



ISSUE BRIEF: Asset Building

Asset building is a strategy to help families escape poverty and put them on a path toward self-sufficiency. Research has shown that asset building means not simply bigger paychecks, but tangible resources such as a home, savings and job training. The key to self-sufficiency is financial security. Though many of us know the pain of stretching a paycheck, the uphill climb to financial security is most daunting for low-income families, particularly those with a generational history of lower incomes. The greater asset building families achieve, the stronger our state and communities will be – while reducing the burden on Michigan taxpayers.

Financial emergencies are common among low-income people. Services that help low-income families make ends meet have the ability to stabilize them during a crisis and/or help them rise above the poverty level. In 2012, 343,231 Michigan residents received emergency services.

Poverty in Michigan by the numbers

- About 17 percent of Michigan residents lived below the poverty line in 2008, which is 1.4 percent higher than the national average. ¹
- Nearly a quarter (24 percent) of Michigan’s children were living in poverty in 2013 – roughly half a million children -- up from 19.7 percent in 2007. ²
- Michigan’s median income has dropped by nearly \$5,000 since 2008.³

Community Action Agencies’ Role

Michigan’s Community Action Agencies’ primary goal is to help low-income families become self-sufficient and financially secure. Michigan Community Action Agencies strive to provide state residents a path toward income security through services such as these:

- Household budget counseling, financial education, and free tax preparation assistance including help applying for the Earned Income Tax Credit (EITC) and the Child Tax Credit which leverage household income for asset building.
- Home buyer education/foreclosure prevention/down payment assistance
- Establishing bank or credit union accounts and a savings plan
- Obtaining affordable health insurance
- Energy education and weatherization assistance to help reduce utility bills
- Individual Development Accounts (matched savings plan)

Community Action Agencies also step into the picture with Temporary Assistance to Needy Families (TANF) and services such as paying for utilities and preventing utility shutoffs, referrals for medical and mental health issues, homelessness prevention, food assistance and emergency housing/relocation assistance.

Funding

Funding for financial support services is generally provided by federal sources.

¹ US Census Bureau 2015

² Kids Count in Michigan 2015 Report

³ Michigan League for Public Policy 2013