

Asset-Based Welfare: Taipei Family Development Accounts

Li-Chen Cheng, Ph. D.

Associate Professor

Department and Graduate Institute of Sociology,

National Taiwan University

1, Roosevelt Road, Sec. 4, Taipei, Taiwan

Tel #: (02) 2363-0231 ext. 3563

Fax #: (02) 2368-3531

E-mail address: lcccheng@ccms.ntu.edu.tw

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On July 17, 2000, Taipei City Government launched Taipei Family Development Accounts (Taipei FDAs), based on the idea of Individual Development Accounts, matched saving accounts for one hundred low-income families of the City. As traditional social assistance programs are basically income-based, Taipei FDAs is the first established program that is assets-based and investment oriented in Taipei. It is also the first anti-poverty program that was funded by a private firm through a collaborative partnership between the public sector and a profit organization to build up assets for the poor. Although the implementation of Taipei FDAs is intended to be experimental, its establishment has valuable policy implications in terms of anti-poverty policy innovation in Taiwan.

This paper starts with a brief introduction of Taipei FDAs. It is followed by a description on the process of policy formulation. Then public debates on its establishment between proponents and opponents are paired presented in the next section. Lastly, lessons that learned from the policy innovation of Taipei FDAs are included.

A. Introducing Taipei Family Development Accounts

The idea of Taipei FDAs had bipartisan support when first promoted in the 1998 Taipei City Mayoral election. Both Mr. Chen, Shui-Bien, the new President of Taiwan who was the Major of Taipei at that time, and Mr. Ma, Ying-Jeou, the challenger, submitted a assets-building proposal as a key component in their social assistance policy. Right after Mr. Ma was elected as the new Major of 1998, he then directed the Social Assistance Division to appoint a task force, including welfare scholars, administrators, and social workers, to evaluate the feasibility of Taipei FDAs. However, the program did not come into practice until the Polaris Securities Groups, a stock trading firm, expressed an interest in sponsoring the establishment of the program. After Polaris Securities Group funded a total of one hundred matched saving accounts for Taipei FDAs participants, the first assets-based anti-poverty program in the country was established.

After a well-designed process of policy formulation, Taipei City Government officially announced the opening of Taipei FDAs for enrollment on June 16 of 2000. Due to the limited funding money, no more than one member from each household was allowed to enroll in the program. On June 30 of 2000, the deadline for the enrollment, one hundred and eighty-four low-income families as a total enrolled in the program. A lottery procedure was performed to randomly draw exactly one hundred participants entering the program. The other eighty-four enrollees were placed in the waiting list for future replacement. Participants could withdraw from the program at a voluntary base, as well as involuntarily if deposit failures happened within six months.

Table 1 indicates program characteristics of Taipei FDAs. According to the program structure, applicants who are eligible for the program must be low-income, with a minimum family income of US\$1,200, and be working regularly. The accounts are matched one-to-one, with a monthly saving amount up to US\$125 for three years. Two full-time employees were hired by the City to manage the educational program and maintain regular contacts with participants. Uses of the savings have been limited to purchasing a first home, post-secondary education, or business capitalization. Participants are required to attend educational classes every three weeks, where they learn about credit, budgeting, banking, investment, how to buy a home, how to start a business, and how to make an investment plan.

Table 1: Program Characteristics of Taipei Family Development Accounts.

Characteristics	Description
Location	Taipei City
Organization	The Social Assistance Division in the Bureau of Social Services of Taipei City Government.
Staff	Two full-time employees
Funding Partners	Polaris Securities Group, a private firm for profit
Bank Partners	Taipei City Bank, who is affiliated to Taipei City Government.
Match Rate	1:1
Target Population	Low-income families who must have income up to 60 % of consumption expenditure, and with a minimum income of US\$1,200.
Educational Programs	FDA participant attend economic classes every other three weeks lasting for a year, where they learn about credit, budgeting, banking, investment, how to buy a home, how to start a business, and how to make an educational plan.
FDA Time Period	July, 2000 to June, 2000

As of September 30th, ninety-three participants have made their first deposit, with matched money in their accounts. Table 2 describes the characteristics of the Taipei FDAs' participants entering the program. Most of the participants (82%) are females, single parents (62%), and high school graduates (56%). Regarding the purpose of use, fifteen percent of participants claimed to be saving for small business, 33 percent for post-secondary education for themselves or their kids, and 52 percent for home purchase.

Table 2: Participant Characteristics of Taipei Family Development Accounts

Characteristics	Counts		Percentage
Enrollers	184		
Participants	100		100%
Gender	Male	18	18%
	Female	82	82%
Age	Under30	7	7%
	31- 49	78	78%
	over 50	15	15%
Purpose of Use	Education	33	33%
	Micro enterprise	15	15%
	Home purchase	52	52%
Marital Status	Single	8	8%
	Married	30	30%
	Divorced	39	39%
	Widowed	19	19%
	Separated	4	4%
Education	Elementary School	19	19%
	Junior High School	25	25%
	High School	46	46%
	College	10	10%

Note: The data was up to the date of September 30, 2000.

B. Policy Formulation

The formulation of Taipei FDAs is not revolutionary, but follows an incremental process through a series of sequential activities. Table 4 outlines a series of events and activities chronologically that contributed to policy formulation of Taipei FDAs. As Mintrom (2000) recognizes it, the establishment of Taipei FDAs to some extent follows the sequential series of activities he suggests, which includes identifying problems, networking in the policy arena, shaping the terms of policy debates, and building coalitions to support policy innovations.

The idea of Family Development Accounts was originally derived from Sherraden's assets-based welfare theory (Sherraden, 1991), in terms of Individual Development Accounts. Dr. Chang, Ying-Chen, first introduces the idea of IDAs into the country, in his dissertation work on "Assets Accumulation among Low-Income Families in Taiwan" (Chang, 1993). However, the idea was not brought to notice in the policy arena until 1996 when the Social Assistance Division of the City called for an international symposium to examine the effectiveness of the current anti-poverty programs. In the Symposium, three poverty issues were raised for discussion, such as a very stringent poverty line, the growth of the working poor, and the concern for welfare dependence among the poor. Effective anti-poverty programs were called for to combat urban poverty. Assets-based welfare theory was first referred to Mr. Huang, Chun-Chang, the Division head, as an alternative anti-poverty strategy to the current social assistance system.

In 1997, the Legislative Yuan of the country decided to amend the Social Assistance Act after twenty years when it was first enacted. Concerning a stringent poverty line regulated by the previous Act, the Social Assistance Division of the City decided to dedicate their efforts to advocate a new measure of poverty line to replace the old one then. However, the Division head did not cease to remember the on-going mission to search for effective anti-poverty strategies to regain the economic sufficiency among the working poor.

A policy proposal based on assets welfare theory was recommended by welfare scholars to two mayoral candidates, Mr. Chen, Shui-Bien, and Mr. Ma, Ying-Jeou, at the same time. After Mr. Ma took the Office, a task force group was appointed by Mayor to evaluate the feasibility of Taipei FDAs, one of his proposed welfare policies specifically targeting the working poor in the campaign. To be efficient, the Division head invited only three welfare scholars, in addition to a program team from the Division, as the core members of group tank. They were Dr. Lu, Cheng-Chun, a proponent scholar for the idea of "capital formation" for labors, Dr. Tsai, Hong-Chou, a welfare economist, and this author, Cheng, Li-Chen, whose research areas all focusing on innovative anti-poverty programs. The pros and cons arguments for an assets-based program for the City were extensively and thoroughly deliberated to lay down a common ground for the future policy debate on establishing the Taipei FDAs.

Based on the suggestion from the task force, the Division formed a delegate of four persons, the Division head, two program team members, and this author, to have a close-up observation on the American Dream Demonstration program sites. In August of 1999, with the assistance from the Center for Social Development, three American Dream Demonstration programs, the Bay Area IDA Collaborative at San Francisco, the Heart of America Family Services at Kansas, and the Shorebank at

Chicago, were recommended as key visiting sites. The delegate collected abundant and invaluable first hand data on public debates, program structure, operation project, and strengths and barriers for up and running ADD. Surprisingly gaining an additional treat from this trip, the delegate was arranged to visit a community-based organization of local entrepreneurs at Kansas, the Local Investment Commission (LINC). The Commission's vigorously participating in local welfare activities strongly impressed the delegate, especially the Division head. He took the LINC's experience as a model to develop a parallel confederation of local entrepreneurs in Taipei, which became a key strength to put Taipei FDAs in practice eventually.

After careful deliberation and planning, the Division presented a blueprint of Taipei FDAs the first time to the public for debates through the modes of focus groups and public hearings between the October of 1999 and the February of 2000. On debate, disagreements about establishing an assets-based program were extremely divided. Prospective participants indicated an enthusiastic welcome for the program. However, city councils, some welfare scholars, administrators from the Bureau of Social Services, and few public workers unfavorably commented on establishing Taipei FDAs, based on their believing in promoting human capital as the key means for the poor to regain their economic sufficiency.

At the same time, the Division head vigorously engaged in organizing a group of entrepreneurs, so called the United Nations for Welfare, based on the LINC's model. The president of Polaris Securities Group, a member of the United Nations, had learned about assets-based welfare programs when he worked in the states few years ago. He expressed keen interest in participating in the program. On February of 2000, he requested a meeting with the Division head and program team to explore a further cooperation between the firm and the Division. The meeting concluded that the two stakeholders established a partnership to implement the program, with Polaris Securities Group funding one hundred matched money accounts, and the Division in charge of program operation. It was certain at this moment that Taipei FDAs was going to be in action soon.

On May of 2000, Dr. Michael Sherraden and Dr. Deborah Page-Adams, University of Kansas and CSD's faculty gave several lectures on assets building in the Conference of 21 Century Taipei Dream for Economic Security Policy and to some academic universities. A preliminary evaluation report on the finding of the ADD's effects by Dr. Sherraden presented in the Conference demonstrated a strong argument to support an assets-based program for combating poverty. And Dr. Page-Adams' presentation on up and running of ADD program at Kansas shared a good example of program operation in shaping participants' behaviors. Finally on July 17 of 2000, the City announced the up and running of the program on July 17 of

2000.

Table 3: Key events of starting up the Taipei FDAs in chronological series.

Date	Events	Activities
Dec., 1996	International Cross-Cultural Symposium on Urban Poverty held by the Division.	In response to the International Year of Poverty announced by the UN, the Division called for a symposium to examine the effectiveness of the current anti-poverty programs of the City. Three poverty issues were brought to attention in the Symposium: a too stringent poverty line, the growth of the working poor, and the concern for welfare dependence among the poor. Effective anti-poverty strategies were called for to combat urban poverty.
1997	The Legislative Yuan amended and passed the Social Assistance Act	The Division was dedicated to advocating for a new measure of poverty line to replace the old one. A new measure of poverty line, based on consumption level, instead of household earning, was adopted.
Dec., 1998	Mr. Ma, Ying-Jeou was elected as the new Major of the City.	A task force group was appointed by Major to evaluate the feasibility of Taipei FDAs, a proposed policy for the working poor in the campaign.
Aug., 1999	A program delegate formed from the Division visited three ADD program sites in the States.	The Division head, two program team workers, and this author had a close observation on the program operation through direct dialogue with workers and savers from three ADD programs.
Oct., 1999-Feb., 2000	Public debates on FDAs through focus groups and hearings among prospective participants, social workers, policy makers, and welfare scholars.	Prospective participants indicated an enthusiastic welcome for the program. However, city councils, welfare scholars, administrators from the Bureau of Social Services, and few public workers unfavorably commented stated their disagreement on establishing the program, based on their believing in promoting human capital as the key means to

		economic sufficiency.
Dec. 1999	The United Nations for Welfare was organized.	A group of entrepreneurs and non-profit organizations participated in. And Polaris Securities Group was one member.
Feb., 2000	Polaris Securities Group expressed an interest in funding the matched money for FDAs.	The Group agrees to fund the matched money for 100 participants in a three-year long period.
May, 2000	The Conference of 21st Century Taipei Dream for Economic Security Policy held by the Division.	Drs. Sherraden and Page-Adams were invited to present the preliminary findings and implementation experiences from 13 ADD programs. Taipei City Government concluded the Conference with an official declaration of starting Taipei FDAs.
June 17-30, 2000	Taipei City Government and Polaris Securities Group announced the opening of FDAs.	A total of 184 eligible applicants enrolled the program, but only 100 of them were allowed to participate the program through a randomly lottery drawing process.
July. 17, 2000	First deposit was saved to the Accounts.	

C. Public Debates on the Establishment of Taipei FDAs

Table 4 summarizes the paired of pros and cons arguments when debating the establishment of Taipei FDAs in the public on the October of 1999. As indicated, the strongly unfavorable arguments in the debate on the establishment of Taipei FDAs were rooted in the line of human capital theory. People believed promoting human capital or lifting employment barriers as the key means to regaining economic sufficiency among the poor. According to them, an assets-based program benefiting only a few privileged poor was unfair and unjustified to the other poor as well as to the general public in terms of equity principle in policy. To a certain degree, the moderately disagreement in the debate concerned about how Taipei FDAs could integrate into the current social assistance system. If not possible, they thought as unnecessary to have a new program added to the old system. From my observation, the overall resistance to the establishment of FDAs in Taipei mainly came from its innovative and revolutionary thinking, which was never built into the cognitive framework on poverty-related problem in policy arena.

Table 4: Paired arguments in the debate on the establishment of Taipei FDAs.

Opponents	Arguments	Proponents	Arguments
Welfare scholars	Since insufficient human capital was the significant predictor of poverty, promoting human capital is a reasonable means to regain economic sufficiency.	Welfare scholars	Hard evidences on wider gap for assets distribution, larger than income gap, were presented in several occasions of public debate.
welfare scholars	Since there are barriers blocking the poor opportunities to work, efforts to help them should focus on lifting the employment barriers.	Social Assistance Division	The statistics indicates that only 17.5% of the able-bodied poor aren't working. But, no substantial efforts were taken to improve their employment situations based on the report of Labor Bureau.
welfare scholars	Since the idea of FDAs is revolutionary and innovative, it needs more examination before practicing it.	welfare scholars	Evaluation followed the program implementation is a direct way to know if the program works to enhance economic well-being among the poor.
welfare scholars	How FDAs could tied into the current social assistance system, since there are other in-cash programs set up for the poor.	welfare scholars	The logic of FDAs is basically assets-based, which is quite different from the traditional in-cash programs. It could be operated independent of the programs.
city councils	The poor couldn't possibly have extra money to save.	The poor	We manage hard to save almost every dollar for emergency and kids' needs.
city councils	What the poor need the most is given jobs, not assets.	Social Assistance Division	Most poor work. And it is not very successful for the current employment program in helping the poor to find better jobs.
city councils	Since FDAs is designed to target only the working	welfare scholars	Social Assistance program was originally designed to

	poor, it is unfair to the other poor group.		help the disable-bodied poor. It is the growth of the working poor in the population that concerns in terms of welfare dependence.
administrator	As resources distributor, government has limited resources and equity principle in consideration to implement a new program.	welfare scholars	The effect of FDAs on economic well being and personal efficacy among participants has long term benefit for government to save more in the future.
administrator	It is unlawful that the poor cover extra money for saving without reporting.	welfare scholars	It is the stringent poverty line that traps the poor in the welfare system. Covering extra money is a survival mechanism to cope with the meager benefit obtained.
social workers	To help the working poor should focus on lifting the barriers to employment, not to create a new program.	Social Assistance Division	Not much success was found in lifting the employment barriers based on the past experiences.
social workers	Since the house value is so expensive in Taipei, it is impossible for the poor to dream to buy one with such a small amount of saving money.	home owner who was on welfare	When I first moved into public housing, I determined to buy a house. I kept a saving account under my sister's name. And I save almost every penny I could have. When I decided to buy the house, I make a loan from a bank. And my elder kids who work help to pay for the mortgage.
private sectors	The way we used to participate in welfare work is to donate money and provide volunteer services.	Social Assistance Division	Based on the idea of LINC, the Division invites several for-profit groups in Taipei to participate in United Nations for Welfare, an organization built up link between firms

			and welfare provisions.
private sectors	We are not familiar with the idea of FDAs. We don't think we could manage the program. But if anything that we could do for FDAs, we would like to help.	Polaris Securities Group	The president of the Group learned about the idea of IDAs before in the States. He and the Group agree to fund the matched money for 100 participants.
commercial banks	Banks sometimes give charity donation out, but we never engage in this kind of credit union work.	Taipei City Bank	Since this is Major's policy, the Bank will cooperate in any way it is needed.

D. Lessons learned from the Establishment of Taipei FDAs

When I first came back to the country in 1995, I did not foresee a possibility to have an assets-based program established for the poor so soon, given that the policy context for the poor was very regressive and conservative. Based on the experiences of my incessantly participating in developing Taipei FDAs for the past few years, several interrelated factors could be identified as significant contributors to putting an innovative policy idea into practice in such a short time.

Among these factors, for instance, if not few influential persons actively and willfully involved in the process of policy innovation, Taipei FDAs will not be in practice at the moment. For example, Dr. Chang, Ying-Chen, as a consultant, was one influential person who suggested Mr. Ma, Ying-Jeou, to include an assets-based policy proposal in 1998 mayoral election. The Division head, Mr. Huang, was surely the key influential person for the accomplishment. He grew up in a poor single parent family. A strong compassion for helping the poor people was rooted in his shared experiences of being poor. His determination to explore any effective strategy to combating poverty was manifested when he took the job as the Division head in 1995. After his appointment, he first focused on changing the Division from a regressive and conservative role in the Bureau of Social Services into a more active and motivated role. He was a quick learner in picking up innovative welfare ideas, like IDAs, from talking with several welfare scholars he is constantly associated with. Anyway, without his strong conviction and willful action in implementing Taipei FDAs, it will still be a long way for the City to have a new anti-poverty policy based on assets.

Moreover, if not a group of think-like persons networked, or even teamed together, the establishment of Taipei FDAs will not be seen as a well-thought and perceptible in its first public presentation. The members of the task force group first

invited were not based on their think-like background. For example, Dr. Tsai, the welfare economist, was even a strong opponent against the idea of assets-based in the group. However, along with open-hearted and cross-questioning deliberation in every gathering, our thinking as member became closer and similar gradually in the mind. The differences between people could be trimmed or reshaped toward more think-like through more mutual communication. In the gatherings, we also shared the pros and cons arguments on the program, when they talked the idea of the program to the people in their networks, and we even discussed or practiced to respond or react to the arguments. Our constant gatherings in terms of trimming difference on the idea of the program were not only important to gain a consensus within the group, but also very critical to be able to interact or communicate with outsiders.

Further, if not a well laid groundwork with hard evidences, strong arguments, and hard line teammates, the idea of Taipei FDAs will never be placed in the center of public debate, compared to other macro welfare policies in the country. No matter how perfect the policy ideas were, public debate was not unavoidable to appeal to a broader audience. In the battlefield of policy debate on Taipei FDAs, I found attentive listening and sincere preaching were the most two important communication skills on persuasion. Often, I listened carefully what people thought in opposition to the idea of FDAs. From Table 4, opponents usually viewed the poor as possessing less human capital or encountering more employment barriers to earn enough money to support their families. Following the line of thinking, promoting human capital was the only way to regain the poor's economic sufficiency. In effect, no new program was needed to solve poverty-related problems. However, underlying or hidden in their heart, from my interpretation, they were reluctant to have a change. Therefore, to make our arguments on assets built-up accepted needed hard evidences to support the innovation. For instance, the following facts were presented in public debate: the new faces of the poor population, widening assets distribution gap between the poor and the rich, and ineffective strategy of employment policy to enhance the poor economically. However, personal communication was even more effective in disseminating a new policy into people's heart, not just mind. The president of Polaris Securities Group learned about the idea in one personal talk with the member of United Nations for Welfare. One hundred matched accounts were funded with no debate or question raised.

Lastly, Taipei FDAs was a brand new idea in social assistance system. No observable experiences could be used as a parallel for program designing. Therefore, site visiting to the real programs was strongly suggested by the members of the task force. A close-up observation and direct dialogue with the staff of three ADDs in

1999 were very helpful for the Division in terms of framing program structure and operation procedures. However, the experience of three ADDs might not fit into the experience of the participants in Taipei FDAs. Unfamiliar with the idea of assets-based program, two program workers faced situations at a daily base in the first few months. Ideally, a supervisor or consultant was needed to deal with all kinds of situations. However, due to the tied budget in the program, three welfare scholars in the task force group naturally became consultants for these two workers through phone supervision.

References

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