Jack Richards welcomed APIC to the Fed and explained the Fed's desire to play the role of intermediary, "bringing the right people together." He also took a moment to draw attention to the Fed's state report cards, which are available on its Web site. He asked that the group share with Fed staff any ideas for new uses for these report cards.

Ben Mangan then reviewed APIC's role in the asset policy movement and its current goals. APIC, he explained, is both a group of stakeholders in California asset policy as well as a clearinghouse for information on the issue. APIC focuses on three main goals: drive asset policy change in the state, foster leadership in the field and transform public will. Mangan then introduced Bob Friedman.

Opening Plenary:
Moving Asset Building into Action

Keynote Speaker: Bob Friedman, Founder and General Counsel, CFED

NOTES FROM THE PRESENTATION:
Opening Remarks

Friedman began his address by thanking the group for its willingness to tackle an agenda that is both "huge and uphill." He asked the attendees of the conference to get to know one another, and explained that by reaching out APIC can "reshape the statewide paradigm," and create "the new century's social contract."

He then reviewed the current state of asset poverty in California. California has higher rates of asset poverty than all but three states, and the asset poor are getting poorer. He stated that race remains a strong factor in the top-heavy distribution of wealth, citing that California is 47th in business equity by race, 48th in home ownership. The asset poor, said Friedman, are living with "the sediment of past discrimination," while asset ownership, on the other hand, "frees you to participate in the future."

Friedman then reviewed the role of public policy in creating opportunities for asset ownership. The creation of the 30-year mortgage, for example, opened asset ownership up to white America, but not for others. He pointed out that of the $335 billion in tax expenditures currently going to promote asset ownership, the vast majority of it benefits upper-income Americans: 35% goes to people at the top 1% of the tax bracket while only 5% goes to the people in the bottom 6%. At the same time, the government penalizes low-income people for acquiring assets. (Note: A potential research project would be to examine the effective marginal tax rates facing low income individuals).

He then turned to the opportunity created by President Bush's new mission "to make American's agents of their future." While APIC is nonpartisan, it can take advantage of the ways in which its own goals are at times compatible with those of the current administration.

One key difference between the administration's direction and the direction that Friedman believes APIC should take relates to differing views of social assistance or welfare programs. Friedman believes that APIC can create what he calls, "a complimentary social contract," where the investment state compliments, rather than replaces, the welfare state. He pointed to the positive change that welfare programs have brought about. With Social Security now in place, for example, the elderly are no longer the poorest population in the U.S. He explained the importance of safety net programs – but emphasized the need to go beyond the safety net to provide a ladder for people to climb out of poverty. APIC should work to create policy that says, "If you invest in yourself, we will invest along with you."

Friedman emphasized once again that policies supporting asset accumulation already exist in the nation's budget – the role of asset policy reform is to see that the funds are "meted out more equally and more effectively."

He then outlined a list of activities that APIC should consider as it works to transform policy.

1. Address widespread ignorance of current asset policies and the inequalities that such policies have spawned.
2. Support existing community-based programs that fight poverty – preserving the base of support for advocacy.
3. Promote access to financial institutions, fair lenders, and tax credits for low-income populations.
4. Eliminate asset penalties.
5. Match savings of low-income adults in CA.
6. Start early with kids and youth: folks should expect/explore future investments.
7. Work where there is money: pursue revenue neutral or revenue positive solutions.
8. Be active in shaping federal policy

IDA tax credit, Assets for Independence Act – still intact at the Federal Level. We need to build IDAs into the tax system. Currently we don't have much operating support but a market. There needs to be an expansion of ownership society so that it does not just encompass white male property owners; the economic system is in deep danger as in the Great Depression.

Questions/Comments:

We spend too much time trying to articulate the message – put on the defensive, we have to justify it. We need evidence of return on investment – we should be able to prove these are successful investment strategies.

Frame it as the common future of our children. We need to encourage and celebrate diversity in organizations doing this work.

What have the tax policies done to polarize this country? We need to be futuristic and think about the big economic picture of the U.S.

Expand the pie – it is not a zero sum game – what are the rights and benefits that we need?

Ability to achieve scale comes through public policy. We need to understand the mechanics of what it will take to get the work done.

We need to pursue short term and long term policy change – incremental phases. The work requires initial wins, with hope of systems change.

60% of families right now don't own – that is not an ownership society.

Important to talk about the tradeoffs – we are subsidizing families who don't need the subsidy. We must attempt to use resources in a strategic way. Can we craft a promising strategy?

Don't put all your eggs in one basket re: homeownership – how to avoid that problem Housing trusts, Limited Equity Co-ops, etc. Housing is the first choice for people's investments – we need a range of asset choices for them to choose from. Development is freedom, choices, means, and none of these strategies are without risk. We must present people with that information. In terms of affordability/sustainability re: housing – lots of innovative options exist. For example, look at the Bay Area Trust Fund. People think that it is impossible to buy homes in this area, but when we look at IDA clients we see that it is possible.