

Neighborhood Networks Can Help Families Build Assets

by Marcia E. Kingslow

All families need adequate wages with which to support themselves, but earnings alone are not enough to raise many people out of poverty. Poor families need ways to accumulate savings to help them cope with economic downturns and unexpected demands on their earnings. Without the primary tools of wealth accumulation—home ownership and interest income from investments—they are often forced to live from paycheck to paycheck, with no way to move up the economic ladder.

While accumulating assets is difficult for these families, neighborhood networks are in an especially good position to help. Following are some strategies and programs for helping families supplement wages and build savings being used by networks across the country.

Financial Literacy

Financial literacy includes the ability to balance a checkbook, manage a credit card account, prepare a monthly budget, buy insurance, take out a loan, and invest savings, however small. Many low-income families do not know how to perform these basic but vital financial tasks. As a result, they can make poor financial choices, pay more than they should for financial services, fall into debt, or damage their credit records.

Asset-Building Resources

Corporation for Enterprise Development's IDA Network
www.idanetwork.org

On Solid Ground: Family Support and Sustainable Community Economic Development
 Family Support America, 2001
www.familysupportamerica.org

National Tax Code Marketing Campaign
www.eitc.info

Time Dollar Institute
www.timedollar.org

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Financial literacy training, which can be one of the core services neighborhood networks bring to families, helps people understand the concepts of saving, earning interest, and budgeting to provide them with the skills to manage credit and loans and to work with financial institutions. It is a tool for ensuring that the knowledge and ability to build assets effectively and to avoid being exploited or cheated by aggressively marketed financial products is not the sole province of a privileged few.

The largest providers of financial literacy programs are educational institutions, working through the U.S. Department of Agriculture's Cooperative State Research, Education, and Extension Service (CSREES). While these programs are valuable, they reach only a fraction of their possible audiences. Although some banks and other financial institutions offer programs, their contribution is minuscule, given their considerable resources and the number of families that could benefit from such programs. Neighborhood networks, because they are composed of many community services, resources, and residents, are in a prime position to build community-based financial literacy efforts and to make families aware of them.

Earned Income Tax Credits

The federal Earned Income Tax Credit (EITC) is refundable credit that is administered through the income tax. The EITC now lifts more than four million people—including two million children—out of poverty each year and is the nation's most effective antipoverty program for working families. Many nonprofit organizations and neighborhood networks have developed aggressive EITC outreach campaigns, helping more and more families learn about the credit and how to apply for it when filing their income taxes.

Ten states—Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Wisconsin, and Ver-

