

COMPASS

WORKING CAPITAL

Federal Policy Priorities

Compass Working Capital ("Compass") is working to end asset poverty for families with low incomes and narrow the racial and gender wealth divides. Our mission is to partner with families with low incomes to build assets as a pathway out of poverty. We focus on reaching families led by Black and/or Latina women.

Wealth, not income, allows families to weather economic storms – such as a loss of income, periods of unemployment, health emergencies, and other circumstances – and to chart a path toward a more secure financial future. However, many of our nation's policies perpetuate wealth and asset divides, such as by penalizing families receiving public benefits for building savings, including the requirement of low to no assets to meet eligibility criteria to qualify for certain safety net programs.

For over a decade, Compass has been laser focused on expanding the scope and impact of the Family Self-Sufficiency Program, while also supporting efforts to expand other asset-building opportunities, reform the social safety net, and deliver reparations for the descendants of African American slaves. During the 118th Congress, Compass will work and partner with allies to advance policies in the following priority areas.

PRIORITIES

1. Family Self Sufficiency (FSS) Program

Created by the George H. W. Bush Administration in 1990 and implemented by the U.S. Department of Housing and Urban Development (HUD), FSS promotes increased earnings and savings among families receiving rental assistance. Compass urges Congress to prioritize robust funding to expand access to FSS at a minimum of \$155 million for FY25, authorize flexibilities for the implementation of a universal escrow account (also known as "opt-out") demonstration program, and reinstate performance measures for funding awards.

Currently, FSS is a powerful but woefully underutilized program. Compass estimates that there are more than 2.2 million households that could benefit from FSS. However, less than 57,000 households participated in the most recent year reported by HUD. Compass' top priority is to expand FSS by increasing uptake, retention, and graduation rates that will distance individuals and families away from poverty, increase their assets, and reduce their utilization of safety net programs. This is achievable through strong federal funding for the program and the elimination of participation barriers.

2. Other Asset Building Opportunities

There are several ways in which federal, state, and local governments can continue to better support families with low incomes to build wealth, especially for Black, Latina/o/x, and other families of color who have been systemically disadvantaged. Compass encourages Congress to develop policies that foster equity of opportunity to attain financial security and economic upward mobility.

Compass supports national efforts to increase homeownership opportunities, especially among households that have historically and systemically been denied access or targeted with predatory lending products and practices that syphoned assets away or shut them out entirely. Simultaneously, Compass supports efforts to increase the production of affordable rental and homeownership housing stock. Way too many families are burdened or overburdened with the cost of housing and are forced to make difficult financial decisions to keep a roof over their heads; therefore, affordable housing stock production must be prioritized. Congress should develop policies to keep families housed and eliminate homelessness.

Furthermore, Compass supports national efforts to increase liquid assets for families at the lower end of the economic scale without penalty that would prematurely deny them access to safety net programs while they work towards financial security and independence. These efforts should include but not be limited to livable wages with benefits, increased matched savings, emergency savings, child trust accounts at birth and other development accounts, college or professional development grants and apprenticeships, retirement savings, access to small business startup grants, and affordable small business loans.

3. Reform the Social Safety Net

Compass supports the elimination of asset limits for federal and state benefits; security deposit grant programs to help tenants in HUD-assisted housing facing a relocation; downpayment assistance programs; the implementation of solutions to reduce or remove cliff effects; making a refundable child tax credit permanent; expanding universal basic income programs; fully bridging the digital divide; and efforts to coordinate comprehensive intake and enrollment across government agencies providing public assistance thereby increasing awareness, access, and streamlining processes.

4. Deliver Reparations for the Descendants of African American Slaves

Compass supports the delivery of reparations for the descendants of African American Slaves. For more than thirty years, congressional leaders have introduced legislation to establish a federal commission to examine the impacts of the legacy of slavery and recommend proposals to provide reparations. The proposal does not authorize payments or any remedies. While Compass supports the creation of a federal commission, the nation's history is clear that African Americans have suffered discrimination in housing, mortgage lending, consumer lending, other financial services, education, labor markets, and most recently in real estate appraisals. Therefore, Compass supports a multi-pronged approach to reparations that would provide redress to the harms of slavery and discrimination, including direct payments as well as policy decisions to address historical discriminatory harms comprehensively or independently.

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