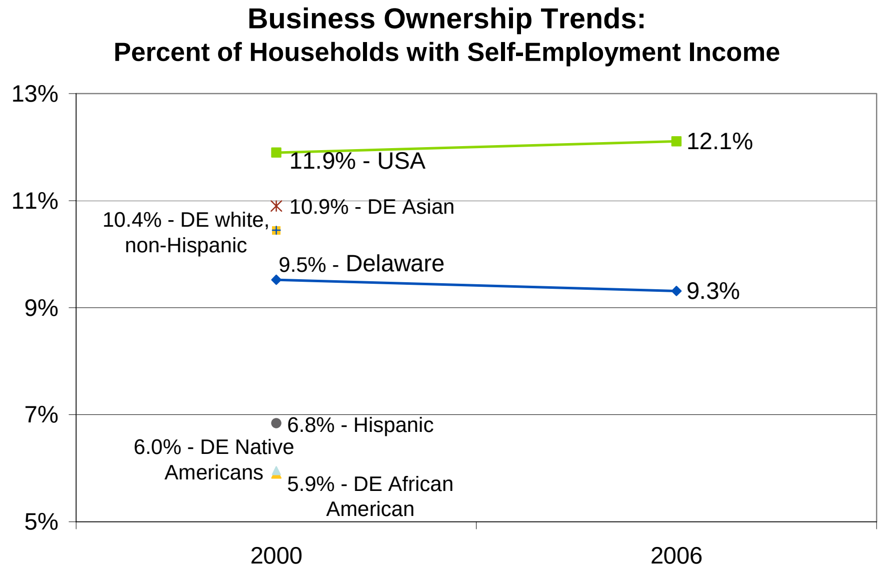
Business Ownership

Entrepreneurship and business ownership are pathways to accumulate wealth and can lead to substantial inherited wealth. Clearly, business ownership is not an expected path for asset accumulation for most households – only 11.5 percent of U.S. households had equity in a business in 2004.[38] Yet, for those households with business equity, the mean amount of equity is $765,000, often one of the largest asset holdings.

[38] Federal Reserve Bank. 2004.

Delaware has one of the lowest rates of households with self-employment income among U.S. states. In 2006, only 9 percent of households reported self-employment income, compared to 12 percent nationally (Figure 10). In addition, the self-employment rate dropped from 10 percent in 2000 to 9 percent in 2006.

Figure 10



Source: Decennial Census, 2000, and American Community Survey, 2006, U.S. Census Bureau.

The portion of households with self-employment income was highest in Sussex County, which had a rate similar to the U.S. in 2006. Both Kent and New Castle counties had rates at or lower than the low Delaware rate.

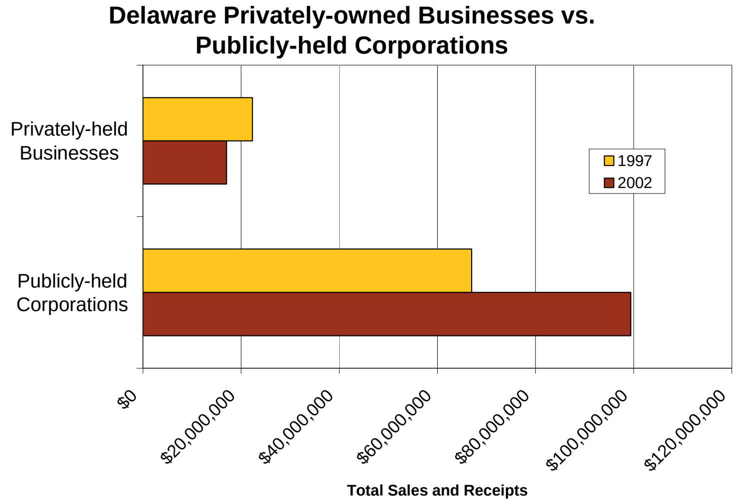
The Kauffman Index of Entrepreneurial Activity measures the number of people newly engaged in entrepreneurial activity or business ownership. Between 2005 and 2007, Delaware had an index of 0.16 percent, which equates to 160 new entrepreneurs per month per 100,000 adults. Delaware ranked 49th out of the 50 states on this measure. Only West Virginia ranked lower for new entrepreneurs.[39] From 1996-98, Delaware had ranked 42nd for new entrepreneurial activity.

One way to examine the overall economy and the role of small businesses is to look at the portion of sales and receipts that accrue to companies with only one or only a few owners, where it is possible to determine characteristics of those owners, as opposed to companies that are publicly traded or where the ownership structure is sufficiently complex to make it impossible to determine any characteristics of the business owners. Generally, small businesses fall in the first category, which for simplicity sake we label 'private'.

The market share of all privately-owned firms fell from 25 percent of the Delaware economy in 1997 to 15 percent of the DE economy in 2002. Given the number of national or multi-national corporations based in Delaware this is not so surprising. However, not only did the market share of private companies dropped (Figure 11), but also the total sales in real dollars dropped, one of only a handful of states where this occurred. This is further evidence of the decline in small business activity in Delaware.

[39] Fairlie, Robert W. *Kauffman Index of Entrepreneurial Activity, 1996-2007.* April 2008. Ewing Marion Kauffman Foundation.

Figure 11



Source: Survey of Business Owners, U.S. Economic Census, 1997 and 2002.

There is a substantial gap, however, between the net worth held by people of color in business ownership compared to whites. Nationally, the rate of ownership in business equity for people of color is less than half that of whites and the median value of the business equity of people of color is about half that of whites.[40]

Addressing this business wealth gap is crucial to strengthening the economic health of both minority communities and our larger economy. Owners of minority business enterprises (MBEs) usually live in and are involved in communities of color, and are a source of employment, referral, capital, and leadership. They are an economic and social bridge to the larger community, and their businesses can be a channel to bring in resources and help reverse the trend of disinvestment in low-resourced neighborhoods.

Table D14 in Appendix D outlines the growth of minority- and women-owned firms in Delaware by number of firms and total sales and receipts:

- The total number of MBEs increased at a rate over two-and-a-half times faster than the overall rate of firm growth between 1997 and 2002. Total sales of MBEs grew by 14 percent. This was in contrast to all privately-held firms where total sales and receipts fell by 24 percent.
- Total sales of African-American and Asian-American-owned firms grew by 16 percent and 21 percent, among the fastest growing portion of Delaware's economy.
- The total number of women-owned business enterprises (WBEs) increased by 12 percent from 1997 to 2002 and the total sales and receipts of WBEs grew by 10 percent.

In summary, minority- and women-businesses are growing to a greater extent than other privately-owned businesses in Delaware. The one exception is Hispanic-owned firms, where sales fell by 20 percent from 1997 to 2002, when excluding those engaged in wholesale trade.[41]

While minority- and women-owned businesses are among the most dynamic of Delaware's small business community, there are still obvious gaps in total sales and number of firms. For example, as demonstrated in Figure D1 in Appendix D:

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[40] Federal Reserve Bank, 2004.
[41] Sales by Hispanic wholesale trade businesses grew substantially from 1997 to 2002, likely due to change in status of one very large firm. This was excluded so that the overall trend is not skewed.

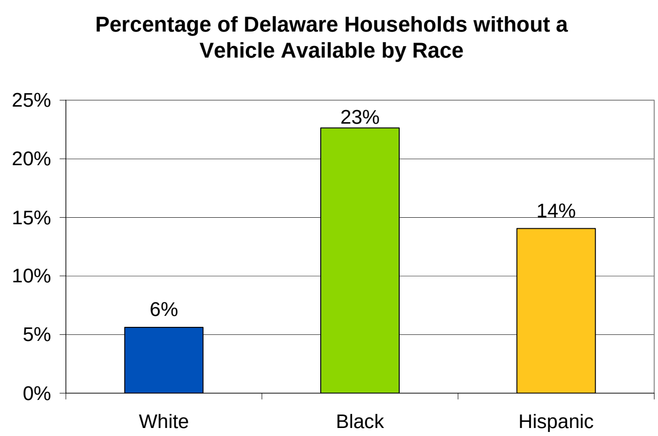
- African Americans account for 20 percent of Delaware population but only 7 percent of Delaware business ownership.
- Hispanics account for 6 percent of Delaware population but only 1 percent of Delaware business ownership.

Car Ownership

Car ownership is the most common non-financial asset owned by low-to-moderate income households. It is also often useful for helping wage-earners to commute to work or to aspire to a higher paying job. There is disparity in Delaware in the car ownership rates between whites on the one hand and African Americans and Hispanics/Latinos on the other, as demonstrated in Figure 12:

- Black households are four times more likely *not* to have a car then white households.
- Hispanics households are more than two times more likely *not* to have a car then white households.[42]

Figure 12



Source: U.S. Census, 2000 (courtesy of John Stapleford)

Asset Supports

Health Insurance

Lack of health insurance leads many families into financial distress and bankruptcy. Nationwide, high medical bills contributed to 60 percent of medical bankruptcies, with drug costs contributing 48 percent. Medical debt is common among the poor, even those with insurance, and interferes with access to care. In 2005, the nationwide uninsured rate for Whites was 11 percent compared to 20 percent for African Americans, 18 percent for Asian Americans, and 33 percent for Latinos. Health insurance declines as income declines and preliminary work suggests that assets and net wealth play a significant role in insurance coverage decisions. Controlling for income, adults who did not take up health insurance were significantly less likely to have assets.[43] For example, among poor and low income adults, those who

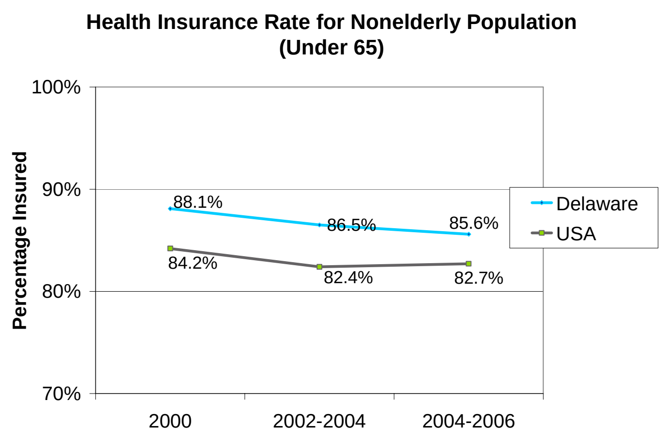
[42] John Stapleford, 2008. *Economic Disparities in Delaware.* Presented at the Delaware Economic Justice Symposium, Wilmington, DE, May 20, 2008.

[43] Bernard, Didem, Jessica Banthin, and William Encinosa. "Affordability of health insurance: Do assets and net wealth explain the demand for health insurance better than income?" *Paper presented at the annual meeting of the Economics of Population Health: Inaugural Conference of the American Society of Health Economists, Madison, WI, USA*, June 4, 2006.

declined to take up health insurance were less likely to have cars, checking accounts, stocks, individual retirement accounts, or own homes[44]. Currently, about 16 percent of families spend more than one-twentieth of their income on health care.[45] Most medical debtors had some health insurance, but many suffered gaps in coverage: 68 percent had coverage at the time of their bankruptcy filing and a third of those with private coverage at onset lost it during the course of illness.

The graph below shows that the percentage of Delawareans covered by health insurance has decreased. The percentage of people in Delaware who do not have any health insurance (public or private) has increased from 11.9 percent in 2000 to 14.4 percent in 2006 (Figure 13). The largest increase in lack of insurance has been among dependents of the insured (see Table D15, Appendix D.)

Figure 13



Source: Employee Benefit Research Institute estimates

Another measure of health insurance rates is taken from data from the Census Bureau's Current Population Survey. Based on this data, nearly 30 percent of Delaware's residents did not have health insurance. The largest gap by race is for Hispanics. Nearly 50 percent of Hispanics did not have health insurance in 2005-07, according to this data (Figure 14).

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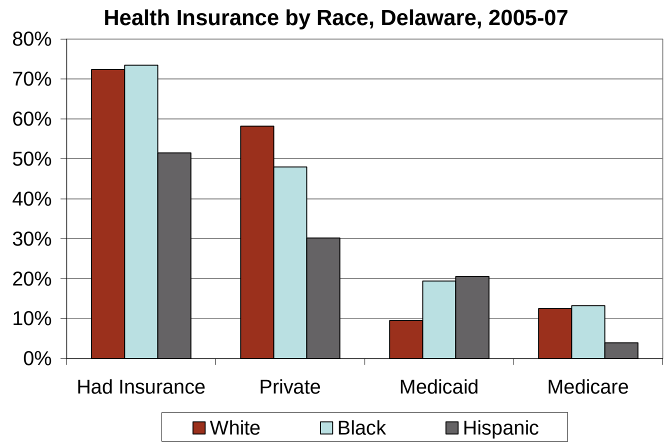
[44] Bernard, et al. 2006.

[45] Merlis, Mark. *Family Out-of-Pocket Spending for Health Services: A Continuing Source of Financial Insecurity*. The Commonwealth Fund, June 2002. Retrieved June 12, 2008. http://www.cmwf.org/programs/insurance/merlis_oopspending_509.pdf.

Figure 14

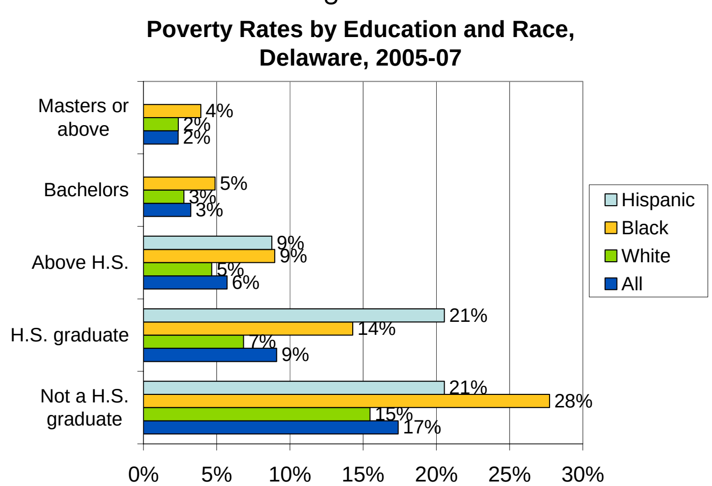


Source: Current Population Survey, Pooled data set of 2005, 2006, and 2007. (courtesy of John Stapleford)

Education

While poverty rates decrease as level of education increases, African Americans and Hispanics still have higher poverty rates than whites. African Americans are impacted more by a lack of a high school education by 1.5 times more than whites.

Figure 15



Source: Current Population Survey, Pooled data set of 2005, 2006, and 2007. Hispanic not available for Bachelors or Masters or above. (courtesy of John Stapleford)

Section III

Focus Group Findings

To further understand the impact of programs and policies on Delaware residents with low- to moderate-income, we conducted four focus groups across the state. Through the focus groups, 32 people shared their experiences, provided their insights, and made recommendations to improve asset building and retention efforts in Delaware. This section describes the findings from these focus groups.

To conduct the focus groups, we worked with local nonprofit organizations located throughout the state for the following reasons. First, individuals tend to be wary of discussing finances with strangers, so we partnered with local organizations that had credibility in their communities. Second, for some of our focus groups, we desired to partner with organizations that have a specific program goal of helping people build assets so that we would be able to get more detailed information about the impact of those types of programs. Finally, we wanted local organizations to help us recruit focus group participants, and in one case, clients who were *not* involved in an asset program. The YWCA provided a letter of introduction for us to these organizations (see Appendix B).

The host organizations recruited participants from their client lists, and provided space for the two-hour session. The host organizations and the location of the focus group they hosted were:

- NCALL, Inc., which specializes in affordable housing development, education and lending. NCALL hosted a focus group in Dover, Kent County.
- West End Neighborhood House (West End), which offers services to assist local residents in becoming economically self-sufficient. West End hosted a focus group in Wilmington, New Castle County.
- YWCA Delaware, which is committed to community service focusing on helping women achieve financial independence. YWCA Delaware hosted a focus group in Newark, New Castle County.
- La Esperanza Community Center (La Esperanza), which supports the integration and empowerment of immigrants as worthy, productive, and contributing residents of Delaware. La Esperanza hosted a focus group in Georgetown, Sussex County.

The NCALL focus group was unique in that it consisted of a group of people who had participated in a series of five classes of financial literacy aimed to help them save money and clear up credit issues, to buy a home. The La Esperanza focus group was unique because it was conducted primarily in Spanish.

Note: More detail about the focus group recruitment methods, demographics, and protocol were provided to YWCA Delaware but are not released publicly due to their proprietary nature.

Supports for Asset Development

Focus group participants cited a number of techniques that helped them to save money and build assets. The most widely endorsed techniques included:

- <u>Making savings inaccessible.</u> Many participants in the focus groups cited access to their money as a major factor in whether they were able to save. And many savers purposefully made their money inaccessible using a number of different techniques. Some put their money in Certificates of Deposit, or CDs, that would penalize them for early withdrawal. One participant put her savings account in a bank located one town away to make it more difficult for her to withdraw the money. Another participant reported that putting her savings in her son's name was a deterrent to withdrawing it, saying emphatically "Well, it's in my son's name. I wouldn't touch that money. It's for my son."

- Direct deposit. The majority of participants used direct deposit for their pay checks. They said it helped them not to see the cash. Many of the participants had money automatically transferred into savings accounts. Some used products by financial institutions, such as "Christmas accounts," which encourage savings, though not necessarily towards an asset purchase.

- Pooled savings. Some of participants said they had used a pooled fund to encourage savings. These funds, known by many names, including "tandas", require an investment at each set time period (typically two weeks or a month) with the entire pooled amount going to one investor per time period, in a rotation. The majority of those who said they'd used this technique were Latinos, although two African-American women also said they had pooled savings with friends and close co-workers. When the facilitators explained in one focus group that was primarily non-Latino how a savings pool like this worked, many of the focus group participants chuckled at the idea of trusting other community members that much. Both those who used these pooled funds and those who couldn't even imagine it working recognized the trust necessary to offer up money with the expectation of getting the pool on your turn. Those who did use the technique cited great success in saving, and used the pooled funds to pay for cars, investments in a small business, towards down payments, trips to home countries, vacations, or jewelry. Pooled savings participants said, even with a bank account, the pooled savings encouraged them to save more than they would have on their own. One woman stopped the pooled savings because she heard it was illegal.

- Help from family. Many described borrowing from family to pay back loans from financial institutions, while others described taking out loans so they could pay family back more quickly. Many described occasionally borrowing from family members to pay for day-to-day expenses when they wouldn't otherwise be able to meet their expenses. Those who borrowed from family members said that the family loans protected them from defaults.

Other techniques were mentioned by one or just a few participants. They include:

- Loan products coupled with community-based services. West End Neighborhood Services partnered with a traditional, major financial institution so that West End administers and guarantees short-term loans but the participants get the name of the major financial institution on their credit histories. This enables participants to have "brand-name" credit with the supports of a community-based, mission-driven organization. The product's administrator, and those focus group members who used the product, said that the loans were successful at building credit. Focus group participants in the other focus groups did not mention this type of product, but may not have been aware that it exists. Replicating this model may help other Delaware residents to build credit.[46]

- Maintaining a daily diary. Many of the students in the NCALL homebuyers course mentioned a technique they learned in the course, that of keeping a diary of daily expenses and evaluating the necessity of each purchase. Students mentioned that this technique helped them identify that some of their daily expenses were "wants and not needs", and that the money spent could be saved instead. Almost everyone in the class was managing to save something every week, regardless of their income level.

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[46] More information can be found in the press release announcing the program in October, 2007, available here: http://www.fhlb-pgh.com/media-center/press-releases/2007/news_pr_101707.html

- "Water jug" savings. One participant in a focus group described putting his loose change and any money from side jobs into a large water jug in his home. Then, when it got full, he and his children took the money out and counted it. This technique, essentially of rounding up the cost of purchases to the next highest dollar, and putting the difference away in savings, is the basis of Bank of America's Keep the Change® debit card.[47]

- Pooled purchasing. One focus group participant described partnering with others to make a joint purchase at a discount department store. Because the purchase was discounted for its size, the focus group participant saved money.

In addition to these specific techniques, three important psychological factors emerged from focus group comments that are clearly important features in successful saving. First, aspiring to save seemed to drive motivation and discipline. Aspirations were described as "believing in the American Dream," "wanting a better life for my children," or "wanting to go back home again when I retire."

Second, it was important to many participants that a key person in their family had success in saving and valued saving. In many cases, the family member mentioned was the participant's mother, but aunts, fathers, and grandparents were also were described.

Third, camaraderie and group support encourages successful saving. The participants who used the pooled savings technique said it was fun because trusted friends were all saving together. When asked at the end of the focus group what kinds of programs would help them build assets, a number of participants said they wanted "trainings like this one." Given that there was no education in the focus group, it is clear that even the opportunity to talk among peers is of some use. For groups that do training, offering a chance for peer communication and peer learning may help make the course more effective.

One final note is that programs and services that were successful relied heavily on word of mouth. This suggests that marketing strategies may do well to employ word-of-mouth strategies (e.g., asking current participants to call five people) and that current marketing strategies do not appear to be as effective as word-of-mouth strategies. In one of the focus groups, a person from one of the host organizations noted that one of their loan assistance programs seemed to be much more heavily used by low-income community residents rather than moderate-income residents because, in her opinion, the information about the program was spreading by word of mouth more quickly among low-income peers. She also wondered aloud whether potential moderate-income users were unlikely to come into the host organization's offices because of the stigma of needing help. These observations suggest areas to consider when implementing new programs. It also raises a question about whether marketing strategies differ for populations of different income levels, i.e., whether people with low incomes are more likely to share information by word of mouth than people with moderate incomes.

Barriers to Asset Development

Focus group participants identified a number of challenges that inhibited their ability to save and build assets. The most widely stated challenges were:

- Increased household costs. When asked about what made it difficult to save, the resounding response was the increase in the cost of basic household items such as gas and food. Health expenses, both expected and unexpected, also emptied savings accounts. Many participants

[47] Bank of America has a check card that transfers money to your savings account every time you use it. Regular account requirements apply, however, such as a minimum balance to avoid monthly fees. More information is available at: http://www.bankofamerica.com/promos/jump/ktc/index.cfm?&statecheck=DE.

said that the bad economy makes this a particularly hard time to save and a bad time to take out a loan because costs keep increasing.

- Stagnant wages. Coupled with increased household costs, stagnant wages means less and less capacity to save over time. As one participant noted, "Bills keep going up, but my income doesn't." Another similarly noted, "Everything going up but the paycheck." Most participants did not feel they had access to higher-wage jobs or promotions. Few had used a career center. Structurally, the lack of career ladders hurt both the capacity to meet basic family needs and the capacity to save. The lack of connection between career planning and asset or savings plans inhibits successful asset development.

- Low eligibility thresholds for government assistance programs. Participants described how government assistance programs only seemed to help non-working adults, and did not help those who are working but are still at low or moderate incomes. Some participants described turning down a promotion because they would otherwise lose important government benefits and end up with less money after paying for basic household expenses without assistance. Many focus group participants stated emphatically that public assistance policies did not encourage savings.

- High-interest penalties in loan products. A number of participants described taking out a car or short-term loan or running up credit card debt, missing one payment, and then watching the debt spiral out of control because the interest rate increased sharply upon the missed payment. For many, this damaged credit scores, and for some, meant repossession of an auto.

- High fees for bank products. Out of 32 people, only one participant did not have a checking account, and seven people did not have savings accounts. Those who did not have accounts cited the fees associated with carrying a low balance or overdrawing by even a penny as the major deterrent. They noted that it was important to shop around for the right account, since many banks had high fees for accounts. They also noted that all banks should offer overdraft protection so that they don't charge an overdraft fee when they have the money in another account. This contradicts others saying that keeping savings separate and inaccessible encourages them not to dip into savings when expenses rise.

- High interest rates. High interest rates, either at the outset or as a result of one missed payment, increased the debt amount out of participants' control. Most participants were well aware of the hazards of using payday lenders, many through their own experience. One participant borrowed $200, and estimated that she paid back $300. Another borrowed $350 and paid back around $450. That so many knew about and avoided payday lenders may be a result of our intentional over sampling of those who have had financial education or participated in asset assistance programs.

- Not realistically calculating loan payment amounts. In addition to high interest rates, many focus group participants reported loan payments being higher than they expected or harder to pay off given their other expenses. This suggests that they did not assess realistic measures of loan payment amounts in light of their existing household budget. Many purposefully took out small short-term loans in an effort to build their credit, but ended up defaulting and damaging their credit, because the loan was harder to pay back then expected.

- Family members in need. Many participants described not saving because they had to help family members in need, either with unexpected household expenses, such as medical bills, or by helping them to cover day-to-day expenses. In many cases, participants damaged their own credit by co-signing for a family member taking out a loan who then defaulted.

Other challenges were mentioned by one or a few focus group participants:

- Location of financial services institutions. One woman admitted she used a check-cashing establishment rather than a mainstream financial institution, despite knowing the high fees because it was located close to her and was convenient.

- Not fully understanding the terms of the loan. Some participants found out the terms of the loan after taking it, suggesting a need for more education and policies ensuring that individuals understand the terms of the loan.

- Higher credit or loan limit than requested. One participant noted that when she took a loan from a mainstream bank, the interest rate was 26 percent. She requested a $3,000 loan to pay back her mother for loans to pay bills. The bank approved her for $5,000, and she said she spent up to her limit, and found it very hard to pay off, although she was able to do so within a year. Another participant said her home buyers' course made her realize the value in paying an extra $10 off her bill every month. She hadn't realized it would take so long to pay it off if she just paid the minimum payment required by the credit card company.

- Sub-prime mortgages. One participant explained that she may not be able to keep her most important asset, her home. She stated:

> In 2003, when I retired from Wal-Mart, I bought my house. Ever since then, I've never been able to do a 401K, because I live paycheck to paycheck, and I'm stuck. I refinanced in 2006, to get out of flexible. They wanted $400 a month, but the attorney who did my mortgage put me in a downward spiral. Now the house is in foreclosure. [Starts to cry.] You work for 43 years, but you still don't make enough to get by. You can't make enough to get by. It's a big, big struggle.

There are some important effects of these challenges. First, some participants stated that government assistance programs were purposefully crafted to "keep poor people down." As a result, they were against those programs entirely, and suggested eliminating them. When asked if they would support the assistance programs if they extended to those with higher incomes, they said they would support continuing the assistance programs. It appears from these comments that the belief of the fairness and equity in programs is important at all income levels. This aligns with economic and psychology research that demonstrates that Americans will reject a cash offer—even if they stand to benefit financially—if someone else is perceived as unfairly gaining more.[48]

Second, participants' confidence in the economy, their job security, and their belief that their household expenses would hold constant were all important factors in beliefs that saving would be successful. Therefore, these perceptions about the economy and their own job security affected their attempts to save. For many participants the lack of confidence drove a sense of hopelessness about saving.

Third, perceptions of fraudulent or predatory lending practices appeared to inhibit participants from trusting any loan products, even those that were not fraudulent or predatory. Thus, predatory lending practices affect

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[48] Known as the "ultimatum game," one study participant is given an amount to share with another study participant, a stranger. The second study participant can accept or reject the offer, but does not have any opportunity to negotiate. Within ten percent of an equal split of the cash amount, study participants accept the offer, but when the split becomes more than 60/40, participants begin rejecting the offer, even when it means they lose financially. See a recent article, Tabibnia, G., Satpute, A.B., and Lieberman, M.D. "The sunny side of fairness: Preference for fairness activates reward circuitry (and disregarding unfairness activates self-control circuitry)." *Psychological Science*, *Vol. 19(4)*, Pgs 339 – 347.

an individual's entire community, since community members hear about the negative experience and make decisions to use, or not use, loan products, based on those stories.

Population-specific Issues

Participants identified a number of special populations who are affected by different influences or policies. They include:

- Latinos. Many of the participants in the Spanish-speaking focus group said that a program to help immigrants build credit when they arrive in America would benefit them and their families, because credit history from home countries is not used to build good credit in America. Two of the people in the focus group at La Esperanza described deportation of a family member as a major barrier to financial stability and the ability to save money, manage debts, or build assets. Many described being fearful of mainstream financial systems when they first moved here, and keeping savings in cash at home. One participant described being asked for a Green Card when applying for a bank account. Another described being asked for identification when using a check card when everyone in front of her had used one without a similar request. Another described housing discrimination from a job she had as a housing investigator. When she went in and pretended not to speak English, she was denied housing, but when a non-Latino person went in and applied with the same financial information, she was given the housing. Another described a car dealer who had higher interest rates for Latinos compared to non-Latino whites, despite being a Latino himself.

- African-American/Blacks. Participants noted discrimination in car purchasing, car repair, and real estate. As one participant said "They take me to the car they assume that I can afford," which prompted another participant to add, "Even with houses—they take you to certain areas, on the assumption that I can't afford anything. They don't know what I make."

- Women. Participants in one focus group said that women earn less in wages than men. Two participants offered examples, with one stating "Men with same title at my job make more." And another stated, "Men make $3 more an hour, but I'm not stoking the fire because I have a job. I had the experience, but that's fine, because I have a job. That's how I looked at it."

There are some other demographic groups which are also uniquely affected by policies and programs for asset development.

- Single Mothers. Many participants were single mothers, and discussed the hardship of meeting expenses for a whole family on one income (plus child support payments for some). They also noted, however, that there were more programs for single mothers than for others. They stressed the importance of child support payments to be able to meet necessary expenses or save.

- People with Disabilities. Three participants stated that people with disabilities or medical conditions were particularly hindered in developing any savings.

- Residents in Rural Areas. Focus group participants in Sussex and Kent counties said they were at a disadvantage compared to those in New Castle County, because they lacked the transportation and access to high wage jobs available near Wilmington. Latino participants (most of who had not lived in other counties) said they thought there were better services for Latinos in Sussex County than in Kent or New Castle, and that they thought there were better services for low-income people in Kent and Sussex than in New Castle.

- Residents of low-income areas. Lack of resources in low-income communities was mentioned as a barrier to saving, because as one participant explained, "where I live, gas prices are high, and if I want to get to supermarket I have to go all the way to [another neighborhood]. I have to use my gas which is so high to go buy food. They should put a supermarket in my neighborhood. I'm not going to 7-11, because I'd end up spending more money." Another participant explained that "nicer neighborhoods have nice supermarkets," while another explained that she pays higher auto insurance costs because of living in a lower-income neighborhood.

- Women Entrepreneurs. One participant in the NCALL focus group said she needed help as a female business owner, and would like women's business assistance services to help her put together a business plan.

- Recently Separated Spouses. A number of participants in recounting their history with savings and building assets described leaving their husband as a major financial event. Because there were not that many men in our focus groups, it's unclear how separation affects husbands.

Some participants cited discrimination in state and federal programs. Interestingly, it led to a discussion that the programs were unfair or bad, which has negative effects whether or not there is actual discrimination. A number of individuals described rudeness from front-line workers in state offices that angered them against the front-line worker but also made them angry at the program he or she represented.

Desired Programs and Policies

At the end of each focus group, we asked participants what would help them build assets. There was not consensus among focus group participants about what would have the biggest impact on savings and wealth building. Some mentioned the need for flexibility and others the need for customized services, which seems to align with the variety of suggestions.

Participants suggested:

- Financial education. Participants noted a desire for workshops on credit repair/building credit; financial education more broadly, homebuyers course, and post-homebuyer's courses. They also suggested new venues for financial education: at community events, through radio and television, and through schools. They suggested that transportation to classes, evening classes with free child care, and cash incentives to attend classes would help keep people motivated.

- Credit repair services. Several participants described taking a high-interest loan, co-signing on a loan for a family member who then defaulted, or other situations that damaged credit. Credit repair services would help these savers take out future loans at reasonable interest rates.

- Services in Spanish. Participants noted a need for financial education courses and materials in Spanish, education on financial terminology, and foreclosure assistance in Spanish.

- Better public transportation. Participants in Kent and Sussex Counties requested better public transportation systems in their counties to make it easier to get to work, access a larger job market, and reduce the need to own a car (or multiple cars in one family).

- Job training to increase income/wages. Participants stated that without an increase in wages, there was really nothing left after basic household expenses to save. They requested job training services to get them into higher-wage jobs so they could meet expenses and save money.

- Matched savings accounts (IDAs). The Delawareans Save! IDA program was mentioned in only one focus group. Participants noted a desire to expand that program or replicate it and make it better known so more people take advantage of it.

- Expansion of government assistance programs. Participants said that both the income threshold and the benefit amount should both be raised on such programs as: food stamps, child care, health care, disability, prescription benefits for disabled individuals, and Delawareans Save! One participant suggested grants to first-time homebuyers looking to purchase a home.

- Group support. Some noted again the importance of meeting and discussing finances in a facilitated meeting with peers, and thought the group support was motivating.

- More marketing of existing services. A number of the participants noted that their connection to an asset program was through word of mouth, and that a marketing campaign would likely make programs more effective.

Participants were generally enthusiastic that the information from the focus groups would be used to ensure that all of Delaware's citizens can develop a secure financial future that includes the opportunity to build and protect assets.

Section IV

Current Asset Programs and Gaps

Given the need to build assets for low- and moderate-income communities, Delaware offers resources to help build individual and community assets. In Appendix E, we provide a list of public, private and nonprofit programs organized by type of service. This list is the product of researching three primary sources: the *Directory of Human Services for Delaware 2006,*[49] *Delaware Helpline,*[50] and stakeholder interviews.[51]

Financial Services and Products

In order to build and keep financial assets, people need access to safe, affordable, and culturally appropriate financial services and products in their communities. Financial products generally include, but are not limited to, loan products for cars, homes, businesses, etc. One of Delaware's strengths is the large number of financial institutions compared to the state's modest population. Due to its favorable business climate, many financial institutions are headquartered in Delaware. While the state has been supportive of protection for banks, it has been less aggressive with efforts to protect local consumers by capping the interest rates on loans. In part, these policies have resulted in higher than average debt rates for Delawareans. Delawareans have a high level of debt – 44th out of 50 states in median credit card debt, 46th in median installment debt, and 34th in median mortgage debt,[52] where 50th is the lowest level of debt and 50th is the highest level of debt.

To offset the negative effect of "traditional" payday loans, a Worker Small Dollar Loan program was created from collaboration between West End Neighborhood House, Inc. and Wilmington Trust, resulting in 124 financed loans, totaling $53,550, by the end of first quarter 2008. Application approval average was 79 percent.[53] A number of other activities are planned in the coming months. While our stakeholder interviews indicated that this initiative is an extremely valuable resource, greater ownership and leadership at the local level are essential to making the program a long-term success.

The Money School, an initiative of the Delaware State Treasurer's Financial Literacy Institute, launched the *First State Saves Campaign* in New Castle County in February 2008, with assistance from the Federal Deposit Insurance Corporation's (FDIC). As of the first week of May, more than 600 people had signed-up as savers. Launches are planned for Sussex and Kent County as well.

The FDIC has helped to focus energy on the issue of access to financial services by extending its national initiative, the Alliance for Economic Inclusion (AEI), to New Castle County. The AEI is an initiative to establish broad-based coalitions of financial institutions, community-based organizations and other partners to bring all unbanked and underserved populations into the financial mainstream.[54]

Community based organizations (CBOs) benefit from financial institutions working to meet Community Reinvestment Act (CRA) requirements. The Community Reinvestment Act is meant to "encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and

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[49] Witz, Mary Ann and Mark Delmerico, eds. (2006). *Directory of Human Services for Delaware 2006*. Delaware Health and Social Services, Division of State Service Centers.
[50] Delaware Helpline. (2008). *The Online Guide to Human Services in Delaware*. Retrieved from http://www.delawarehelpline.org/helpline/index.jsp
[51] Not all programs responded to our survey; others only completed partial information.
[52] CFED. (2007).
[53] Federal Deposit Insurance Corporation. (2008). *Alliance for Economic Inclusion*.
[54] Federal Deposit Insurance Corporation. (2008). *Alliance for Economic Inclusion*.

moderate-income neighborhoods."[55] While low- to moderate-income communities often are wary of financial institutions, CBOs can build bridges between community members and financial institutions.

Financial Literacy, Financial Education and Credit Counseling

Financial literacy programs address a person's ability to make financial decisions about budgeting, borrowing, consumer protection, basic banking, types of credit and credit management.[56] We identified 12 nonprofit and public agencies providing assistance with financial literacy. While these agencies have successfully educated many Delaware residents about personal finance, these organizations continue to be challenged by an insufficient marketing strategy, preventing many residents from benefiting from this financial expertise.

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit is a refundable federal income tax credit for low-income working individuals and families.[57] Advocates for working families are often challenged by the lack of education around the EITC—many who are eligible for the tax credit simply do not know about it. The Nehemiah Gateway Community Development Corporation has taken the lead and spearheaded the campaign to educate eligible residents about the EITC. The Delaware EITC Campaign offers FREE statewide tax preparation to Delaware residents making less than $40,000 where they can claim this and other valuable credits.[58] Last year, the Delaware EITC Campaign served more than 14,000 Delaware residents.[59]

Commendably, since the 2002 report, Delaware has established a state EITC (Delaware Senate Bill 71),[60] which establishes a state income tax credit equal to 20 percent of the corresponding federal tax credit. However, the tax credit is not refundable, thereby, greatly decreasing the effectiveness of moving people from unemployment to employment.

Savings, Investments, and IDAs

The category of savings, investments, and individual development accounts refers broadly to strategies that encourage people to save more money for a home, invest in a new business, etc. We identified 11 programs offering Delaware residents savings and investment education and opportunities. While these programs have successfully helped Delaware residents build assets, stakeholders expressed the need for more debt reduction programs. In order to effectively save money, it is essential to address "bad" debt.

Retirement Accounts and Pensions

Retirement accounts and pensions include tools used to set aside funds for retirement savings. Across the nation, seniors are struggling to make ends meet. Their fixed incomes do not cover their ever-increasing costs, and our public policies do not close the gap. Even seniors who have worked their entire lives and are now living on incomes comprised of retirement accounts, pensions and social security are often unable to cover the most basic expenses.[61] We identified three programs actively leading the campaign for improving

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[55] Federal Financial Institutions Examination Council. (2008). *Community Reinvestment Act*. Retrieved from http://www.ffiec.gov/cra/.

[56] Gibson, Shani. (2008). *Identifying the YWCA Delaware's Niche in Southern Delaware.* University of Delaware, School of Urban Affairs and Public Policy.

[57] Internal Revenue Service. (2008). *Earned Income Tax Credit.* Retrieved from http://www.irs.gov/individuals/article/0,,id=96406,00.html

[58] Delaware Earned Income Tax Credit Campaign. (2008). *Delaware EITC Campaign's Mission.* Retrieved from http://www.eitcdelaware.net/aboutus/mission.asp

[59] Phone conversation with Delaware Earned Income Tax Credit Campaign.

[60]Tax Credit Resources.org. (2008). Retrieved from http://www.taxcreditresources.org/pages.cfm?contentID=39&pageID=12&subpages=yes&dynamicID=652

[61] Insight Center for Community Economic Development. (2008). *Elder Economic Security Standard Index*. Retrieved from http://www.insightcced.org/uploads///publications/wd/EESI-Legislative.pdf.

education and policies about meeting the needs of Delaware's seniors. As Delaware's population ages, building broad-based coalitions to advocate for seniors will be critical to the state's financial security.

Homeownership

Homeownership programs refer to services associated with purchasing and keeping a home. These services can range from pre-purchase education to assistance with maintaining a home. Through our research, we found 25 nonprofit, public and private providers of homeownership programs. While these program vary in their capacity and scope of services, all serve to increase the number of homeowners in Delaware. In addition to providing direct services, these programs also advocate for improvements in homeownership policies.

An example of a successful homeownership program can be found in the Diamond State Community Land Trust, which offers a shared equity program, ensuring long-term affordable housing available to the community. The program offers clients access to the critical step between rental and homeownership. In addition, the Delaware Housing Coalition has a manufactured housing (mobile home) initiative with CFED, called I'M HOME (Innovations in Manufactured Homes); it offers access to lower-cost housing. In creating opportunities for manufactured homeowners to own the land under their homes, I'M HOME offers manufactured homeowners the opportunity to build wealth (usually, manufactured homeowners own their homes but rent the land underneath them). The Delaware Manufactured Homeowners Association successfully advocated for a law establishing the right of first refusal, allowing manufactured homeowners the chance to buy manufactured home parks when they are up for sale.

The Delaware Housing Coalition (DHC) has spearheaded a state lobbying campaign over the past several years to expand Delaware's Housing Development Fund, which supports affordable housing development in Delaware through financing for developers and homeowners. DHC also monitors how this Fund is expended. In an effort to make affordable housing a state policy priority, DHC launched an initiative to place affordable housing advocates in all of the state's legislative districts.

Delaware homeownership programs have made additional improvements since the 2002 Governor's Task Force report. A 2002 recommendation to increase state sponsorship for first-time homebuyer counseling was successfully implemented. Participants in the Second Mortgage Assistance Loan (SMAL) program receive homeownership counseling early in the process, prior to signing a real estate contract.[62] While there have been significant improvements in Delaware, homeownership stakeholders expressed the need for existing organizations to work together more effectively. Stakeholders also noted the need to more effectively serve low-income and minority communities, particularly through offering services in languages other than English.

Small Business Ownership

A small business is defined as "one that is independently owned and operated and which is not dominant in its field of operation."[63] We identified 29 public, private and nonprofit agencies in Delaware that offer programs to encourage small business ownership. These programs offer a range of services including small business lending and technical assistance. Despite these strong support services, Delaware suffers from low entrepreneurial activity rates.

Nationwide, immigrants are substantially more likely to start businesses, and entrepreneurial activity rates are highest among the least-educated and most-educated groups.[64] In 2007, entrepreneurial activity

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[62] Delaware State Housing Authority. (2008). Retrieved from http://www.destatehousing.com/services/hb_smal.shtml
[63] U.S. Small Business Administration. (2008). *What is Small Business?* Retrieved from http://www.sba.gov/services/contractingopportunities/sizestandardstopics/size/index.html
[64] Fairlie, Robert W. (2008)

declined slightly among women nationwide.[65] Despite the low rate of entrepreneurial activity, Delaware has a strong foundation for entrepreneurial activity. With strong support services and more than 7,000 minority and women-owned businesses, Delaware has the potential to build its entrepreneurial base.[66] One way to build the entrepreneurial base is to encourage state agencies to do business with Minority and Women Business Enterprises. Delaware's Office of Minority and Women Business Enterprise plans to implement a voluntary pilot program in the Fall of 2008 to encourage agencies to seek quotes and bids from minority-owned businesses, and then to track how often those companies are selected.[67] This program will be implemented in conjunction with the DelACCESS Consortium.

Vehicles

Vehicle ownership is both an entry-level asset ownership opportunity and a key determinant in successful participation in the labor force. There is evidence that a vehicle alone makes a difference in successful employment – access to a vehicle is correlated with employment, higher earnings, and more work hours. When combined with high quality child care, job training, higher education, sectoral career ladders, affordable housing strategies, and viable public transportation systems, car ownership can be an integral part of a poverty alleviation program.[68] Focus group participants as well as service providers highlighted lack of transportation as a major barrier to building assets, especially in Kent and Sussex Counties. Up until 2007, Nehemiah Gateway CDC's Ways to Work family loan program had been one way that Delaware's low-wage working families could access a low-interest loan for vehicle purchase. The state's limited public transportation system presents a barrier to employment and building assets. While there is a "Live Near Your Work" program that helps employees purchase homes near their workplaces, a relatively small proportion of the population benefits from this program. Re-establishing the family loan program or creating a state-wide low-income car ownership program and enhancing the existing public transportation system are critical steps to building individual and community assets.

Workforce

Wages and income are a key component of an individual's ability to accumulate assets. Further, access to income protections and benefits are a critical component of reducing an individual's economic insecurity. These benefits include health insurance, unemployment insurance, and social security. Income is a foundation for ensuring self sufficiency[69] and building wealth. Disparities in wages, income, and employment contribute to the wealth gap between people of color and whites. While there are many factors that contribute to the income gap between whites and people of color, the existence of the gap influences the ability to build assets.

While there are a number of agencies that focus on workforce development and job placement, six agencies have programs specifically focused on the relationship between income and assets. Agencies in Delaware came together and created the SHARE (Showing How Access to Resources Empowers) Network, which includes workforce development partners, faith-based organizations, community organizations, businesses, and government agencies.[70] Job seekers can use the SHARE network to find local service providers who offer employment and training services.

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[65] Fairlie, Robert W. (2008)
[66] Harlow, Summer. (2008). *Minority Businesses Get Little State Work* in Delaware Online. Retrieved from http://www.delawareonline.com/apps/pbcs.dll/article?AID=/200807220345/NEWS02/807220367
[67] Harlow, Summer. (2008).
[68] Insight Center for Community Economic Development. (2006). *Low-Income Car Ownership Programs.* Retrieved from http://www.insightcced.org
[69] The self-sufficiency wages is the amount of money a person needs to earn in order make ends meet. Unlike the federal poverty level, it incorporates expenses such as child care and local housing costs.
[70] SHARE Network. (2008). *SHARE Network Delaware.* Retrieved from http://www.sharenetwork.delaware.gov/

Education

While financial education is critical to building and maintaining assets, in this sense, education refers to the connections between asset building and the K-12 education system. Although financial literacy classes are a part of the public high school curriculum, the education gap continues to plague the K-12 education system in Delaware. Latino and African American graduation rates are much lower than their white counterparts, and only one out of every ten minority students earns a postsecondary degree.[71] Four organizations have taken the lead in building bridges between the asset building and education communities. Vision 2015 is a collaborative effort by education, government, business and civic leaders throughout Delaware--along with hundreds of citizens--to provide a world-class public education to each and every student in Delaware.[72] Vision 2015 advocates for concrete next steps to improve the educational attainment of Delaware's youth, and thereby increasing their ability to contribute economically to the state in the future.

Health Care

The crisis in the healthcare system impacts people's ability to build and maintain assets. Lack of affordable health insurance and lack of access to affordable health care increases the risk of catastrophic illness, emergency room care, and financial struggles. In addition to the financial burdens on individuals and families, uninsured and underinsured clients also burden an already stressed healthcare system. To address these challenges, seventeen agencies in Delaware have taken the lead in building bridges between community health and assets.

In addition, significant progress has been made since the 2002 report. The 2002 report also recommended reducing the risk of asset loss due to lack of access to affordable health care, and in 2007, a coalition of public and private organizations formed Healthy Delawareans Today and Tomorrow and developed a comprehensive healthcare resource guide, which is available in English and Spanish. La Red Health Center became Delaware's fourth Federally Qualified Health Center in 2004 and the only one in Sussex County. The 2002 report also recommended expanding the Healthy Children Program (CHIP), which is a low-cost health insurance program for uninsured children, and in 2006, the CHIP program expanded to cover dental expenses.

[71] Vision 2015. (2008). *Executive Summary*. Retrieved from http://www.vision2015delaware.org/resources.dyn/Vision2015-Summary-10-12.pdf

[72] Vision 2015. (2008). *About Vision 2015.* Retrieved from http://www.vision2015delaware.org/learn/aboutv2015/

Section V

Recommendations

The following recommendations will help ensure that all of Delaware's citizens can develop a secure financial future that includes the opportunity to build and protect assets. These recommendations are based on the qualitative input of low- to moderate-income focus group participants, interviews of key stakeholders, quantitative trends of the population's assets, a literature review, and a scan of program strengths and gaps. They build on the impressive asset work already underway in Delaware. While there is no magical solution to the complicated problem of asset poverty, the following provides a framework to develop a continuum of policies and programs that lead to asset accumulation and preservation over time.

The recommendations are divided into four sections:
1) Asset Pre-Development,
2) Asset Accumulation,
3) Asset Preservation, and
4) Implementation Strategies.

The first three sets of recommendation move from the perspective of someone on public assistance with *no* savings or assets (e.g. a "pre-asset" development phase) to the steps needed to begin to accumulate savings and assets, and conclude with strategies to protect an asset, once someone has achieved that goal (e.g. an asset "preservation" phase). The fourth set of recommendations focus on the overall implementation of the preceding strategies.

Asset Pre-Development

1. Increase or Eliminate Financial Asset Limits in Public Benefits

"The policies are structured to 'keep you down'," explains one focus group participant, "if you save, you are disqualified from public assistance."

While Delaware should be commended for no longer instituting asset limits in determining eligibility for family Medicaid, the financial asset limit for families receiving its main cash assistance program, Temporary Assistance for Needy Families (TANF), remains strikingly low: only $1,000.[73],[74] In keeping with leaders in other states, Delaware should increase or eliminate its TANF asset limit, so families can build savings and an economic foundation, to facilitate their transition off of public assistance.

Similarly, while a reliable vehicle is essential to gainful employment in places with limited public transportation, TANF recipients can only have a vehicle with a net worth of $4,650 or less. Thus, anyone whose vehicle equity exceeds $4,650 will not be eligible. Given the extremely limited public transit options in Delaware, the State should revise its TANF policy to allow for greater equity or no vehicle limit at all.

[73] Delaware Health and Social Services, http://www.dhss.delaware.gov/dss/medicaid.html
[74] A notable exception to the asset limit, Delaware allows recipients of TANF, General Assistance or Food Stamps to save up to $5,000, if the recipient is in a designated "Education and Business Investment Account". Withdrawal from these accounts is not considered an asset as long as the funds are used for an approved TANF use connected to achieving self-sufficiency (e.g. education, job training, small business, home or vehicle purchase. For more details on TANF asset limits and exemptions, see Delaware Administrative Code Title 16, Section 4002.5, http://regulations.delaware.gov/AdminCode/title16/5000/5100/4000/4000%20Financial%20Responsibility-01.shtml#P72_4944

For Food Stamps, eligibility guidelines are divided between "categorical" and "noncategorical" eligibility. TANF, General Assistance, and Supplemental Security Income recipients are considered "categorically" eligible for Food Stamps—meaning that if a person is eligible for TANF, he/she is also automatically eligible for Food Stamps, and, therefore, the same low asset limits apply. For non-categorically eligible Food Stamps recipients, the asset limit is higher, but nevertheless quite low: $2,000, or $3,000 if elderly or disabled.[75]

2. Raise Income Eligibility Standards for Benefits, and Gradually Decrease Benefits as Income Increases so 'Work Pays'

"I don't qualify for government benefits, yet I don't earn enough to make ends meet," reveals a focus group participant.

The state has discretion in setting income-eligibility levels for some federal and state-funded public assistance programs (e.g. TANF, child care subsidies, and Food Stamps, among others). Like most other states, income eligibility is usually determined by a percentage of the Federal Poverty Line – a one-size-fits all, 1960's metric based on the cost of an "emergency" food budget. Using the Federal Poverty Line to determine income eligibility is problematic because many working families in moderately high cost states like Delaware earn above the "official" Federal Poverty Line (e.g. $22,200 for a family of four), but not enough to cover their basic costs in the private market. They fall in an "eligibility gap".

As an alternative measure, Delaware, similar to 34 other states and the District of Columbia, has commissioned the calculation of the *Delaware Family Economic Self-Sufficiency Standard* (or Self-Sufficiency Standard) which quantifies the cost of meeting basic needs for working families, and varies by regional differences in the cost of living. [76] The Self-Sufficiency Standard (and others like it) has been used by states across the country to help families transition off of public support and demonstrate a more realistic income ceiling for benefits. Delaware should raise income eligibility in accordance with measures of what it costs to meet basic needs, such as the Delaware Family Economic Self-Sufficiency Standard. If budget constraints do not presently allow for benefits expansion, the state should use an equivalent percentage of the Self-Sufficiency Standard in determining eligibility (e.g. 100 percent of the Federal Poverty Line is about 50 percent of Self-Sufficiency Standard).

In addition, public policies would better support workers' progress toward economic security if there were a *gradual* decline in assistance as people's income increases and they can afford to pay for basic goods in the private market. Instead, in many instances, benefits are cut off completely after recipients earn $1 over the income eligibility guidelines. However, in California, for example, there are three different tiers of child care subsidies based on different income levels so that as one's income increases and he/she is able to cover his/her child care costs, benefit levels decline over time.

3. Institutionalize the Delaware Family Economic Self-Sufficiency Standard

Delawareans can only begin to build savings and assets once they have met their basic financial needs. Indices like the Self-Sufficiency Standard use public, localized and up-to-date data sources to define a family's basic needs budget and, by doing so, help people set target income goals. However, these standards must be updated regularly, if they are to provide a guide for either families or policymakers. The *Delaware Family Economic Self-Sufficiency Standard* has not been updated since it was first developed in 2003. We recommend that the state publicly institutionalize the Self-Sufficiency Standard within an appropriate department and update it annually, so that Delawareans and policymakers have realistic tools on which to base individual and public policy decisions.

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[75] http://regulations.delaware.gov/AdminCode/title16/5000/5100/9000/9000%20Food%20Stamp%20Program-46.shtml
[76] Diana Pearce and Jennifer Brooks, 2003.

Similarly, in order to better understand the economic picture of different demographic populations within the state, we recommend that Delaware assess and track racial, ethnic, and gender differences in the number of households whose incomes are below the Self-Sufficiency Standard, which controls for localized cost of living, in contrast to the federal poverty guideline.

4. Support On-Going Minimum, Self-Sufficiency, and Living Wage Campaigns

A recent (yet thus far unsuccessful) campaign to increase Delaware's minimum wage to the highest in the nation (from $7.15/hour to $8.25/hour by March, 2010) would have had significant impact on the ability of low-wage workers to begin on a path of savings and asset accumulation. While Senate Bill 204 passed by the Delaware Senate and moved out of the House committee on June 11, 2008, it died when the session ended on June 30th, 2008. People of color in Delaware are disproportionately employed by minimum wage jobs. Thus, renewing efforts to increase the state's minimum wage would significantly advance lifting communities of color out of poverty and onto a path of greater economic security.

5. Improve Transportation Options

With skyrocketing gas prices and the lack of widespread public transportation (especially in Kent and Sussex Counties), transportation challenges prevent Delawareans from pursuing employment opportunities and accessing work support services. High gas prices have also hampered non-profit providers' financial capacity to provide financial education and other asset building resources across the state.

The State should evaluate the effectiveness of Delaware's public transportation system, DART, including the financial and political viability of improving current services and expanding service in southern Delaware. Notably, even in New Castle County where public transit is strongest, all of the focus group participants had a vehicle, which suggests that private transport is, in reality, a necessity.

The state should expand its innovative (but small) "Live Near Your Work" program which provides employees of participating employers with a grant towards the purchase of a home near their place of employment.

Finally, the state could create a family loan program, such as the one previously operated by Nehemiah Gateway CDC, to provide low interest loans to low-income families for purchases such as a car. Alternately, the state may wish to create a comprehensive low-income car ownership program like Maine, South Carolina, Tennessee, or Vermont.

Asset Accumulation

Savings

6. Make State Earned Income Tax Credit (EITC) Refundable

Commendably, since the Governor's 2002 Task Force report, Delaware has established a state EITC program with a state income tax credit equal to 20 percent of the corresponding federal EITC.[77] However, to greatly increase the effectiveness of the credit, Delaware needs to take one further step and make its EITC refundable. As is, most low-income working families do not have tax liabilities and therefore do not reap the benefits of the state tax credit. A refundable tax credit need not cost the state more money, as the Governor's 2002 Task Force report argued, if the percentage of the existing non-refundable credit were

[77] http://www.taxcreditresources.org/pages.cfm?contentID=39&pageID=12&subpages=yes&dynamicID=652

reduced to a smaller percentage match (e.g. 5 percent or 10 percent of a refundable credit, instead of the current 20 percent credit). Most other state EITC programs are refundable.

7. Invest in EITC Savings Strategies

Delaware has created an impressive coalition and developed a successful statewide EITC outreach campaign.[78] They filed over 14,000 tax returns throughout the state resulting in over $19 million in EITC returns to Delawareans last year.

The Delaware EITC campaign has also been a national leader in leveraging the "window of opportunity" during tax time by training volunteers to be "cash coordinators" to speak with clients waiting to file their EITC at voluntary tax assistance sites. They encourage clients to "split" their refund, so that they save a portion of their refund, and open a savings accounts, CD, savings bond, or IDA. About 600 people (4 percent) put some of their EITC money into a savings account. This percentage is better than many other EITC campaigns nationally, and it can be increased even more by having the state provide a match to a portion of money deposited into a savings or individual development account. For example, the state could structure a new, refundable EITC program such that recipients get a higher EITC state match percentage if part of the return is deposited into a savings or IDA account.[79]

Cash Coordinators also identify which government benefits clients appear qualified for and refer them to the appropriate agencies. Furthermore, they pulled over 2500 credit reports and referred them to agencies to repair their credit. This work may be strengthened by increased resources to follow-up with clients and support better tracking and evaluation mechanisms of clients who file credit reports.

Finally, other states invest state money to support EITC outreach campaigns and free tax preparation sites, so that a larger number of low-income residents can benefit. The state of Delaware should consider making such an investment in the Delaware EITC campaign.

8. Enact a State Individual Development Account Program

While there is an active IDA program, *Delawareans Save!*, funding for this program comes from federal and private sources. The state should consider separate financial support of IDAs since IDAs are a proven strategy to help low-income, low-wealth individuals develop assets. Furthermore, Delaware is one of only a handful of states that does not allow funding for IDAs through its TANF welfare reform law. With an emerging network of IDA programs, the infrastructure for expanding these programs is already in place to leverage more investments. State support could take the form of a direct appropriation, allocation of federal/state funds, or state tax credits for direct IDA investments.[80] And it could permit more flexible use of the IDA funds (e.g. allow for retirement savings or a vehicle purchase). In structuring any IDA expansion, Delaware should consider support or incentives for expanded IDA programs in Kent and Sussex Counties, where there are fewer IDA programs.

9. Encourage "Opt-Out" Retirement Savings Accounts

The asset building literature has demonstrated that more people save if institutional mechanisms are implemented to facilitate to savings.[81] For example, retirement plans in which the default is that an employee

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[78] See http://www.tax-coalition.org/Resource%20Library/G%20-%20Outreach%20to%20invite%20organizations%20to%20join%20an%20EITC%20campaig.doc
[79] Mary Dupont. Personal interview. July 21, 2008.
[80] 2002 Governor's Task Force Report, p. 41
[81] See *Assets and the Poor* (*Sherraden*, 1991), for a seminal book on the role of institutional structures in increasing savings outcomes.

participates yield much better savings and participation rates than those programs where the employee has to proactively “opt-in” to the program. The federal government now allows employers to elect automatic enrollment of 401(k) plans.[82] To encourage more small businesses to take advantage of that option, the state should offer a tax benefit for small businesses which structure “opt-out” retirement plans. The state should lead by example and implement such a program for state employees.

Housing

10. Require Financial Education for First-Time Homebuyers and High Risk Borrowers

While borrowers are required to list home inspections, appraisals, and other attributes upon closing a home loan, they are not required to demonstrate that they have mastered financial literacy or homebuyer education. The state should consider such a requirement for high risk borrowers, and first-time homebuyers who receive government-backed loans or down payment assistance. Homebuyer education programs should include debt counseling and should also be compensated and/or financed by the housing industry.

11. Replicate Innovative Manufactured Housing Initiatives and Community Land Trust Projects

Delaware has an important manufactured housing inventory and strong manufactured housing associations. Manufactured housing itself offers promise as an affordable housing strategy which can also appreciate. Through resident-owned communities, manufactured home owners can achieve security of tenure. Alternatively, a model like the statewide Diamond State Community Land Trust can provide tenure security. Given the high cost of more traditional housing in Delaware, we recommend replicating this and other shared-equity housing models to other parts of the state and expanding the community land trust, as it proves successful.

12. Develop an Affirmative Approach to Housing Integration

Numerous studies have demonstrated that housing values in minority neighborhoods are lower than those in Caucasian neighborhoods, controlling for other factors. Thus, encouraging more integrated housing is an important asset strategy toward closing the racial wealth gap in Delaware. We suggest that local advocates work with local governments to require housing developers to create an affirmative, integrated marketing plan for any new development. Such a campaign, with successful results, took place in the south suburbs of Chicago which were undergoing “white flight” as people of color moved into communities.[83]

13. Improve Implementation of Fair Housing Testing Program and Enforcement of Fair Housing Laws

Delaware has a fair housing testing program, which measures the quality, quantity, and context of information and customer services given to potential renters and home buyers to assess discrimination

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[82] The Pension Protection Act of 2006 (PPA) and updates to Employee Retirement Income Security Act (ERISA) changed rules regarding 401(k) plans. The Pension Protection Act of 2006 introduced the automatic enrollment feature where employers can choose to withdraw money from employees’ paychecks unless they opt out of the plan. IRS. “401(k) Resource Guide- Plan Participants- 401(k) Plan Overview”, http://www.irs.gov/retirement/participant/article/0,,id=151753,00.html

[83] New York Times, 3/11/96,“Town Tries to Keep Its Balance in Wake of White Flight,” www.nyt.com. Retrieved August 2, 2008

based on race and disability in the housing market. However, advocates have criticized the state and local governments for not fully enforcing fair housing laws.

14. Build on Current Advocacy Initiatives to Increase Resources and Funding of the Housing Development Fund

While Delaware has a housing development fund, it has been chronically under funded and lacks adequate dedicated revenue. Thus, despite a concerted lobbying effort by the Delaware Housing Coalition and allied groups, its scope remains quite limited. We recommend expanding the fund, with a particular focus on catalyzing affordable housing development in the southern parts of the state and in supporting first-time homebuyer programs throughout the state.

Small Business Development

15. Create a Special Task Force to Reinvigorate Small Business Development

Delaware underperforms nearly every other state in self-employment and business ownership. The state has very low levels of self-employment and a trend of declining total sales by firms owned by "identifiable persons" (as opposed to corporations owned by public stock holders). We recommend that a special task force be set up to comprehensively review the issues and make actionable recommendations to the public, private, nonprofit, and philanthropic sectors. The task force should examine the climate for small business and venture capital; private and public commercial lending programs; small business development services; and public and private procurement policies. The task force should include the state, cities, small business development centers and related nonprofit organizations, chambers of commerce, business associations, and university business schools.

16. Ensure that Minority, Women, and Small Business Enterprises Have a Level Playing Field to Secure State Procurement

Minority- and women-owned businesses (M/WBEs) have a share of state procurement well below their overall market share in the economy, indicating barriers to accessing state procurement. In order to ensure a level playing field and ensure compliance with the federal Civil Rights Act, Delaware should be committed at its top leadership positions to diversify its suppliers and contractors and provide more funding and support for the state's Office of Minority and Women Business Enterprise. Many states could be used as models, including Virginia which has small business procurement goals in addition to M/WBE goals, and Florida, which has a very effective voluntary supplier diversity program promoted by the Governor and state agency heads.

17. Create a Peer Mentoring Entrepreneurship Program for Women and People of Color

Peer mentoring programs for minority and women entrepreneurs build their capacity to access new markets, bid for contracts, and develop a business network. Such a program sometimes include a public recognition of successful businesses (e.g. through a "Governor's Award" or by The Urban League). Massachusetts has a mentor protégée program which uses women and minority owned businesses to be the mentors. This kind of program helps foster comfort and an understanding of the specific barriers that women and minority-owned businesses face. Delaware should develop similar supports to help M/WBEs.

18. STRENGTHEN WOMEN AND MINORITY-OWNED BUSINESS AFFILIATIONS

We recommend that the philanthropic community and public sector provide support to build the capacity of organizations and associations that represent and assist M/WBEs.

19. EXPAND EXISTING MICRO-ENTERPRISE PROGRAMS AND LAUNCH AN OUTREACH CAMPAIGN

Particularly for women and people of color, micro-enterprise – e.g. a business with 5 or fewer employees and seed capital of not more than $35,000 – can be a successful strategy to further economic advancement and asset building. While there are some programs available in Delaware to assist small/micro-enterprises, there is a lack of widespread awareness of these programs. Our findings suggest that greater outreach to the small business community is needed. In addition, few small business assistance organizations reportedly have the breadth and depth to capture all facets of small business so we recommend also building the capacity of existing providers. This is especially important for providers of micro enterprise and small business development services in Spanish, given the limited growth of Hispanic-owned firms in Delaware.

Because of the funding and data measurement structure, the Small Business Development Centers (SBDCs) tend to focus on larger "small" businesses. We suggest advocating that the US Small Businesses Administration (SBA) set-up goals and reporting measurements around the number of micro-enterprises served by SBDCs. This will encourage specific outreach strategies and assistance geared toward micro-enterprises. Other states have found that programs designed to help family child care home and smaller child care centers could also further SBA goals around assisting women and people of color, since they own the majority of child care businesses.

In a related manner, the SBDCs should link small business development and finance services to the state procurement system (e.g. through the Office of Minority and Women Business Enterprise and DelACCESS Consortium). The state and local governments should provide a larger match to the SBA-funded SBDCs and women business centers located in Delaware.

Finally, the philanthropic community should place more emphasis on investing in building the capacity of micro enterprises in Delaware.

Asset Preservation

20. ADVOCATE TO BROADEN AND CONTINUE FORECLOSURE PREVENTION TASK FORCE

Delaware is experiencing nearly 200 foreclosures every month and the number may continue to rise. The recently-formed Lt. Governor John Carney's Task Force is a first step to addressing this complicated problem. However, the task force should focus more on an action agenda and should be broadened to include more involvement and ownership from experts in the non-profit field. In addition, the task force should incorporate an outreach initiative with community-based and faith-based organizations. We also highly recommend that this task force be continued by the new administration.

21. ENACT "ALTERNATIVE BASE PERIOD" FOR UNEMPLOYMENT INSURANCE

Delaware considers the earnings of workers during the first four of the five most recently completed yearly quarters when determining unemployment insurance benefits.[84] This policy, however, harms low-wage

[84] CFED, 2007-B.

workers who may not have the work history to qualify for unemployment insurance benefits. By allowing an alternate base period, such as counting the four most recently completed quarters, states require fewer weeks worked and will reach more low-income workers through unemployment insurance.[85] This recommendation is especially critical with the downturn in the economy and loss of jobs in Delaware.

22. FDIC and Local Partners Should Deepen and Expand the *Alliance for Economic Inclusion*

Focus group members reported that alternative financial entities (such as payday lenders, check cashers) have a stronger presence in many of their neighborhoods than traditional banks; at the same time, Census data reveals an overall trend of declining interest earned from savings accounts in Delaware. We recommend continued implementation of the *Alliance for Economic Inclusion Initiative* in New Castle County. We further recommend that non-profit organizations, the FDIC, financial institutions, public entities, and foundations partner to expand the AEI to Kent and Sussex Counties. This initiative should continue to focus on developing affordable and appropriate banking products (e.g. lower minimum balances for savings accounts, fewer fees), as well as increasing participation in the mainstream financial market. The San Francisco FDIC's successful "Bank on San Francisco" provides a good model: the city Treasurer, area non-profit organizations, the Federal Reserve Bank, financial institutions, and foundations unified to get 10,000 unbanked San Francisco residents bank accounts. Key to the success of their effort and others like them, however, is *local* ownership and leadership.

23. Strengthen Regulation of Lending Practices

Unlike some other states, Delaware does not cap usury rates. We recommend enacting a usury law to protect consumers from asset stripping loans. In general, Delaware should strengthen its consumer protection laws which presently favor financial institutions.

24. Support Existing Efforts to Advocate for Health Care Reform

The percentage of Delawareans covered by health insurance has decreased over the past few years. Lack of insurance and underinsurance is one of the most comment causes of "asset stripping" among low-income and low-wealth people. Previous reports, as well as current stakeholder interviews and focus group members cited concern over the gaps in Delaware's healthcare system. *Healthy Delawareans Today and Tomorrow,* a coalition of public and private health care organizations that was created in 2007, provides a possible launching platform to develop policies and advocate for comprehensive health care reform in Delaware.

25. Replicate Innovative Credit Building Models

Short-term, reasonably-priced loans available through community-based organizations with financial institutional guarantees can help immigrants (and others who may be wary of financial institutions) begin to build credit. For example, programs like People's Community Partnership Federal Credit Unions *Fresh Start Loans*[86], which are designed specifically to help people build credit, are particularly effective for newly-arrived Latino immigrants who do not have a credit history, as well as others who have bad credit. These

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[85] CFED, 2007-B.

[86] Oakland, CA-based People's Community Partnership Federal Credit Union *Fresh Start Loan* program works as follows: borrowers cannot access their Fresh Start funds until they have completed a payment schedule. Upon completion, they receive the entire amount of the loan plus interest earned on the account. People's then reports the positive payment history to the credit bureaus which will improve the borrowers' credit and increase credit scores. For more details, see http://www.pcpfcu.org/fresh_loan.html

kinds of affordable financial products which respond to community needs should be promoted throughout the state.

Implementation Strategies

26. Create a Cross-Sectoral, Long-Term Statewide Asset Building Coalition

The hope is that this publication can provide a platform to engage a broad array of stakeholders in the non-profit, public and for-profit sectors, which are committed to asset development, accumulation and preservation over the long-term. Such a coalition, with a strong lead and governance structure, should include field leaders with expertise in areas such as: public benefits asset limits, home ownership, financial education, workforce development, transportation, savings, small and micro-business development, health care, and lending practices. For long-term success, a leading entity should help bring people together to form connections and communicate better across sectors in Delaware.

One of the first tasks of any such coalition should be to develop a system to prioritize this list of recommendations. Criteria for prioritization could include:

- Impact of strategy
- Political viability
- Economic feasibility
- Capacity of partners/potential partners
- Connection to campaigns already underway
- Overlap with philanthropic priorities among Delaware's foundations

The statewide Asset Policy Initiative of California[87] provide good models for developing a prioritization process that simultaneously builds stakeholder engagement and buy-in.

27. Develop a Comprehensive Funding Strategy

Once priorities are set, the coalition should create a Fund Development Committee to create a short-term and long-term fundraising plan. This will help to ensure financial viability and sustainability of the initiative.

28. Develop a Statewide Marketing Strategy

This new coalition should develop a strategic, multi-pronged marketing campaign to build public will, catalyze legislative action, and create clear and consistent messaging around the coalition. Given Delaware's relatively small population, targeted social marketing campaigns can be very effective, as was demonstrated through the anti-smoking campaign. Such a campaign backed by a strong coalition will help generate a sense of urgency around asset development strategies. The coalition may leverage the opportunity of a new governor taking office after the November 2008 elections to spur momentum.

The social marketing campaign should identify barriers that deter people from taking advantage of the Delaware's many existing asset resources and develop a strategy to overcome those barriers. Many of those barriers are already identified in this report. The social marketing campaign should connect to a seamless network of providers with a well developed referral and tracking system that functions to refer clients to appropriate resources, including governmental, nonprofit, and private institutions.

[87] For more information on the Asset Policy Initiative of California, see www.assetpolicy-ca.org

29. FORMULATE AN ORGANIZING STRATEGY

The coalition should partners with leading grass-roots organizing groups such as ACORN to build a constituency base of community activists who are committed to this agenda and can advocate on its behalf in Dover and at the local level. It is important to understand the role of social enterprise and connectivity to catalyze change, organize and network.

30. CREATE AN OFFICE OF FINANCIAL EMPOWERMENT OR SIMILAR OFFICE TO PROMOTE FINANCIAL EDUCATION, SAVINGS, AND ASSET BUILDING STRATEGIES

Delaware already has an exemplary centralized directory of financial education programs throughout the state. However, many communities do not know about this resource. Delaware should create an Office of Financial or Economic Empowerment, similar to that of Pennsylvania[88], to promote not only financial education but also credit counseling, savings, matched savings accounts, and other asset building strategies. One role of this office could be to launch a social marketing campaign (like the successful anti-smoking campaign) to stress the importance of financial fitness. Spearheaded by the new office, government agencies and financial institutions could enlist the help of community-based organizations to identify trusted local leaders to help market financial education programs across the state, such as those of the Delaware Money School.

Another role of the new Office could be to offer or facilitate the offering of individual financial counseling and coaching, similar to New York City's Financial Empowerment Center. While there are credit counseling programs in Delaware, both focus group participants and stakeholders emphasized the need for even more consumer credit counselors to help people reduce debt and build credit. Given the disproportionate number of financial institutions in Delaware, community-based organizations and others providing either credit counseling or financial education could turn to financial institutions' CRA requirements for support to expand their programs.

A newly created Office of Financial Empowerment could also coordinate financial education with schools. While Delaware has developed financial education programs within many school districts, it should consider requiring financial education (similar to Driver's Education) throughout the K-12 educational system, and include the passage of a "financial certification" test (similar to a driver's license written examination). Financial education could be incorporated as part of a required high school standard economics class.

Another role for the Office of Financial Empowerment could be to ensure that there are culturally and language appropriate financial education classes. At the moment, very few financial education classes are conducted in Spanish, especially outside of New Castle County. In addition, few classes have been sufficiently customized to meet the needs of Delaware's diverse communities. Financial educators should work with non-profit organizations like La Esperanza to develop culturally-specific programs for the growing number of Spanish-speaking communities in Delaware.[89] A customized approach should explore encouraging alternative forms of savings, e.g. pooled savings funds among trusted groups of closely-knit communities. The focus groups also revealed the importance of peer support and peer learning in acquiring financial fitness skills and confidence. Financial educators should be intentional about incorporating activities to foster peer learning. A leading community action program in Riverside, California, for example,

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[88] For more information on Pennsylvania's Office of Financial Education, which is housed within the Department of Banking, see http://www.banking.state.pa.us/banking/cwp/view.asp?a=1354&q=547312&bankingNav=|32150|32185|

[89] American Express and the National Endowment for Financial Education, developed a *Financial Education Clearinghouse* to support the delivery of community-level financial literacy programs to teach and motivate underserved segments of society to make changes in financial behaviors that will lead to economic independence. Some of the curricula are in Spanish; this resource can be found at http://www.nefe.org/tabid/89/Default.aspx.

has engaged the faith-based community to develop "circles of support," whereby a small group of congregants work with a family in need and, together, they develop a budgeting and savings plan.

Another role for the Office of Financial Empowerment could be to provide support for community leaders and community based organizations that are networked into different populations, so that there can be more connection and communication across different populations.

31. Collect Demographic Data on Asset Programs

We were challenged to find consistent data on race, gender and ethnicity of participants in various asset building programs. In order to measure progress of asset building programs to help overcome racial and gender wealth gaps, it will be critical to have a uniform but simple data management system. "What you measure," one field leader presciently asserted, "is what you get, and what you don't measure, you don't get." The coalition should develop a strategic plan with specific goals and a set of metrics, including race and gender targets, to measure progress over time and to hold coalition members accountable. There should be periodic reports on the progress of the initiative.

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Appendix A

Delaware Asset Building Group Steering Committee

Vandell Hampton, Jr.
Executive Director
First State Community Loan Fund

Paul Herdman
President & CEO
The Rodel Foundation of Delaware

The Rev. Dr. Clifford I. Johnson
Pastor/President
Shiloh Baptist Church/Nehemiah Gateway Community Development Corp

George Krupanski
President & CEO
Boys & Girls Clubs of Delaware

The Honorable Chandlee Johnson Kuhn
Chief Judge
Family Court of the State of Delaware

The Honorable Jack Markell
Treasurer, State of Delaware

Ginny Marino
Chief Executive Officer
YWCA Delaware

Peter Morrow
Executive Director
Longwood Foundation

Michelle Taylor
President & CEO
United Way of Delaware

The Right Rev. Wayne Wright
Bishop
Episcopal Diocese of Delaware

Project Administrator's Office
YWCA Delaware
100 W. 10th Street, Suite 515
Wilmington, DE 19801
Economic Advancement Department
153 E. Chestnut Hill Road, Suite 102
Newark, DE 19713

Dear Community Stakeholder:

State policy plays an important part in influencing and helping families to save and build wealth. The State of Delaware has been a leader and innovator in enacting wealth-building policies and programs to promote homeownership, small business growth and development and higher education attainment. In continuation of the work already started in the *Governor's Task force for Financial Independence (2001)*, the Delaware Asset Building Group is requesting your assistance in helping us set out a comprehensive program and policy agenda.

The Insight Center for Community Economic Development out of Oakland, California has been selected to lead this comprehensive research project on asset building in the State of Delaware. We respectfully request your organization to share its experiences and perceptions regarding the current asset building landscape. Through phone, e-mail and or in-person conversations, the Insight' Center will be looking to answer the following questions:-

1. What do impoverished Delaware families need in terms of programs, services and policies that can help them build assets and climb out of poverty?
2. What's already in place in Delaware? What works and what does not work?
3. Where do we have sufficient capacity to meet demand and where do we need more resources?
4. How should the allocation of scarce resources be prioritized?
5. What will be the cost of new and or expanded programs?
6. How do these findings inform public policy?

Please note that we may also request your assistance on a key component to this research assessment; which will be the voice of the families in need through interviewing and or holding focus groups with low-moderate income groups.

Desired Outcome:-
This report will serve as the foundation for a statewide asset building initiative and agenda that will:-

1. Make the economic development case that will demonstrate the significance of asset building opportunities for low income Delawareans.
2. Promote state level asset-based policies that are designed to assist low-income households;
3. Enhance the capacity of state Individual Development Account (IDA) organizations.
4. Lead to the creation of a ***state asset building coalition*** that will drive, support and strengthen the growth and operation of promising asset-building initiatives.

At the end of this project, Insight Center will distribute to funders as well as constituents, an *asset building program and policy report* that will statistically highlight, by county, Delaware's asset building programs and public policy priorities. The report will make recommendations based on statistics and impact stories from focus groups to underscore and personalize the research. We thank you in advance for your insightful contribution to the success of this project.

Sincerely,
Faith M. Mwaura
Faith M. Mwaura
Delaware Project Administrator

Appendix C

Key Stakeholders Contacted for Report

Jayne Armstrong	*Small Business Administration, Delaware District Office*
L. Jay Burks	*Office of Minority and Women Business Enterprise, Delaware Office of Management and Budget*
Paul Calistro	*West End Neighborhood House, Inc*
Mary Dupont	*Delaware EITC Campaign, Nehemiah Gateway Community Development Corporation*
Caroline Glackin	*Delaware State University, Development and University Relations*
Zaida Guajardo	*La Esperanza Community Center*
Van Hampton	*First State Community Loan Fund*
Terri Hasson	*Citibank Delaware & Citicorp Trust Bank fsb*
A. Richard Heffron	*Delaware State Chamber of Commerce*
Paul Herdman	*Rodel Foundation of Delaware*
Stephanie Lonie	*YWCA Delaware*
Lolita Lopez	*West Side Community Health Center*
Cynthia Manlove	*Delaware Department of Social Services*
Ginny Marino	*YWCA Delaware*
Jack Markell	*Delaware State Treasurer*
Faith Mwaura	*YWCA Delaware*
Joe Myer	*NCALL*
Olakunle Oludina	Women's Business Center, *YWCA Delaware*
Rashmi Rangan	*Delaware Community Reinvestment Action Council, Inc.*
Yamil Sanchez	*United Way of Delaware*
Lisa Schieffert	*Delaware Department of Health and Social Services*
Ken Smith	*Delaware Housing Coalition*

Michelle A. Taylor	*President & CEO, United Way of Delaware*
Loraine Watson	*City of Wilmington, Office of Economic Development*
Norma Zumsteg	*PNC Bank Delaware*

Appendix D - Demographic Data

Table D1: Households with Interest, Dividend or Net Rental Income

	Percent of HOUSEHOLDS with interest, dividend, or net rental income			
	1999 %	1999 Avg. Amount (in 2005 Dollars)	2005 %	2005 Avg. Amount
USA	36%	$12,683	25%	$13,256
Delaware	39%	$11,547	27%	$11,260
Kent County	33%	$8,381	24%	$7,305
New Castle County	41%	$11,865	29%	$11,851
Sussex County	38%	$12,581	25%	$12,351

Source: Decennial Census, 2000, and American Community Survey, 2006, US Census Bureau

Table D2: Interest, Dividend or Net Rental Income by Race and Ethnicity

	Percent of HOUSEHOLDS with interest, dividend, or net rental income and amount of income, 1999	
	Percent of Households	Average Amount per Household
Delaware, all households	39%	$9,720
African-American	13%	$6,167
American Indian or Alaska Native	16%	$12,650
Asian	46%	$8,138
Hispanic or Latino	15%	$6,176
Native Hawaiian or Pacific Islander	30%	$3,070
Non-Hispanic White	46%	$10,005
Two or more Races	20%	$5,477

Note: All race groups are those that reported that race alone. Source: Decennial Census, 2000, US Census Bureau, SF4. Average Amount per Household refers to the mean amount of interest, dividend, or net rental income for households with that type of income, real 1999 dollars.

Table D3: Percentage of Various Work Forces Who Participated in an Employment-Based Retirement Plan – Comparing the State of Delaware with Nationwide trend

	All Workers		Wage and Salary Workers, Ages 21–64		Private-Sector Wage and Salary Workers, Ages 21–65		Public-Sector Wage and Salary Workers, Ages 21–65		Full time, full year Wage and Salary Workers, Ages 21–66	
	DE	USA	DE	USA	DE	USA	DE	USA	DE	USA
2006	47.3%	39.7%	53.1%	45.5%	48.1%	40.3%	82.7%	73.3%	59.3%	52.7%
2004	48.9%	41.9%	55.8%	48.3%	51.7%	43.0%	78.4%	75.8%	62.6%	56.6%
2002	45.4%	41.8%	51.9%	48.2%	48.9%	43.1%	72.0%	74.8%	60.6%	56.7%

Source: Employee Benefit Research Institute. “Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2006.” Issue Brief 311, Nov. 2007.

Table D4: Percent of Households Living in Owner-Occupied Housing

	2000	2006	2000, Middle Income Households only
USA			
White (not Hispanic/Latino)	72%	72%	
Black or African American	46%	46%	
American Indian and Alaska Native	56%	56%	
Asian	53%	60%	
Native Hawaiian and Other Pacific Islander	45%	46%	
Hispanic or Latino	46%	49%	
All households	*66%*	*67%*	
Delaware- statewide			
White (not Hispanic/Latino)	79%	80%	78%
Black or African American	51%	55%	58%
American Indian and Alaska Native	66%	66%	66%
Asian	52%	60%	38%
Native Hawaiian and Other Pacific Islander	54%	n/a	n/a
Hispanic or Latino	42%	45%	49%
All households	*72%*	*74%*	*73%*
Kent County			
White (not Hispanic/Latino)	76%	80%	78%
Black or African American	50%	53%	59%
American Indian and Alaska Native	65%	n/a	n/a
Asian	47%	63%	n/a
Native Hawaiian and Other Pacific Islander	n/a	n/a	n/a
Hispanic or Latino	51%	46%	n/a
All households	*70%*	*73%*	*74%*
New Castle County			
White (not Hispanic/Latino)	78%	79%	75%
Black or African American	48%	54%	54%
American Indian and Alaska Native	57%	n/a	n/a
Asian	52%	59%	n/a
Native Hawaiian and Other Pacific Islander	46%	n/a	n/a
Hispanic or Latino	41%	47%	49%
All households	*70%*	*72%*	*69%*
Sussex County			
White (not Hispanic/Latino)	85%	85%	87%
Black or African American	61%	64%	74%
American Indian and Alaska Native	77%	95%	
Asian	72%	60%	
Native Hawaiian and Other Pacific Islander	95%	n/a	
Hispanic or Latino	39%	37%	
All households	*81%*	*81%*	*85%*

Source: Decennial Census, 2000, and American Community Survey, 2006, U.S. Census Bureau. "N/a refers to 'not available' due to small sample size of that specific population. Middle income households refer to those between 80% and 120% of the regional median household income.

Table D5: Median Value of Owner-occupied Housing, 2000 and 2006

All Owner-Occupied Households	United States	Delaware	Kent County	New Castle County	Sussex County
2000	$158,934	$153,474	$126,746	$157,968	$156,441
2006	$270,498	$272,198	$219,856	$277,200	$296,451

Source: Decennial Census, 2000, and American Community Survey, 2006, US Census Bureau

Table D6: Median Value by Racial Group (all owner occupied housing units), 2000

	United States	Delaware	Kent County	New Castle County	Sussex County
White (not Hispanic/Latino)	$123,400	$135,800	$116,300	$141,800	$128,300
Black or African American	$80,600	$95,400	$100,000	$97,400	$81,500
American Indian and Alaska Native	$81,000	$108,100	$103,400	$112,100	$106,000
Asian	$199,300	$173,500	$139,100	$183,800	$135,900
Native Hawaiian and Other Pacific Islander	$160,500	$133,100	n/a	$141,200	$86,300
Hispanic or Latino	$105,600	$104,200	$123,200	$101,500	$91,900

Source: U.S. Census Bureau, Decennial Census 2000.

Table D7: Median Value by Racial Group (all owner occupied housing units), 2000, Median Income Households Only

	Delaware	Kent County	New Castle County	Sussex County
Any Race	$110,300	$98,500	$116,800	$98,800
White (not Hispanic/Latino)	$115,200	$101,600	$121,900	$105,000
Black or African American	$89,200	$86,800	$93,900	$67,800
American Indian and Alaska Native	$89,000	$77,800	$107,500	$76,500
Asian	$131,800	$82,100	$136,700	$111,500
Hispanic or Latino	$90,500	$114,800	$91,500	$75,000

Source: Special tabulation, U.S. Census Bureau, Decennial Census 2000. Sample size too small to estimate for Native Hawaiian and Other Pacific Islander population.

Table D8: Median Home Value by Mortgage Status (all owner occupied housing units) 2006

	United States	Delaware	Kent County	New Castle County	Sussex County
Median value for *All* units	$185,200	$227,100	$195,700	$237,600	$223,700
Median value for units *with* a mortgage	$208,000	$242,000	$219,500	$247,100	$244,900
Median value for units *without* a mortgage	$140,400	$189,600	$150,400	$205,400	$189,800

Source: 2006 American Community Survey, U.S. Census Bureau.

Table D9: Owner occupiers with a mortgage, contract to purchase, or similar debt

	Year	Total owner occupied units	Housing units with a mortgage, contract to purchase, or similar debt	% of total owner occupied units
USA	2000	55,212,108	38,663,887	70%
	2006	75,086,485	51,234,170	68%
Delaware	2000	177,323	129,692	73%
	2006	238,194	158,699	67%
Kent County	2000	23,863	17,291	72%
	2006	40,728	25,249	62%
New Castle County	2000	119,552	91,159	76%
	2006	138,044	100,896	73%
Sussex County	2000	33,908	21,242	63%
	2006	59,422	32,554	55%

Source: U.S. Census Bureau, 2006 American Community Survey, 2000 Census.

Table D10: Portion of Households with Monthly Housing Costs of at least 30 Percent of Income, 2006

Monthly housing costs as a % of Household Income	USA	Delaware	Kent County	New Castle County	Sussex County
Income less than $20,000	97%	98%	97%	100%	97%
Income $20,000 to $34,999	79%	85%	85%	88%	80%
Income $35,000 to $49,999	56%	54%	53%	57%	48%
Income $50,000 to $74,999	35%	34%	37%	36%	27%

Source: 2006 American Community Survey. Includes only homeowners with a mortgage.
Note: 30% of Income going for housing costs is a sign of housing-income distress.

Table D11: Housing-Income Distress by Race, Middle Income Homeowners Only, 2000

	Portion of Households with Monthly Housing Costs of at least 30 Percent of Income
All Middle Income Homeowners	19.7%
White, non-Hispanic	19.1%
African American	22.5%
Native American	29.1%
Asian	34.5%
Hispanic or Latino	18.5%

Source: Special tabulation, U.S. Census Bureau, Decennial Census 2000. Sample size too small to estimate for Native Hawaiian and Other Pacific Islander population.

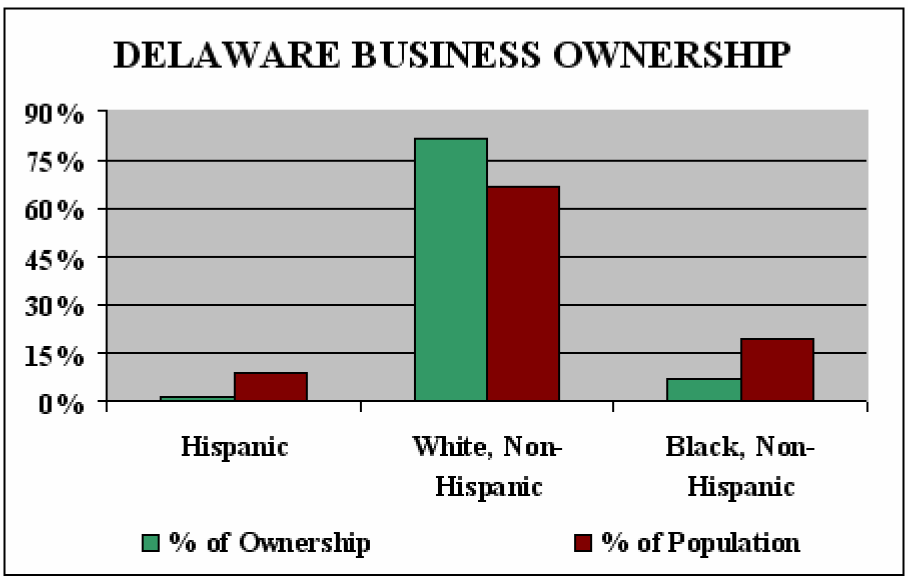
Table D12: Home Foreclosure Rates, 3rd Quarter, 2007

	All loans			Sub prime ARMs	
	No. of loans	Past due	In foreclosure	Past due	In foreclosure
Delaware	181,895	4.65%	1.38%	20.01%	8.68%
South Atlantic	10,049,089	6.19%	1.54%	20.43%	9.38%
Mid Atlantic	4,875,767	5.47%	1.61%	20.12%	11.41%
United States	45,417,215	5.81%	1.69%	19.59%	10.38%

Table D13: Self-Employment Rates and Income

	% HOUSEHOLDS With self-employment income		Self employed income per households with self employed	
	1999	2006	1999	2006
Kent County	10%	9%	$21,571	$46,513
New Castle County	9%	8%	$27,461	$40,977
Sussex County	12%	12%	$26,620	$35,972
Delaware	10%	9%	$26,269	$40,465
USA	12%	12%	$27,920	$34,398

Figure D1



Source: U. S. Census, 2002 Economic Census of Business, Survey of Business Owners, 2005 and Current Population Survey, Pooled Data, 2005-2007 (courtesy of John Stapleford)

Table D14: Total Minority Owned, Women Owned, and Privately Owned Firms and Sales

		Total Firms			Sales and Receipts ($'000)		
		1997	2002	% change	1997	2002	% change
Total number of firms		56,586	63,570	12%	$89,318,585	$116,426,938	30%
Total Minority owned Businesses (MBE) (1)		5,041	7,049	40%	$839,968	$956,905	14%
	Black & African American	2,707	4,258	57%	$184,549	$214,953	16%
	Hispanic, exc. Wholesale trade (2)	859	864	1%	$154,640	$124,024	-20%
	American Indian and Alaska Natives	288	n/a	n/a	$55,226	n/a	n/a
	Asian and Pacific Islander	1,501	1,912	27%	$510,236	$617,928	21%
	MBEs as a % of total firms (1)	8.9%	11.1%	2.2%	0.94%	0.82%	-0.12%
Women owned Business Enterprises (WBEs)		13,662	15,344	12%	$1,831,055	$2,020,973	10%
	WBEs as a % of total firms	24.1%	24.1%	0.0%	2.1%	1.7%	-0.3%
All Privately-Owned Business Enterprises (3)		52,558	59,162	13%	$22,331,732	$17,040,910	-24%
	Private firms as a % of total firms	92.9%	93.1%	0.2%	25.0%	14.6%	-10.4%

Source: Survey of Business Owners 1997 & 2002, Economic Census

(1) Total MBE does not include American Indian and Alaska Natives since this data is not available for 2002. For number of firms, MBE total does include all Hispanic firms. The 2002 MBE total does not include sales/receipts from the 17 classified Pacific Islander owned firms while the 1997 total does.

(2) Due to large discrepancy in 1997 and 2002 data for wholesale trade firms owned by Hispanics, likely due to change in status of one very large firm, this industry sector was excluded from the Hispanic data. In 1997 there were 39 wholesale trade firms with total sales of approximately $349.2 million. In 2002 there were 15 Hispanic wholesale trade firms with total sales of approximately $13.4 million.

(3) Those that are not privately-owned businesses include publicly held corporations, foreign-owned companies, and not-for-profit companies.

Table D15: Nonelderly (under 65) Population With Selected Sources of Health Insurance

	Delaware							USA
	Employment-Based Coverage			Individually Purchased	Public		Uninsured	Uninsured
	Total	Own name	Dependent		Total	Medi-caid		
2004-2006	69.9%	36.6%	33.3%	4.3%	16.2%	10.9%	14.4%	17.3%
2002-2004	70.5%	37.1%	33.4%	4.9%	15.9%	11.3%	13.5%	17.6%
2000	72.6%	36.3%	36.4%	4.2%	13.8%	11.1%	11.9%	15.8%
1996	69.7%	35.8%	33.9%	4.7%	14.3%	10.6%	14.8%	17.7%
1992	71.2%	35.4%	35.9%	6.8%	11.5%	8.9%	13.4%	17.4%

Source: Employee Benefit Research Institute estimates.

Appendix E

Minority and Women Business Policies in Delaware [90]

What Delaware does well: * Coordination and communication with women's and ethnic associations and supplier development councils * Large number of state certified M/WBE firms

What Needs Improvement: * State M/WBE procurement levels remain low * Linking small business development and finance services to state procurement system (OMWDBE)

Overview

Delaware initiated a supplier diversity program with Executive Order 23 of 2001, which established the Public Works and Procurement Opportunity Council and mandated increasing participation of M/WBEs in state public works contracts. EO 23 required each state agency to affirmatively procure, track M/WBE purchasing, and present annual report to the Council. The program is coordinated by the Office of Minority, Women, and Disadvantaged Business Enterprise (OMWDBE).

In 2003, EO 52 mandated the state to send formal notice of state lettings over $10,000 to electronic lists maintained by DelEXCHANGE, the Women's Business Enterprise National Council, and the National Minority Supplier Development Council of PA-NJ-DE. DelEXCHANGE is a nonprofit networking and small business development service.

State procurement from M/WBEs in FY2006 was $36 million or 2 percent of the total state discretionary spending.

DBE Goals, Ranking, and Achievement

DOT FHWA DBE goal (2006)	50-State Rank	Actual DBE Procurement on FHWA dollars (2006)	DOT FHWA DBE goal for FY 2007
11.0%	11	12.0%	10.0%

Note: State and local recipients of USDOT funds are required to set their own disadvantaged business enterprise (DBE) procurement goal, based on the availability of firms in their region. In addition to the social disadvantage, which is primarily based on gender and race or ethnicity, a firm certified as a DBE must show economic disadvantage, which relates to the annual sales volume of the firm. Three branches within USDOT have DBE programs: the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Aviation Administration (FAA). All grantees of the FHWA, the biggest of the three programs at the state level, must set annual DBE contracting goals, a portion of which is usually race- and gender-conscious and a portion is race- and gender-conscious.

Number of DBE Certified Firms and State Ranking

Number of firms certified under the combined UCP process	50-State Rank (based on actual number)	Rank (based on approximate availability of firms)	Number of firms certified by state DOT
221	35	20	?

Note: DBE Certification: DBEs are certified through a Universal Certification Program (UCP) in which a state and any other certifying transit or airport authority in that state have reciprocity and share the list of certified DBEs. In addition, DBE firms that are certified in their home state have a streamlined DBE certification process in any other state.

[90] Insight Center for Community Economic Development's Inclusive Business Initiative http://www.insightcced.org/index.php?page=delaware

Delaware Asset Programs and Resources

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Homeownership							
Banneker Heights Housing Corporation	Nonprofit	homeownership		201 Allen Way, #12	Milford	19963	422-6398
Brandywine Gateway Neighbors	Nonprofit	homeownership		1300 North French Street	Wilmington	19801	429-0333
Central Delaware Habitat for Humanity	Nonprofit	homeownership		PO Box 63	Dover	19903	698-1939
City of Wilmington, Department of Real Estate & Housing	Public	home ownership, financial literacy	Wilmington Housing Partnership, Community Development Neighborhood Rehabilitation Program, Housing Rehabilitation Loan Program	800 French Street	Wilmington	19801	576-3000
Community Development and Housing; New Castle County Department of Community Services	Public	homeownership	Downpayment Settlement Program and American Dream Downpayment Initiative	87 Reads Way	New Castle	19720	395-5600
Delaware Housing Coalition	Nonprofit	land trust for long-term affordable housing	The West Rehoboth CLT; New Horizons: A Manufactured Home Community on CLT Land	PO Box 1326	Dover	19903	678-2286
Delaware Office for USDA Rural Development.	Public	homeownership	Single Family Home Loan Program, Guaranteed Single Family Home Loan Program, Self Help Loan Program, Home Repair Loan and Grant Program	1221 College Park Drive, Suite 200	Dover	19904	857-3580
Delaware State Housing Authority	Public	homeownership	Program, Delaware Housing Partnership, American Dream Downpayment Initiative, Live Near Your Work, Resident homeownership Program, Public Housing homeownership Program, Delaware Emergency Mortgate Assistance Program, Second Mortgage Assistance Loan Program	18 The Green	Dover	19901	739-7416
Delaware State Insurance Commission	Public	homeownership	Home Insurance	841 Silver Lake Blvd.	Dover	19904	674-7300
First State Community Action Agency	Nonprofit	homeownership, IDAs, EITC	Housing Counseling, Financial Literacy, EITC tax preparation, Delawareans Save	655 S. Bay Rd., Suite 4J	Dover	19901	674-1355

Delaware Asset Programs and Resources

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Homeownership cont.							
First State Community Loan Fund	Nonprofit	homeownership	Affordable Housing Loan Fund, Housing Pre-Development Revolving Loan Fund, West Center City Home Ownership Initiative	100 W. 10th Street, Suite 1005	Wilmington	19801	652-6774
Hockessin Community Center	Nonprofit	homeownership	comprehensive housing counseling services: pre-purchase, credit, budget, and mortgage default	4266 Millcreek Road, PO Box 393	Hockessin	19707	239-2363
Housing Opportunities of Northern Delaware	Nonprofit	homeownership	Housing Counseling Program, Reverse Mortgage Counseling, Credit Counseling	100 W. 10th Street, Suite 1004	Wilmington	19801	429-0794
Interfaith Housing Delaware	Nonprofit	homeownership	homeownership Center, First Time Homebuyer Workshop, Section 8 for homeownership Program, Financial Fitness Seminar, Personal Credit & Financial Education	2 S. Augustine Street, Suite B	Wilmington	19804	995-7428
Lutheran Community Services	Nonprofit	homeownership	Housing Assistance	1304 N. Rodney St.	Wilmington	19806	654-8886
Milford Housing Development Corp	Nonprofit	homeownership	Self Help Housing, Revitalization, Owner Occupied Rehabilitation	977 E. Masten Circle	Milford	19963	422-1050
NCALL (National Council On Agricultural Life and Labor Research Fund, Inc.)	Nonprofit	homeownership	homeownership Education and Counseling	363 Saulsbury Rd.	Dover	19904-2722	678-9400
Neighbohood House, Inc.	Nonprofit	homeownership, IDAs, EITC	Housing Counseling, IDA Counseling, EITC tax preparation	1218 B Street	Wilmington	19801	652-3928
River's Edge Association	Nonprofit	homeownership		P.O. Box 2527, 1401 Latimer Circle	Wilmington	19805	655-1516
St. Peter's Cathedral Adult Center	Nonprofit	homeownership		523 North Tatnall St.	Wilmington	19801	571-8394

Delaware Asset Programs and Resources

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Homeownership cont.							
The ARC of Delaware	Nonprofit	homeownership for the developmentally disabled	Home of Your Own	1016 Centre Road	Wilmington	19805	996-9400
The Office of the State Bank Commissioner	Public	homeownership, financial literacy	Mortgage Information	555 E. Loockerman Street, Suite 210	Dover	19901	739-4235
U.S. Housing and Urban Development, Wilmington Field Office	Public	homeownership	Getting Started, Buying a Home, Owning and Maintaining Your Home	920 King Street, Suite 404	Wilmington	19801	573-6300
Wilmington Hope Commission	Nonprofit	homeownership		625 N. Orange Street, 3rd Floor	Wilmington	19901	573-3776
YWCA Delaware	Nonprofit	homeownership	Single Women's Residence	153 E. Chestnut Hill Road, Robscott Building, Suite 102	Newark	19713	224-4060 x200
Financial Literacy							
AARP & Department of Health & Social Services		financial literacy	Money Management Program of the Division of Services for Aging and Adults				1-800-223 9074
Center for Economic Education & Entrepreneurship	Public	financial literacy	Teacher Training, Student Programs	102 Alfred Lerner Hall, University of Delaware	Newark	19716	831-2559
Consumer Credit Counseling Service, Dover	Nonprofit	financial literacy	Confidential Budget Counseling, Debt Management, Educational Seminars	375 West North Street	Dover	19904	(800) 642-2227
Delaware Center for Economic Education and Entrepreneurship			Money $mart Kids Conference				
Delaware Community Reinvestment Action Council, Inc.	Nonprofit	financial literacy	Low Income Tax Clinic, Fair Housing Initiative Program, Economic Impact Campaign, Fair Finance Campaign	601 North Church Street	Wilmington	19801	654-5024
Delaware Cooperative Extension, University of Delaware	Public	financial literacy	Personal Financial Management	910 South Chapel Street	Newark	19716	831-2667

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Financial Literacy cont.							
Delaware Financial Literacy Institute	Nonprofit	financial literacy	Delaware Money School	3301 Green Street	Claymont	19703	792-1200
Delawares Banker Association (DBA)	Private, Nonprofit	financial literacy	Keys to Financial Success	8 W Loockerman S	Dover	19904	) 678-8600
Division of Services for Aging and Adults with Physical Disabilities	Public	financial literacy	Money Management Program	1901 North DuPont Highway, Main Annex 1st Floor	New Castle	19720	255.938
The Salvation Army	Nonprofit	financial literacy, IDA program	Family Service Department	400 N. Orange Street, PO Box 308	Wilmington	19899	656-1696
YWCA Delaware	Nonprofit	financial literacy, microenterprise program	Center for Women's Entrepreneurship, Financial Empowerment, Homeownership, Leadership League	100 W. Tenth Street, Suite 515	Wilmington	19801	655-0039
			Everywoman's Money Program/From Purses to Portfolios (2002)				
Retirement Accounts and Pensions							
AARP Delaware	Nonprofit	financial literacy, retirement	Your Money	1100 North Market Street, Suite 1201	Wilmington	19801	571-8791
Senior Partner: Financial and Health Care Management	Private	Financial services for the elderly	Geriatric Care Management	1406 King St	Wilmington	19801	425-4001
State of Delaware	Public		Deferred Compensation and Match Plan, retirement savings for state employees				

Delaware Asset Programs and Resources

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Savings, Investments and IDAs							
Artisans Bank	Private	Savings, Investments and IDAs	Personal Savings	Red Clay Center at Little Falls 2961Centerville Road	Wilmington	19808	658-6881
First State Community Action Agency (Kent and Sussex Counties)	Nonprofit	IDAs	Housing IDAs (Delawareans Save!)	655 Bay Road, Suite 4J	Dover	19901	302-674-1355 (Dover), 302-856-7761 (Georgetown)
First State Community Loan Fund	Nonprofit	Savings, Investments and IDAs	Delawareans Save	100 W. 10th Street, Suite 1005	Wilmington	19801	652-6774
First State Community Loan Fund - PROGRAM ADMINISTRATOR	Nonprofit	IDAs	Delawareans Save!	100 West 10th Street, Suite 1005	Wilmington	19801	652-6774, 800-652-4779
Interfaith Community Housing of Delaware (New Castle, Kent and Sussex Counties)	Nonprofit	IDAs	Delwareans Save!	2 South Augustine Street, Suite B	Wilmington	19804	995-7428 Ext 23 (Newport) 424-4650 (Milford)
NCALL Research, Inc. (Kent and Sussex Counties)	Nonprofit	Savings, IDAs	Growing Your Money - Personal Financial Tool	363 Saulsbury Rd	Dover	19904	678-9400
Nehemiah Gateway CDC, (New Castle County)	Nonprofit	Savings, IDAs	Delawareans Save!	201 West 23rd St	Wilmington	19802	655-0803 Ext 12
Rotary House, Rotary Club of Nanticoke-Seaford	Nonprofit	Savings		PO BOX 1257	Seaford	19947	628-2000
West End Neighborhood House (New Castle County)	Nonprofit	Savings, IDAs	Housing & Financial Management	710 N. Lincoln St	Wilmington	19805	658-4171

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Savings, Investments and IDAs cont.							
Wilmington Trust	Private	Savings, Investments and IDAs	Personal Banking	1100 North Market Street	Wilmington	19801	800-814-8386
YWCA Delaware (New Castle County)	Nonprofit	IDAs	Financial Empowerment	153 E. Chestnut Hill Road, Suite 102	Newark	19713	302-224-4060 Ext 204
Small Business Ownership							
Business Women's Network (formerly: Women's Business Networks)							
Center for Economic Education and Entrepreneurship – U of D		Small Business Startup Training	Master of Arts in Economics and Entrepreneurship for Educators	102 Alfred Lerner Hall, University of Delaware	Newark	19716	831-2559
City of Wilmington, Micro Loan Program	Public	Small Business Ownership	Retail Incubator, Micro Biz Grants	Louis L. Redding City/County Building, 800 N. French Street	Wilmington	19801	576-2120
City of Wilmington, Office of Economic Development, MBE Office	Public	Small Business Ownership	Equal Opportunity/Contract Compliance Office, Disadvantaged Business Enterprise Program, Micro Loan Program, Entrepreneurial Support Network	Louis L. Redding City/County Building, 800 N. French Street	Wilmington	19801	576-2121
CODE, Coalition of Organizations for Delaware Entrepreneurs.							
DelACCESS Consortium	Nonprofit	Small Business Ownership	DelEXCHANGE B-2-B Exchange	1 Innovation Way - Suite 304	Newark	19711	266-6150
Delaware Center for Enterprise Development - DSU	Public	Small Business Ownership	Small Business Consulting Services, Applied Business Research, Food Business Incubator Center	1200 N. Dupont Hwy, MBNA America Building, Suite 108	Dover	19901	857.6943

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Small Business Ownership cont.							
Delaware Commission for Women			Business Services				(302) 577-5287 - Wilmington, (302) 760-7034 Delaware
Delaware Economic Development Office	Public	Small Business Ownership	Entrepreneurial and small business development	99 Kings Highway	Dover	19901	577-8472
Delaware Financial Literacy Institute	Nonprofit		Choosing a Financial Advisor, Financial Tools	3301 Green Street	Claymont	19703	792-1200
Delaware Innovation Fund	Nonprofit	Small Business Ownership		Three Mill Road, Suite 201	Wilmington	19806	777-1616
Delaware Main Street			Tools to Promote Economic Stability in Business & Workforce				(302) 739-4271
Delaware Small Business Development Center	Public	Small Business Ownership	Start Your Business Right	One Innovation Way, Suite 301	Newark	19711	831-1555
Deleware Manufacturing Extension Partnership	Nonprofit	Small Business Ownership	Lean Enterprises, Quality Management, and Driving Revenue Growth				283-3131
Department of Transportation	Public	Small Business Ownership	Disadvantaged Business Enterprise Program	800 Bay Road, PO Box 778	Dover	19903	760-2035
Division of Revenue	Public	Small Business Ownership	Doing Business In Delaware	Carvel State Office Building, 820 North French Street	Wilmington	19801	577-8205
First State Community Loan Fund	Nonprofit	Small Business Ownership	Small Business Loaning	100 W. 10th Street, Suite 1005	Wilmington	19801	652-6774
Hispanic Business Association	Nonprofit		Small Business Fact Sheet, Small Business Development Center				
Kent County Entrepreneurship Business Consortium			Business Development, Press Releases, News and other information for Keny County				

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Small Business Ownership cont.							
National Association of Women in Construction, Delaware Chapter	Nonprofit		Become a member				322-6161
NAWBO Delaware (National Association of Women Business Owners)	Nonprofit		Resources for Women Business Owners				355-9945
New Castle County Chamber of Commerce	Nonprofit		Forums, Networking for Business Programs				737-4343
Office of Minority and Women Business Enterprise (OMWBE)	Public	Small Business Ownership	Certification, M/WBE Directory	Haslet Armory, 122 William Penn Street, 3rd Floor	Dover	19901	739-4206
Procurement Technical Assistance Center of Delaware	Public	Small Business Ownership	Individual Technical Assistance and Certification for Small Businesses	One Innovation Way, Suite 301	Newark	19711	831-0783
SCORE Delaware	Nonprofit	Small Business Ownership	Free Counseling and Business Workshops	The Nemours Building, 1007 N. Orange St., Suite 1120	Wilmington	19801	573-6552
Small Business Administration, Delaware District Office	Public	Small Business Ownership	Financial Assistance, Contract Opportunities, Disaster Assistance, and Online Training	1007 N. Orange Street, Suite 1120	Wilmington	19801	573-6294
Wilmington Economic Development Corporation	Nonprofit	Small Business Ownership	SBA 504 Loan Program	100 W. 10th Street, Suite 706	Wilmington	19801	571-9088
Wilmington Women in Business	Nonprofit	Small Business Ownership		P.O. Box 100	Hockessin	19707	656.4411
YWCA Delaware	Nonprofit	Small Business Ownership	Center for Women's Entrepreneurship	100 West 10th Stree	Wilmington, D	19801	224.4060 ext. 216

Delaware Asset Programs and Resources

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
EITC							
Nehemiah Gateway Community Development Corporation	Public, Private, Nonprofit partnership	EITC	Delaware EITC Campaign	201 W. 23rd Street	Wilmington	19802	655-0803
Workforce- a community asset, a necessary foundation to build assets							
Delaware Department of Labor	Public	connections to workforce	Dover One-Stop Office Dover (302) 73	4425 North Market Street, 3rd floor	Wilmington	19802	761-8039
Delaware Technical and Community College	public	connections to workforce		P.O. Box 897	Dover	19903	739-4053
Latin American Community Center	Nonprofit	connections to workforce		403 North Van Buren Street	Wilmington	19805	655-7338
Salvation Army	Nonprofit	connections to workforce	Crossroads- Keep a Job program	400 N. Orange St, P.O. Box 308	Wilmington	19801	472-0740
SHARE Network	Combination	connections to workforce	Workforce development partners, Faith-based organizations, community organizations, businesses, and government agencies				
DELAWARE WORKFORCE INVESTMENT BOARD	Public	connections to workforce		N. Market Street Fox Valley	Wilmington	19802	-8160 4425
Education - a community asset; a necessary foundation to build assets							
Americans for Consumer Education and Competition			Jump$tart				410-267-1129
La Esperanza	Nonprofit		Immigration, Family Services, Education, Pre- and Post- Natal Care, New Ventures Programs	216 N. Race Street	Georgetown	19947	854-9262
Rodel Foundation of Delaware	private	connections to education	Vision 2015	100 W. 10th Street, Suite 704	Wilmington	19801	504.5233

Organization Name	Organization Type	Asset Building Approach	Programs	Street Address	City	Zip Code	Phone Number
Healthcare- a community asset; a necessary foundation to build assets							
AstraZeneca	private	connections to healthcare	Healthy Delawareans Today & Tomorrow	P.O. Box 15437		19850-5437	886 3000
Bayhealth Medical Center Kent General Hospital	Nonprofit			640 South State St	Dover	19901	674-4700
Bayhealth Medical Center Milford Memorial Hospital	Nonprofit			21 West Clarke Ave	Milford	19963	422-3311
Beebe Medical Center				424 Savannah Road	Lewes	19958	645-3300
Christiana Care Health System				501 W. 14th Street	Wilmington	19801	733-1000
Claymont Family Health Services				3301 Green Street	Claymont		798-9755
Delmarva Rural Ministries Kent Community Health Center				1095 S. Bradford Str	Dover	19901	678-2000
Henrietta Johnson Medical Center				601 New Castle Ave	Wilmington		655-6187
http://www.delawareuninsured.org/program_information.htm			Screening for Life				
La Red Health Center	nonprofit	connections to healthcare	Comprehensive Healthcare Services	505 W. Market Street, Suite A	Georgetown	19947	855-2020 x116
Nanticoke Health Services				801 Middleford Rd	Seaford	19973	629-6611
State of Delaware			COMMUNITY HEALTHCARE ACCESS PROGRAM (CHAP)	http://dhcc.delaware.gov/information/chap.shtml			
State of Delaware			Diamond State Health Plan (DSHP)				
State of Delaware			Delaware Healthy Children Program (DHCP)				
State of Delaware			Delaware Prescription Assistance Program (DPAP)				
Westside Community Health Center	Nonprofit	connections to healthcare		1802 W. Fourth Stre	Wilmington	19805	655-5576

INSIGHT

CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

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