

### **Asset Building Program in California 2007-2008 Legislative Summary**

The purpose of New America's Asset Building Program is to significantly broaden savings and assets ownership in America, thereby providing all Americans both with the means to get ahead and with a direct stake in the overall success of our economy. While pursuing an ambitious policy agenda at the federal level, we recognize that it is at the state level, in our nation's 'laboratories of democracy', where the most innovative policies are often enacted.

In the current legislative session, New America's Asset Building Program in California is pursuing the following initiatives:

#### **Senate Bill 752 (Steinberg D-Sacramento)**

##### **California Kids Investment and Development Savings (KIDS) Accounts**

This measure aims to make a saver out of every Californian. The bill establishes a KIDS Account at birth for every child born in California, starting in 2009. Every newborn would receive a starter deposit of \$500 from the state and family and friends are encouraged to deposit into the account as the child grows. At age 18, every Californian will have the capital to begin their adult life—the money saved can be withdrawn for: 1) college or career tech; 2) homeownership; and, 3) a jumpstart on retirement.

#### **Assembly Bill 167 (Bass D-Los Angeles)**

##### **CalWORKs Savings Act**

This measure repeals the asset limit on CalWORKs applicants and recipients to encourage low-income families to build the savings they need to permanently exit CalWORKs. The eligibility rules currently penalize low-income families for saving with a reduction or loss of benefits thereby discouraging families from building the personal safety net they so desperately need to climb out of poverty and become self-sufficient.

#### **Assembly Bill 1502 (Lieu D-Torrance)**

##### **Financial Literacy Education**

This measure requires the State Board of Education and the Curriculum Development & Supplemental Materials Commission to ensure that information about financial literacy is included in appropriate subject areas. It also encourages economics instruction to include material related to the understanding of personal finances, including, but not limited to, budgeting, savings, credit, and identity theft.

#### **Assembly Bill 1693 (Eng D-Los Angeles)**

##### **The Refunds to Savings Act**

This measure aims to make it easier for Californians to save their tax refunds, for many their best source of saveable dollars. The measure amends the state income tax form to allow filers to purchase savings bonds with a portion of their refund. This bill provides another opportunity for California's families to save and build a personal safety net or a ladder to social mobility.





**AJR 59 (Jose Solorio D-Santa Anna, Bonnie Garcia R-Cathedral City)**

**California Subprime Mortgage Foreclosure Resolution**

This measure urges the California Legislature, the United States Congress and the President to take immediate action on the current foreclosure crisis to help California families keep their homes, strengthen communities, and bolster the economy.

**Assembly Bill 2123 (Ted Lieu D-Torrance)**

**The California Financial Literacy Initiative**

This measure represents a much-needed commitment by the state to start addressing the root causes of personal and state economic struggles precipitated by a lack of financial education. Through the establishment of a dedicated Financial Literacy Advocate and a Financial Literacy Advisory Committee, this bill will codify the state's financial interest in reducing consumer debt, bolstering savings, and deterring financial predicaments like those evident in the current foreclosure crisis. It creates an information warehouse where Californians can turn to for answers on basic financial questions and for referral to other, more specific resources closer to home. Finally, the bill establishes the Financial Services Corps, designed to be a dedicated cadre of financial planner volunteers committed to helping low and middle-income Californians make sound financial decisions.

**Assembly Bill 2368 (Felipe Fuentes D-San Fernando)**

**The CalWORKs Mobility Initiative**

This measure repeals the vehicle asset limit on CalWORKs applicants and recipients to encourage low-income families become employed and self-sufficient by building the savings they need to permanently exit CalWORKs. California is currently tied with Texas and Idaho in having the most restrictive asset test for vehicles of any state in the country. Twelve states exclude all vehicles owned by the household; another 15 exclude at least one vehicle per household. The rest have substantially increased the value of the vehicle exclusion. California, however, continues to employ an overly restrictive vehicle asset test – one that undermines a workers ability to gain and maintain employment, thereby encouraging continued reliance on public assistance. A recent report by the County of Los Angeles on the transportation barriers faced by low-income families concludes that “car ownership is strongly correlated with employment status, and increases the likelihood of employment.”

**Assembly Bill 2940 (Kevin De Leon D-Los Angeles)**

**California Employee Savings Program (CalESP)**

This measure creates a voluntary, universal, portable retirement account for California workers who do not have access to retirement savings plan. The account would supplement the current employer-based system and Social Security. It promotes expanded retirement security for working Californians by making it easier for them to save while providing smaller employers a basic retirement plan to offer their employees.

**Banking Development Districts**

This measure identifies specific “Banking Development Districts” where businesses will receive certain incentives to develop enhanced and expanded products for lower income consumers. The proposal encourages banks to locate in underserved communities and help un-banked Californians establish bank accounts and enter the financial mainstream.