Entrepreneurship initiatives for recovery and growth: States providing access to support

The National Governors Association (NGA) Center for Best Practices is hosting this webinar sponsored by the Ewing Marion Kauffman Foundation. The webinar will highlight state student loan debt relief and feature the categories of savings programs known as baby bonds, child development accounts, and individual development accounts.

December 13, 2021
NGA Center for Best Practices

Agenda

I. Welcome

Rachael Stephens, Program Director, Workforce Development & Economic Policy, NGA Center for Best Practices

II. Speaker introductions

Jennifer Kelly, Program Officer – Policy in Entrepreneurship, Ewing Marion Kauffman Foundation

III. Panelists' Presentations

IV. Moderated Discussion with Audience Q&A

Moderated by Jennifer Kelly, Kauffman Foundation

V. Closing Remarks and contacts

The National Governors Association (NGA)

Founding

A 1908 meeting of President Theodore Roosevelt and governors led to the creation of NGA.

Photo: The first meeting of the nation's governors, convened by President Theodore Roosevelt in Washington D.C., 1908.

What We Do

- NGA is the nonpartisan organization of the nation's governors.
- Through NGA, governors identify priority issues and address public policy at the state, national and global levels.
- The NGA Center for Best Practices is the only research & consulting firm that directly serves governors, and helps them develop and implement innovative solutions to public policy challenges.
- Our Government Relations team ensures that states are a strong voice in Washington, D.C.
- We also provide management consultative services to both new and incumbent governors, their senior executive staff and trusted advisors.

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The NGA Center for Best Practices

Services:
- Customized Technical Assistance
- Multi-State Consortia and Peer Learning
- Research & Published Reports

Program Areas:
- Children & Families
- Cybersecurity
- Energy and Environment
- Healthcare Cost and Coverage
- Health Data & Workforce
- Health Systems
- Homeland Security
- Infrastructure
- K-12 Education
- Post Secondary Education
- Public Health
- Public Safety & Legal Counsels
- **Workforce Development & Economic Policy**

Photo: Governor Reynolds, NGA Chair Governor Hutchinson and Governor Pritzker at the NGA Winter Meeting in 2020.

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Introduction: Ewing Marion Kauffman Foundation

Jennifer Kelly, Program Officer, Policy in Entrepreneurship
Ewing Marion Kauffman Foundation

- Manages a portfolio of grants and programmatic activities designed to improve public policy for entrepreneurs.
- Started her career in the office of U.S. Senator Chuck Grassley, where she oversaw communications with his Iowa constituents.
- Holds a Master of Arts in congressional and presidential studies from Catholic University of the Americas.

Panelist: Live+Work in Maine

Nate Wildes, Executive Director, Live+Work in Maine

- Raises awareness about career opportunities and world-class quality of life experienced by those who live and work in Maine.
- Co-Founder of Flight Deck Brewing in Brunswick, ME
- Graduate of University of Maine

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LIVE + WORK in MAINE

LiveandWorkinMaine.com

LiveandWorkinMaine.com/OpportunityMaine

WHY is people attraction + retention important for Maine?

➡There are more open jobs in Maine than qualified people to fill them.

➡Business attraction vs. people attraction is a “chicken/egg” scenario. Each must have a pipeline of opportunities ready BEFORE the time is “right”.

➡Educational pipelines take a long time to adapt, and a long time to create new/adjusted talent. That work is in progress, but if we don’t prepare the economy for that future talent now, there won’t be a future economy for those people to join in Maine.

➡Focusing on our existing population, expats and Boomerangs will not yield greater diversity of race, ethnicity, culture, or experiences.

All of these statements were factually true pre-COVID, and remain true today (December 2021).

Opportunity Maine Tax Credit: Key Takeaways

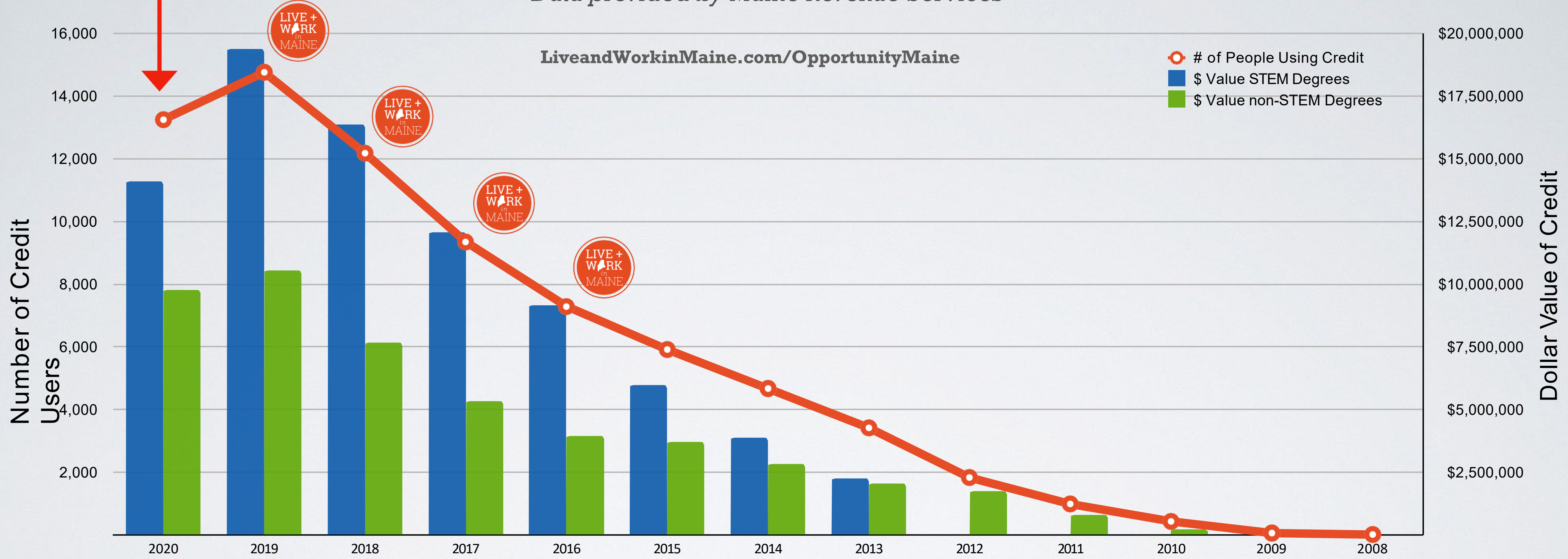
1. Most generous and widely accessible student debt relief/reimbursement program in the Nation.
2. Key function: reimburses student debt payments against State income tax liability.
   1. Result = economic value has been derived by the time the state cuts a check.
   2.2. Risk = as low as it gets. Ensured ROI by the time State expense is incurred.
3. No commitment required by the taxpayer or the State. Works for however many months you live + work in Maine, regardless of when on your debt schedule you do so.
4. Risk = theoretically no max fiscal note. While economic value will have been derived, forecasting usage for budgeting purposes before tax day is difficult.

LiveandWorkinMaine.com/OpportunityMaine

2020 Note:
COVID student loan forbearance reduced eligible tax payers and value of the credit. Data is skewed, revisions likely.

Historical Tax Credit Usage

Data provided by Maine Revenue Services



YEAR	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
$ STEM	14,082,550	$19,368,314	$16,344,294	$12,059,284	$9,148,285	$5,962,447	$3,890,729	$2,248,271	$0	$0	$0	$0	$0
# STEM	7426	8616	7426	5716	4583	3079	2170	1417	0	0	0	0	0
$ non-STEM	$9,750,910	$10,551,359	$7,657,592	$5,341,294	$3,953,430	$3,694,254	$2,837,674	$2,064,833	$1,750,561	$784,025	$218,291	$13,105	$4,548
# non-STEM	5820	6135	4747	3630	2978	2975	2624	2148	1815	977	428	59	11
# of Returns	13246	14751	12173	9346	7290	5911	4666	3416	1830	987	434	61	14
Total $$	$23,833,460	$29,919,673	$24,001,886	$17,400,578	$13,101,715	$9,656,701	$6,728,403	$4,313,104	$686,899	$210,004	$36,165	$294	$0

Panelist: Prosperity Now

Shira Markoff, Policy Fellow, Prosperity Now

- Works to advance federal, state and local policies that promote systems-oriented solutions and racial economic justice.
- Previously served as Director of Prosperity Now's Children's Savings Team and Program Manager for Seedco.
- Holds a Master of Public Policy degree from American University and a B.A. in history from Rutgers University.

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Increasing Access to Capital for Entrepreneurship

Presentation for: Entrepreneurship Initiatives for Recovery and Growth Webinar

12/13/21

PROSPERITY NOW

The Racial Wealth Divide and Entrepreneurship

- The racial wealth divide (RWD) in the US is large and growing
  - At the median, the typical Black and Latinx household has 10 and 12 cents respectively in wealth for every dollar owned by the typical White household
- This means that people of color are less likely to have access to sufficient capital to take a business idea and make it into reality.
  - New Black-owned businesses start with about 1/3 of the capital of White-owned ones
  - Black- and Latinx-owned businesses are more likely to not receive any of the financing they applied for compared to White-owned businesses

Sources: 1) 2016 Survey of Consumer Finances, Excel Based on Public Data, Board of Governors of the Federal Reserve, 2017.
2) Robert Fairlie et al., "Black and White: Access to Capital Among Minority-Owned Startups," Stanford Institute for Economic Policy Research, February 2017.
3) "Small Business Credit Survey: 2019 Report on Minority-Owned Firms," Fed Small Business, December 2019.

Individual Development Accounts (IDAs)

- IDAs are special savings accounts in which deposits made by low- and moderate-income savers are matched
- Savings can be used to purchase assets—most commonly postsecondary education, homeownership or capitalizing a small business

Children’s Savings Accounts (CSAs)

- CSAs are long-term savings or investment accounts that help children (ages 0-18), especially those from low-income families, build savings for the future
- CSAs:
  - Provide program contributions to grow savings, such as initial deposits, savings matches or benchmark incentives (based on activities or milestones)
  - Are usually used for postsecondary education (e.g. college, vocational/technical schools), though a few programs allow funds to be used to finance a small business or for homeownership

Baby Bonds

- Baby Bonds are significant monetary investments made by the government on behalf of children shortly after birth to be used for future wealth-building
- Designed to narrow the racial wealth divide by providing the largest investment to children from the lowest wealth households, who are disproportionately Black, Latinx, Indigenous, and other people of color

Potential Impact of Baby Bonds

- 2019 study by Naomi Zewde (CUNY professor & Roosevelt Institute Fellow)
- If a national Baby Bonds program had been started in mid-1990s (benefiting people 18-25 years-old in 2015):
  - Wealth gap would have decreased from White households having about 15.9x the wealth of Black households to having only 1.4x the wealth of Black households (among participating households)

Source: Naomi Zewde, Universal Baby Bonds Reduce Black- White Wealth Inequality, Progressively Raise Net Worth of all Young Adults (New York, NY: Center on Poverty and Social Policy at Columbia University, 2019), 9.

Resources

- Baby Bonds (https://prosperitynow.org/baby-bonds)
  - A Bright Future for Every Child: How Your State Can Narrow the Racial Wealth Divide with Baby Bonds (brief)
  - Baby Bonds (video)
- CSAs (https://prosperitynow.org/childrens-savings)
  - Invest in Every Child's Future with Children's Savings Accounts
  - Investing in Dreams: A Blueprint for Designing Children's Savings Account Programs
- IDAs (https://prosperitynow.org/issues/individual-development-accounts)
  - Promise Accounts: Matched Savings to Help Families Get Ahead

Panelist: Office of Connecticut State Treasurer Shawn Wooden

Jennifer Putetti, Director of Legislative Affairs, Office of Connecticut State Treasurer Shawn T. Wooden

- Attorney
- Former Chief of Staff for previous Connecticut Lieutenant Governor, Governor Nancy Wyman
- Legislative and Administrative Advisor for the State Office of Policy and Management under former Connecticut Governor Dan Malloy

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CT BABY BONDS

Shawn T. Wooden
Connecticut State Treasurer

CT BABY BONDS

Beginning July 1, 2021, CT Baby Bonds invests a sum of money in a trust for every baby whose birth is covered by HUSKY, the state's Medicaid program.

The funds are invested by the Office of the Treasurer and at age 18, the beneficiary becomes eligible to make a claim for the funds to be used to:

- Pay for higher education
- Start or invest in a Connecticut business
- Purchase a home in Connecticut
- Save for retirement

CT BABY BONDS

Entrepreneurs use wealth to finance their innovations and start their businesses.

CT Baby Bonds invests in people, communities, and the economy.

Panelist: Indiana Housing and Community Development Authority

Emily Krauser, Chief Deputy Director of Programs, Indiana Housing and Community Development Authority

- Oversees Energy Assistance Program, Weatherization, Community Service Block Grant, and Homeless Services, including the Balance of State Continuum of Care.
- Serves on the board of Visually Impaired Preschool Services and Covering Kids and Families.
- Holds a Master's Degree in Philanthropic Studies from Indiana University.

Panelist: Indiana Housing and Community Development Authority

Indiana Housing and Community Development Authority

- Housing, Creating Place, Homelessness, Family Self-Sufficiency

Indiana State-Funded IDA Program & Tax Credit Program

- Matched savings program designed to assist low-income families in developing personal finance skills and building assets
- IHCDA works through a network of local service providers

Currently we award

- Just over 100 accounts through IDA ($500,000/yr)
- About 75 accounts thorough Tax Credit ($200,000/yr in credits = $400,000 to the programs)

Panelist: Indiana Housing and Community Development Authority

About Indiana's IDA program

- 4-year program
- Serves up to 200% FPL
- Must have earned income
- 3 to 1 match (client saves $1,500, state supplies $4,500 = total: 6,000 for an asset)
- Requires financial and asset-based education

Eligible Assets

- Home Purchase
- Home Repair
- Education / Job Training
- Small Business
- Vehicle purchase

Approximately 5% of IDA participants are working toward starting/expanding a small business.

Moderated Discussion with Audience Q&A

Contacts

Speakers:

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Questions?