

## **Asset Building: Integrating Research, Education, and Practice**

Michael Sherraden  
Margaret Sherraden

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**ABSTRACT:** *Asset building is an emerging concept in anti-poverty work in economically advanced nations. In the past, welfare states have defined poverty primarily in terms of income. While income is necessary to maintain consumption, saving and investment is also necessary if families and communities are to progress out of poverty over the long term. Asset building is a broad idea with many possible applications, including homeownership, microenterprise, and individual development accounts (IDAs). IDAs are matched savings accounts for low-wealth families. In this paper, the authors 1) describe asset building as a policy and practice innovation; 2) discuss results from two research projects, one on IDAs and a second on microenterprise; and 3) illustrate a strategy for education and advocacy. This work may serve as an example of simultaneous advances in research, education, and practice, wherein each aspect of the work is enriched by and contributes to the others. The strongest advances in social work proceed not by the separation of ideas, study, and application, but by their integration and mutual reinforcement.*

### **INTEGRATION, THE ESSENCE OF SOCIAL WORK**

Social work seeks to build a knowledge base that can guide professional and public education on social issues, and at the same time serve as a guide to policy and practice. The integration of research, education and practice is the essence of social work both as a profession and as a field of study. Indeed, this overlap in functions is highly desirable in social work, whereas it might be viewed as detrimental in a purely academic field of study. Social workers were among the first to combine systematically all three functions in efforts to improve conditions for the poor.

The charity organization societies of the late nineteenth century and early twentieth century systematically collected information in their delivery of services to individuals, known as “friendly visiting” (Stuart, 1999), and in the process debunked common misperceptions:

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*Michael Sherraden, Ph.D., is Benjamin E. Youngdahl Professor of Social Development at the George Warren Brown School of Social Work at Washington University. Margaret Sherraden, Ph.D., is Associate Professor at the Department of Social Work at the University of Missouri.*

In addition to gathering specific information on the real causes of poverty and dependency and fostering new concepts of treating them, organized charity agents contributed to the development of a technique of social service and research – casework – and with it, the growth of a profession. . . . By the turn of the century, the organized charities were establishing training schools for charity workers (Trattner, 1999, p. 102-103).

The settlement house movement that developed somewhat later, led by Jane Addams and the residents at Hull House, continued to conduct research, practice, and educate, although the focus of their work was on community and policy reform:

Jane Addams and the women of Hull House – Julia Lathrop, Florence Kelly, Mary Kenny, Alice Hamilton, Sophonisba Breckenridge, Grace and Edith Abbott, Ellen Gates Starr, and others – were committed to making their neighborhood a better place, and at the same time using it as a laboratory for social intervention. They were applied intellectuals. They read and discussed constantly; they collected data on social ills; they published reports; and they initiated changes in local affairs and public policy (Sherraden, 1998a, p. 18).

Both the charity organization and settlement movements integrated practice with scientific methods of the day, and each helped to spawn a professional school of social work. It is important to note that, notwithstanding the strong emphasis on knowledge building, the research of these pioneering social workers was aimed at practice and education, rather than the building of scientific knowledge for its own sake.

Today, as in the early days of the social work profession and social work scholarship, the challenge is to integrate key functions. Fortunately, the new journal *Advances in Social Work* invites papers with a theme of integration. In doing so, it charts a direction that has proven to be effective in the past and in all likelihood will be effective in the future. Our goal in this paper is to offer one example of integration of research, education, and practice.

### WHY NOT ASSET BUILDING FOR THE POOR?

The topic is asset building, which refers to key investments in assets such as home ownership, education, and small business, for low-income, low-wealth families.<sup>1</sup> Elsewhere, we have shown that the non-poor benefit from asset building policy, primarily in the form of tax expenditures (Sherraden, 1991). The typical U.S. household has assets in home and retirement accounts, but little else; and both home ownership and retirement accounts are heavily subsidized

by tax expenditures. Sometimes this is called "hidden" public policy (Howard, 1997), but it has nonetheless been very effective.

In the mid-1980s when this work began, there was very little applied or academic discussion about asset building by the poor in policy and community development. At the time (and still largely today), the policy emphasis was on income support. To be sure, some social science researchers had been focusing on asset distributions (among them Wolff, e.g., 1987; Oliver & Shapiro, 1990, 1995). There had been creative proposals for capital accounts in lump sum payments, usually for youth, (Tobin, 1968; Haveman, 1988; Sawhill, 1989).<sup>2</sup> Community organizations emphasized home ownership for the poor, but this was not common. Some community innovators had been promoting microenterprise and its investment qualities (e.g., Friedman, 1988), but there were no proposals for asset building as an overall direction in anti-poverty policy and community development. At the time, income-for-consumption was largely taken for granted as the main theme of anti-poverty policy. Today, asset building as a policy strategy for the poor is emerging in the context of growing questioning of income maintenance as a singular strategy. A mechanism through which this is occurring is individual development accounts (IDAs), matched savings accounts for the poor, to be used for home ownership, education, small business capitalization, or other development purposes (Sherraden, 1988, 1991).

### **Policy Innovation**

Following discussions with mothers who were receiving Aid to Families with Dependent Children (AFDC or "welfare") in the mid-1980's, Sherraden (1988) developed the idea of IDAs. IDAs are 1) special savings accounts, 2) started as early as birth, 3) with savings matched for the poor, 4) to be used for education, job training, home ownership, small business, or other development purposes, 5) with multiple sources of matching deposits: governments, corporations, foundations, community groups, individual donors. Thus, IDAs are a simple but flexible tool, adaptable to many different policy and community development applications. The Center for Social Development (CSD) at the George Warren Brown School of Social Work, Washington University, undertakes research and policy development on IDAs.

In 1989-90, discussions were initiated with Bob Friedman at the Corporation for Enterprise Development (CFED) and Will Marshall at the Progressive Policy Institute, and both organizations published policy reports on asset-building and IDAs. The CFED report was the subject of several columns by William Raspberry in the *Washington Post*, and following this we had inquiries from a number of congressional offices and committees. One of these was the House Select Committee on Hunger, chaired by Tony Hall. Ray Boshara, now the Capitol Hill strategist for CFED, was a staffer on the committee and he brought IDAs to Hall's attention. Friedman and Sherraden worked with Boshara to draft

the first legislation. A companion bill was later introduced in the Senate by Bill Bradley.

At the same time, the executive branch became interested in asset building. Jack Kemp, Secretary of Housing and Urban Development, initiated several White House meetings in 1991-92, leading to a provision by President Bush in his 1992 budget proposal to raise welfare asset limits from \$1,000 to \$10,000. This was a bold proposal at the time and substantially influenced the discussion on changing welfare asset limits. Today, as mentioned below, almost every state has increased asset limits in means-tested programs. This in itself has been an important policy shift.

Meanwhile, CFED and CSD worked in virtually all of the states that are developing or have an IDA policy, and provided technical assistance of some type to most of the community IDA programs. CFED has assumed responsibility for spearheading federal and state policy changes, with noteworthy successes. For example, CFED began an initiative called the State Human Investment Policy (SHIP) to work on IDAs in Iowa and Oregon in 1991-92. The Joyce Foundation in Chicago funded the first three major IDA projects in 1994. CFED initiated an IDA listserv on the Internet and organized three national conferences on IDAs between 1995 and 1999. CSD created an *IDA Evaluation Handbook* (Sherraden, et al., 1995) to facilitate research on early IDA programs.

Bill Clinton supported IDAs in his 1992 campaign, and they were included in the President's 1994 "welfare reform" proposal. CFED and CSD worked with Bruce Reed, Co-Chair of the White House welfare reform task force to include IDAs as a state option in the 1996 federal welfare reform act, which replaced AFDC with Temporary Assistance to Needy Families (TANF). This act has two important provisions regarding IDAs. First, if TANF participants accumulate assets in an IDA, these funds are exempt from asset limits for all federal means-tested programs (in other words, the welfare poor can save without penalty in IDAs). Second, states are permitted to use TANF funds to match savings in IDAs. Although not widely-recognized at the time, these asset-building provisions in TANF marked the first time in a federal anti-poverty policy that asset-building was no longer discouraged, and in fact could be subsidized with federal funds. In 1999, another federal ruling specified that IDA participation, including matching funds, would not be defined as "assistance" under TANF and thus would not run a participant's "clock" of eligibility for TANF support. This ruling removed a major concern and impediment to inclusion of IDAs in welfare reform in the states.

Another federal IDA initiative, the *Assets for Independence Act* (a legislative descendent of the first IDA bill in 1991), was passed by Congress in 1998 with bipartisan support, and signed by the President. The bill was sponsored in the House by Hall and John Kasich, and in the Senate by Dan Coats and Tom Harkin. The *Assets for Independence Act* provides \$125 million in federal

funding for IDA demonstrations over five years. At this writing, CSD is working with Abt Associates on evaluation strategies for this law.

Almost all states now have raised asset limits in welfare, and at least 30 states have included IDAs in their welfare reform plans. Some states plan to use federal TANF dollars to fund IDAs. Several states have committed state general funds for IDAs, and legislation is active in many other states.<sup>3</sup> Fortunately, none of the state-funded IDA programs is limited to TANF participants; IDAs are not a welfare reform program, but a household and community development program that might be utilized by any low-wealth household. IDA legislation in the states typically has broad bipartisan support, and a key reason for this support is inclusion of the working poor.

Universal Savings Accounts (USAs) were proposed by President Clinton in his 1999 State of the Union Address in January and spelled out in greater detail in a White House presentation in April. This proposal grew directly out of early experience with IDA programs and CSD's data on IDAs influenced policy design.<sup>4</sup> Clinton proposed using 11 or 12 percent of the budget surplus, an estimated \$38 billion per year at the outset, rising with the rate of inflation, to create a progressive system of accounts for retirement. The federal government would make annual deposits plus matching deposits into accounts of low and middle-income workers, taking in most of the working population, on a progressive basis, i.e., the largest subsidies would be at the bottom. Some have described this as a 401(k) available to all workers. It would be the largest anti-poverty initiative since the Earned Income Tax Credit. In sum, the primary purposes of IDAs and USAs are threefold: 1) to demonstrate that low-income and low-wealth households can save and accumulate assets if they have the same opportunities and incentives that are available to the non-poor; 2) to document that public and private funders of asset building for the poor are making a good investment; and 3) to model a progressive asset-based policy that can be taken to scale.

### **RESEARCH ON IDAs**

In this section, we discuss early results of the main research program focusing on IDAs, the "American Dream Demonstration" (ADD). This 13-site IDA demonstration, one of the largest policy demonstrations currently underway outside of welfare reform, is scheduled to last four years (1997-2001). The evaluation research is multi-method and will extend two additional years (to 2003). Methods include implementation assessment, program and participant monitoring, experimental design survey, in-depth interviews to supplement the survey, community level evaluation, and a benefit-cost analysis. We report here on monitoring data as of June 30, 1998.

CSD created and pre-tested a monitoring instrument in 1996.

During 1997, the monitoring instrument was adapted to user-friendly software, and again pre-tested. Known as the management information system for individual development accounts (MIS IDA), the software is designed to record basic program information on design, match rates, and so on, and information on participant characteristics, patterns of savings, and uses of savings. These data are not the impact data that will come from the experimental design survey, but they shed light on how well IDAs are working and for whom. As far as we know, this is the first time that a policy demonstration, at the outset, has created unique software for an management information system (Johnson & Hinterlong, 1998).

At the program level, five ADD sites are in community development organizations, three in social service agencies, two in credit unions, two are collaborations among multiple sites, and one is in a housing organization. Looking at funding partners, eleven programs have non-profit funders; six have for-profit funders; seven have public funders; and two have individual funders. Partner contributions range from \$5,000 to \$300,000. Match rates for accounts vary from 1:1 to 6:1. Eight programs have annual deposit limits, ranging from \$180 to \$3,000; and six programs have lifetime deposit limits, ranging from \$1,800 to \$8,000. Regarding depository institutions, eight programs are using a bank or savings and loan; four are using a credit union; and one is using both. Eleven programs provide monthly statements, and two provide quarterly reports. All programs offer interest-bearing accounts, and in three programs IDA deposits can be earned.

Looking at intended uses of accounts, 51% of participants intend to purchase a home, 13% microenterprise, 12% post-secondary education, 8% home repair; 6% retirement, and 1% job training. The strong interest in home ownership is somewhat surprising, given that only one of the 13 IDA sites in ADD is a housing organization.

As of June 30, 1998, 440 participants had made deposits into their accounts. Most of these had just started (over half within the preceding three months). At that stage, most of the IDA participants were saving at or near the monthly maximum. The participants had a median savings balance of \$80, and total savings balance of \$56,349 for all participants. The median IDA balance (including matching funds) was \$224, with a total of \$166,380 for all participants.

There were no statistically significant differences in savings or IDA balances by gender, urban/rural residence, educational attainment, employment status, marital status, or income (See Table 1). The only significant differences in these early IDA data were by age (older participants saved more) and ethnicity ("others" saved more than whites or blacks – these are mostly Latinos and mostly at one site; we have checked to see if this is a program effect and it does not appear to be). In discussing the age differences, IDA program staff offered a

**TABLE 1. Savings Balance by Participant Characteristics:  
Start-Up Data from Individual Development Account (IDA) Demonstration**

	Number	Mean
<b>Gender</b>		
Female	329	\$125
Male	109	\$139
<b>Age</b>		
40 or below	294	\$115
Above 40	144	\$154*
<b>Residence</b>		
Urban/suburban	343	\$132
Small town/rural	95	\$117
<b>Ethnicity</b>		
Caucasian	225	\$121
African American	140	\$117
Other	73	\$173*
<b>Education</b>		
Below high school	48	\$115
High school grad	108	\$128
Attended college	167	\$135
College grad	92	\$121
<b>Employment Status</b>		
Employed full-time	263	\$127
Employ part-time	105	\$127
Others	61	\$132
<b>Marital Status</b>		
Always Single	174	\$119
Married	133	\$133
Others	130	\$137
<b>Monthly income:</b>		
Below \$1,000	134	\$137
\$1,000 to \$2,000	238	\$123
Above \$2,000	66	\$130

Savings balance includes participant savings plus interest but does not include IDA matching funds.

\* t-test,  $p < .05$

Source: Sherraden, Page-Adams, and Johnson (1999).

number of reasons why this might be so, including not having young children to support and being "more responsible" and forward-looking with increasing age. The early finding that Latinos save more is less definite and may be a start-up pattern that is not maintained over time. Also, it seems quite possible that other differences in total savings, especially by income, education, and employment, are likely to emerge over time. As data come in, we will pay particular attention

to income and savings, and it will be appropriate to look at differences in savings as a proportion of income. In the early data, poorer people are saving a far higher proportion of income in IDA programs, but this may not continue.

## RESEARCH ON MICROENTERPRISE

Microenterprise programs are another example of policy initiatives that aim to increase assets of the poor, and at the same time provide a new stream of household income (Boshara, Friedman & Anderson, 1997). While microenterprise developed in the context of third world development (Otero & Rhyne, 1994), it has gained attention in the United States as an anti-poverty strategy, especially for women (Balkin, 1989; Clark & Huston, 1991). First introduced in the United States in the 1970s, there are now several hundred microenterprise development programs (Severens & Kays, 1997), lending and providing training and technical assistance to thousands of owners of very small businesses.

Microenterprises are usually sole proprietorships, partnerships, or family businesses with fewer than five employees (Severens & Kays, 1997). Typically, they are capitalized with very small loans of several hundred to a few thousand dollars, too small to interest commercial banks. In the early years, U.S. microenterprise programs closely paralleled third world programs in lending to small peer groups. Over time, programs in the U.S. context have moved to mostly individual lending, while using small groups for education, training, and support.

In order to develop greater understanding of the impacts of microenterprise, we conducted interviews with business owners aimed at understanding the experience of opening and operating a microenterprise from the perspective of the owners (Rubin & Rubin, 1995; Sherraden, Sanders, & Sherraden, 1998). These in-depth interviews were conducted as part of a longitudinal study of microenterprise by the Self-Employment Learning Project of the Aspen Institute.<sup>5</sup> In-depth interviews were conducted with 86 participants whose household incomes were below 150% of poverty in 1991.

The relatively few evaluations of microenterprise in the United States suggest that families make modest income and assets gains, although the evidence is not conclusive. For example, some studies show considerable impact on household income (e.g., Clark & Kays, et al., 1999), while others – including the only experimental design study – show little increase (e.g., Benus, et al., 1994). Qualitative data from our study suggest that goals and outcomes of microenterprise can be thought of in broader terms than just financial. These include impacts on 1) personal growth and learning, 2) standard of living, 3) autonomy and ownership, 4) families and children, 5) work levels and stress, and 6) civic involvement (Table 2).



**TABLE 2. Outcomes Reported by Microentrepreneurs**  
(*N*=86)

<b>Personal growth and learning</b>		
Positive	39	(45%)
Positive & negative mixed	2	(2%)
No mention	45	(52%)
<b>Financial condition/standard of living</b>		
A lot	11	(13%)
Some or a little	28	(33%)
None or lost money	16	(19%)
No mention	31	(36%)
<b>Autonomy and ownership</b>		
Positive	34	(40%)
No mention	52	(60%)
<b>Family and children</b>		
Positive	27	(31%)
Positive & negative mixed	9	(10%)
Negative	8	(9%)
No mention	42	(49%)
<b>Civic participation</b>		
Positive	11	(13%)
No mention	75	(87%)
<b>Stress and long hours</b>		
Stressful but worth it	5	(6%)
Very stressful	18	(21%)
No mention	63	(73%)

This table summarizes outcomes reported in open-ended interviews. Respondents brought up these topics without prompting and not everyone mentioned all outcomes. Percentages may not add to 100 due to rounding. Source: Sherraden & Sanders (1999).

The outcome most often mentioned when asked about the impact of the business on their lives, was personal growth and learning. Among those, many reported that creating and operating a microenterprise boosted their self-esteem and self-confidence. For example, one respondent said that people treat her

differently as a business owner. After being involved in an abusive relationship, a divorce, and having to seek welfare assistance, she said the business “*boosts my self esteem. It makes me feel good to be a business owner. A lot of people have a lot of respect for me [now].*” Several respondents also said that the experience of owning a microenterprise gave them the confidence and skills to think about future businesses and jobs. One respondent said that the confidence gained from operating a business helped her secure a new job: “*I felt like I had enough self-esteem built up from owning my own business that when I interviewed they were impressed with my initiative.*”

Respondents reported mixed impact on their families’ standard of living and financial well being. On one hand, 39 entrepreneurs believed that the business made at least a small contribution to their families’ living standard, and in some cases a substantial contribution. For example, one respondent, who ran a daycare business in her home, articulated the financial boost that many women felt from their small businesses: “*[I] didn’t feel like I had to be on welfare forever. I saw a spark of light at the end of the tunnel. I can make a difference for my family, buy a VCR, get some bills paid.*” On the other hand, 16 respondents said operating a business did not increase family income or was a net loss, such as this respondent who pointed out: “*There wasn’t any future in it. There was too much worry for me and my family. Everything was too uncertain.*”

A substantial number (34) said they felt like they gained control over their lives by operating a business. Control over working hours made self-employment much better than working in a job (especially a low wage job) and made up for lack of earnings. In this regard, one respondent’s comments echoed those of several others: “*...having my own business, I am able to make my own hours. If I want to work late, it’s my choice. I put a lot of time in, but I don’t mind doing that.*”

Half of the respondents talked about the impact of their business on their families or children. Most (27) said the effects on their families were positive. For women particularly – although not exclusively – self-employment offered flexible work hours and the option of working at home or taking children along to work. Microenterprise also offered parents an opportunity to be a proper role model, or, in one woman’s words, “*to teach my children how to work.*” In contrast, 17 said that the effects on family were mixed or negative. For example, one business owner said that “*if you fall flat on your face there you are with a child and you gotta pick yourself up and try to still feed that child and provide for that child.*”

Accompanying the independence and autonomy of self-employment, come long hours, hard work, worry, and stress. A quarter of the respondents pointed out the difficult workload and high level of stress. For example, one respondent decided she was “*spending time but not seeing the profit . . . I didn’t want to*

*spend the rest of my life living like this. I didn't want to suffer like this."* Finally, she decided to return to school for more job training.

Eleven respondents observed that business ownership increased their commitment to and interest in civic affairs. Specifically, some found themselves assuming a higher profile in the community, while others said that owning a business made them more civic-minded, more conscious about buying products from local businesses, or more involved in volunteer work.

Although policy makers generally have viewed microenterprise as a way to get additional income into the hands of low-income families, entrepreneurs themselves see multiple outcomes of microenterprise. On the positive side, most of the respondents viewed microenterprise as an opportunity for personal growth, additional income and assets, autonomy, family development, and greater involvement in the community. On the negative side, a minority reported the financial costs of running a business and the stress on themselves and their families. On the whole, however, the positives outweighed the negatives. At least five years after opening a business, over half (47) said they still preferred self-employment compared to 11 who definitely preferred a job, and 27 who said that it would depend on the specific situation.

## EDUCATION AND ADVOCACY

The concept of asset building can be applied to state level public education and advocacy as well. Community economic development (CED) links development of economic capital – including human capital and financial assets – and social capital in communities (Midgley & Livermore, 1998; Sherraden & Ninacs, 1998). In Missouri, asset building strategies have been pursued by the Community Economic Development (CED) project of the Missouri Association for Social Welfare (MASW), a 100-year old social welfare advocacy organization. The CED Project was founded with the understanding that revitalization of poor communities involves local initiative and resources, as well as leadership and resources from the larger public and private sectors (Sherraden & Slosar, et al., 1999). In other words, while poor communities bring many resources to the table, they have long been victims of disinvestment by both public and private institutions and require considerable external resources (Halpern, 1993). From the CED Project perspective, the state's involvement in providing resources for "human-sized" CED is one key to successful development, especially in an era of diminishing federal involvement.

Formed amidst momentous changes in federal and state welfare policy, the CED project brought together people from across the state in 1994 to focus on community-based economic development. Participants included consumers and professionals from the public, non-profit, and private sectors, including community development agencies, human service agencies, universities, state agencies, and banks. The group adopted goals including home ownership, microenterprise, and IDAs, and methods for advocacy including education, data

gathering and dissemination, network development, legislative initiatives, and policy implementation.

Public education activities included semi-annual statewide conferences on CED topics (e.g., asset building, microenterprise, IDAs, and community development corporations), regional educational forums around the state, educational materials, a legislative alert system utilizing fax and e-mail weekly updates, and occasional news articles and radio interviews. Data gathering involved collecting information from research centers and programs in other states, researching model legislation, and conducting a survey of CED programs in the state. The data from the survey will be used to inform state policy and implementation strategies, and at the same time, provide the basis for applied research.

Legislative initiatives included a community economic development demonstration bill, which would have provided resources for pilot neighborhood level CED initiatives. Although this bill was popular with some legislators, it ultimately failed. A second bill initiated by the project was a Family Development Accounts (FDA) bill that would set up mechanisms to provide \$4 million per year for tax credits to fund FDAs (i.e., IDAs) for low- and moderate-income families. Introduced in 1997, this bill was introduced and barely made it to the House floor for debate. In 1998, it was more visible and earned broad bipartisan support, due in large measure to social work students who educated legislators about its aims. It would have passed were it not for political maneuvering of a powerful special interest group that attempted to amend it in a way that would have changed its intent. At that point, the main sponsor killed the bill. In 1999, FDAs received unanimous support in the House and in Senate Committee, but the same amendment that killed it in 1998 threatened it once more. With a great deal of maneuvering by legislators, the governor's office, state agencies, and the CED coalition, the bills' sponsors passed the FDA bill on the last day of the 1999 legislative session.

Project participants also worked directly with state agencies responsible for implementing economic development policies. For example, CED committee members worked extensively with officials in the Missouri Department of Economic Development (DED) to implement legislation and fund CED projects on a pilot basis.

Social workers from a broad range of settings played key roles in the CED Project's activities (Sherraden & Slosar, et al., 1999). Faculty participated through teaching, research, and service. Social work students were involved through their classes and internships. Agency social workers identified local issues and worked in coalitions. Finally, advocates worked directly with state officials to change and implement policies.

The work of social work students deserves special attention. They integrated their academic studies with field practice, developing skills and preparing them

for professional social work roles (Sweitzer & King, 1999). Between 1996 and 1999, five students spearheaded the legislative work of the CED project. Students gathered information and model legislation, helped recruit sponsors for several bills, worked with sponsors and their aides on the legislative details, helped legislative writers work out the bills' language, kept the CED constituent groups informed of bills' progress, and monitored and mobilized resources and support when the bills' sponsors needed assistance along the way. Such research, legislative advocacy, and program planning prepares a new generation of social workers to carry on the tradition of activism in the social work field (Specht & Courtney, 1994).

## CONCLUSION

Thoughtful proposals for asset building policy and programs are becoming more common. For example, as one of eight strategies for policy action in the twenty-first century, Steuerle, Gramlich, Hecl, and Nightengale (1998) include a proposal to "increase everyone's chances to build financial security" by:

. . . creating opportunities to accumulate assets for financial security, especially among those facing the greatest disadvantages. In this way, society can give everyone a greater stake in the future and the common good. Much of twentieth century social policy, ranging from welfare to social security, created a safety net by redistributing income. Without abandoning those redistributive aims, we must recognize the limits to this approach and how it can reduce incentives to create wealth. We should look to the twenty first century as a time to move beyond simple redistributive policy toward "cumulative" policy. The aim is to strike a new kind of balance between security and opportunity. (pp. 7-8)

We are pleased to see this call for "cumulative" policy as a complement to income maintenance, but the challenge will be to change the policy structure so that it includes the whole population. In this effort, there will be important roles for research, education, and practice, not as rigidly separate activities, but as integrated aspects of the same body of work.

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## NOTES

1. Portions of this paper are based on: Sherraden, Michael (1998b), *Asset Building Policy and Programs for the Poor*, invited paper at a Symposium on Benefits and Mechanisms for Spreading Asset Opportunity in the United States, New York University, December; and Sherraden, Margaret S. and Cynthia K. Sanders (1999), *Social Work in Microenterprise Practice*, paper presented at the Third Annual Conference of the Society for Social Work Research, Austin Texas, January. The research described in this paper is carried out at the Center

for Social Development, George Warren Brown School of Social Work, Washington University, where Michael Sherraden is director and Margaret Sherraden is a faculty associate.

2. The emphasis in proposals for capital accounts has been on providing lump sum resources for welfare and consumption choices at age 18 or 21. A more recent version has been offered in 1999 by two law professors (Ackerman & Allstot, 1999) who do not seem to be entirely aware of the prior work of economists on this concept. However, this lump sum idea may not be good policy. A study of lottery winners finds that those who win about \$15,000 per year considerably reduce the amount held in retirement accounts, in bonds and mutual funds, and in general savings (Imbens, Rubin, & Sacerdote, 1999). Instead of lump sum deposits, a better approach may be long-term and systematic asset accumulation in Individual Development Accounts with deposits at birth and throughout the growing up years (Sherraden, 1991). In another version of this, Lindsey (1994) proposes a Child Social Security Account, wherein assets would build over time by government and private contributions. Lindsey points to the likely positive changes that would result from the experience of saving and investing.

3. For summaries of state IDA policies, see CSD's web site at [gwbweb.wustl.edu/Users/csd/stateIDAprfiles/html](http://gwbweb.wustl.edu/Users/csd/stateIDAprfiles/html)

4. The concept and name USAs has been presented by CFED and CSD over the past several years. Early experience with IDAs was highly influential in the White House decision to propose USAs. In designing USAs, the Treasury Department has asked CSD for early data from the "American Dream Demonstration" showing that, with matching funds, some of the poor will be able to save. At the time of the President's State of the Union Address, CFED and CSD were meeting in Washington on Universal Savings Accounts, with policy experts who form a Growing Wealth Working Group, co-chaired by Friedman, Boshara, and Sherraden.

5. In-depth interviews were the fourth wave of the five-year study (1991-1996) of seven pioneering microenterprise programs in the United States conducted by the Self Employment Learning Project (SELP) of the Aspen Institute. The other four waves of data collection were annual surveys conducted with 405 micro-entrepreneurs in hour-long telephone interviews. Out of the original 405, there were 138 who were low income (under 150% of poverty). Of these, we located and interviewed 86 respondents in Wave 4. Interviews lasted between 1.5 and 3 hours, and were conducted by telephone. They were transcribed and analyzed using Folio Views qualitative analysis software.

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Address correspondence to: Michael Sherraden, Ph.D., Benjamin E. Youngdahl Professor of Social Development, George Warren Brown School of Social Work, Campus Box 1196, Washington University, St. Louis, MO 63130.

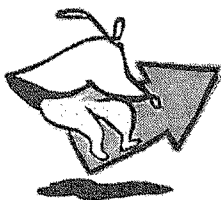
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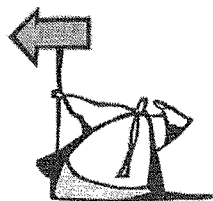


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