Establishing
Individual Development Account Programs:

IDA
Programming, Policies, and Resources

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TABLE OF CONTENTS

WELFARE PEER TECHNICAL ASSISTANCE SUMMARY REPORT

Event:	Establishing Individual Development Account Programs: Programming, Policies, and Resources
Dates:	December 13-14, 2000 April 18-19, 2001
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1. OVERVIEW

The Welfare Peer Technical Assistance (TA) Network, funded by the Administration for Children and Families (ACF), Office of Family Assistance (OFA), Department of Health and Human Services (DHHS), coordinated two workshops involving select representatives from twenty-seven States (representing twenty-two human services offices, and sixteen community partners), from across eight ACF Regions, and four federal agencies. Nationally recognized private sector organizations that contributed to this workshop included representatives from the Center for Social Development (CSD) at Washington University in St. Louis, Missouri, and the Corporation for Enterprise Development (CFED) in Washington, DC.

The purpose of both two-day workshops was to assemble a collection of varying levels of expertise from all over the nation among the IDA field to promote information sharing and fact finding. States that are just beginning to break new ground with IDAs were invited as well as those who are considered frontrunners in IDA policy development. States that have been operating IDA programs for several years along with those that have just begun working on IDA policies within the past six months shared information about their programs as well as offered advice on programming design and policy development. In addition, representatives from several federal agencies offered an update on a few of the IDA funding sources available to states as well as some additional programming advice. At both workshops, the representatives from CSD and CFED offered insights into national trends and policies as well as specific state policies. Research from an evaluation conducted on a national IDA demonstration program as well as evaluation findings from one local IDA program's research were presented.

During the workshops, participants were allowed an opportunity to engage with their peers to explore how they can implement effective IDA programs in their states, gain information on maintaining the momentum on their current IDA programs, and/or network with others to gather new ideas as well as contacts for follow-up dialogue. They were also challenged to consider where their current IDA program is and ways to implement ideas gained from the workshop into their own program and policy development strategies within their respective states. An abundance of resources was made available to participants for further assistance. Web sites, copies of State and Federal legislation, program descriptions of state and federal programs, copies of letters to IDA partners, client IDA materials, and even copies of requests for proposals from state offices were offered to participants to take home with them for reference.

(For more information, see Appendix A- *Agendas*.)

2. BACKGROUND

All IDA programs have their success stories. Although these stories were not necessarily the focus of the workshops, they represent the ultimate goal of any IDA program. That is, reaching out to families and changing lives.

Pat Johnson, who was proud to share her own personal experience to workshop participants at the Philadelphia IDA workshop, shared one such story. Pat is a participant in the Women's Opportunities Resource Center (WORC) IDA program in Philadelphia, PA. She entered the WORC program homeless, struggling with substance abuse, and out of touch with her family. Earning $5.25 per hour, she saved $10 a week for eighteen months. Using her IDA savings along with matching funds from the State's IDA program and Federal housing funds, she was able to buy her own home. She completed the program's financial education classes that taught her about home ownership, taxes, and how to save money. She also completed counseling and treatment that helped her win her battle with substance abuse. Today she lives in her own home with her family, is debt-free with no credit cards, and no longer struggling with substance abuse. When asked how she was able to accomplish this, she responded by saying,

> *The WORC Program taught me how to set my standards to where my husband and I could pay our bills and have a good home for our family…I stayed focused on myself…I'm a fighter.*

2.1 What Is An IDA?

Individual Development Accounts (IDAs) are matched savings accounts designed to help low-income and low-wealth families accumulate a few thousand dollars for high return on investments usually in education or job training, homeownership, and/or microenterprise. Individuals save monthly, usually over a one-to-four year period, and have their savings matched by contributing funding organizations such as foundations, financial institutions, community organizations, churches, and/or government (State/Federal). Today there are over 400 community-based IDA programs in 47 States available to low-income working families (Corporation for Enterprise Development).

(For more information, refer to the Center for Social Development's web page *What are IDAs?* at www.gwbweb.wustl.edu/Users/csd/ida/whatareidas.html.)

IDAs are special savings accounts set up under an asset-building program that provides matching funds to encourage and promote savings among low-income families. They represent a financial tool that enables low-income workers to accumulate assets for long-term goals. Dr. Michael Sherraden, from the Center for Social Development at Washington University in St. Louis, MO, wrote the book *Assets and the Poor*, published in 1991, that is credited as helping to launch the IDA concept. In his book, Dr. Sherraden observed,

> *Without assets, poor families are likely to remain poor. Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for long-term goals.*

"Asset development for the poor" and IDAs began as a theory put forth by Sherraden in the late 1980's and early 1990's to address what he considered a missing piece of anti-poverty programs. He noted that the nation's public and private sectors have spent billions on the poor in the form of income support, safety nets, transitional assistance, and rental assistance. In contrast to this spending, he observed that the same sectors have spent minimal dollars to invest in the poor, empower them with assets, or encourage them to build wealth. He viewed IDAs as an appropriate social policy for the country in response to his observations.

Robert Friedman, founder and chair of the Corporation for Enterprise Development (CFED) in Washington, DC, sees IDAs as a strategy for not only economic development, but also for community and family development. He believes that,

> *Having assets that you can invest gives you a stake in the economy, in society. Beyond the basic savings account, we see participants gaining experience in planning and goal-setting abilities, and gaining real hope for the future. This has an impact on them and their children.*

2.2 The Basics of IDAs

Similar to 401(k)s, IDA accounts are held in the name of the individual. However, the incentive to save in an IDA account is the matching deposits and not the tax deductions as in a traditional 401(k). The accounts are established through the operating organization and are opened at a financial institution such as a bank or credit union. Participating organizations that typically work with States to operate IDA programs include non-profit organizations, public agencies, community development financial institutions, and credit unions. These organizations enter into a contract with the State to operate an IDA program. Individual funds must usually be earned income. Matching contributions are deposited in a separate pooled account and distributed at the time of asset purchase—directly to the vendor or service provider. Operating organizations may also use charitable contributions as part of the matching funds deposited into an IDA account. With some variation depending on the specific source of funding, IDA assets may generally be withdrawn only for three purposes: buying a first home, post-secondary education or training, or starting a small business (microenterprise). Most states use the eligibility criteria that any individual with a family household income at or less than 200% of the Federal poverty level may have an IDA. The following summarizes the 2001 Federal poverty level guidelines.

Who Is Eligible For IDAs? (200% Federal Poverty Level-2001)	
Size of Family Unit	Income Limit (yearly)
1	$17, 180
2	$23,220
3	$29, 260
4	$35, 300
5	$41, 430
For each additional family member, add $6,040	

In general, accountholders may use the funds in their accounts after they have reached their savings goal. This is typically in about two to four years. In addition, it is common practice for IDA programs to require that participants complete an approved financial education course provided by the qualified financial institution or non-profit agency.

For organizations that operate an IDA program, major areas of responsibility include recruiting, training, and counseling account holders; raising matching funds from the community; tracking accounts; and reporting. The local IDA project area may be an urban neighborhood, community, county, multi-county region, or portion thereof within the State.

2.3 IDA Policy Development

Asset accounts, for various purposes, are one of today's most rapidly growing form of domestic policy, and it seems quite possible that the shift to asset-based policy will continue. IDAs are a strategy for *inclusive asset-based policy.* (Sherraden 1991). Nationally, this policy shift is evident in the introduction and growth of 401(k)s, 403(b)s, IRAs, Roth IRAs, the Federal Thrift Savings Plan, Educational Savings Accounts, Medical Savings Accounts, Individual Training Accounts, College Savings Plans in the States, and the proposed individual accounts in Social Security (Sherraden 2000).

As the IDA concept has grown, it has maintained widespread support from both the President and Congress. In President Clinton's 2000 State of the Union Address, he announced the White House's continued support of IDAs and proposed the idea of a matched savings policy for the poor. In that address, he said:

> *Tens of millions of Americans live from paycheck to paycheck. As hard as they work, they still don't have the opportunity to save. Too few can make use of IRAs and 401 (k) plans. We should do more to help all working families save and accumulate wealth. That's the idea behind the Individual Development Accounts, the IDAs. I ask you to take that idea to a new level, with new retirement savings accounts that enable every low and moderate-*

> *income family in America to save for retirement, a first home, a medical emergency, or a college education. I propose to match their contributions, however small, dollar for dollar, every year they save* (President Clinton 2000).

President Bush pledged his support to IDAs during his campaign as part of his "New Prosperity Initiative." He proposed a $1 billion IDA initiative and hosted an IDA event in Dayton, Ohio during his campaign. He followed that pledge up by again mentioning IDAs in his 2001 State of the Union Address. President Bush included IDAs in his budget, and in March 2001 he included IDAs in his proposed home buying initiatives. Congress has already passed IDA legislation in support of IDAs (the 1998 *Assets for Independence Act*) and is currently considering the *Savings for Working Families Act (2001).* Senators Lieberman (D-CT) and Santorum (R-PA) and Representatives Pitts (R-PA) and Stenholm (D-TX) have reintroduced this bipartisan bill to Congress in April 2001. The bill provides a federal commitment to IDAs. It would allow participating financial institutions to receive a full tax credit for savings match contributions up to a certain threshold, as well as a small reimbursement for administrative costs. (Sandi Smith and Javier Silva 2001, Corporation for Enterprise Development).

2.4 Federal IDA Programs

Prior to the 1996 welfare reform legislation States began funding asset-building programs for welfare families under waiver demonstration projects. IDA programs became increasingly more prevalent with the 1998 passage of the *Assets for Independence Act*. This legislation authorized $25 million a year for five years for the Office of Community Services to implement a program of demonstration projects to set up IDAs for lower income working families. This program in addition to funding provided through the Office of Refugee Resettlement ($15 million within the last two years) allowed for programs all over the country to obtain additional funding they needed to implement programs. The Department of Housing and Urban Development's *Family Self-Sufficiency* program offers low-income workers a way to accumulate savings using subsidized rent monies that can later be used to purchase a home or finance an education. With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, States were provided specific guidance enabling them to use Federal TANF or State Maintenance of Effort (MOE) dollars for IDA programs.

2.5 IDA Resources

The two organizations that have had the most impact on the IDA field nationally are the Center for Social Development (Washington University, St. Louis, MO) and the Corporation for Enterprise Development (Washington, DC). Both organizations have worked virtually in all States that have an IDA policy, and they have provided technical assistance of some type to many community-based IDA programs. CFED has assumed responsibility for spearheading Federal policy changes as well as organizing efforts to promote IDA programming and policy efforts. Five annual national conferences on IDAs have been organized by CFED to promote education and advocacy for the IDA field. CSD maintains current data on State IDA policies and conducts research on IDAs. A management information system, known as MIS IDA, has been created by CSD to facilitate program design and management, and to collect timely and comparable data from multiple IDA sites.

IDA programming suggestions and instructions can be found in the CFED's *Program Design Handbook: A Step by Step Guide to Designing an IDA Program*. (See *IDA Resources* at the end of this report for information on ordering this guide from CFED.) CFED has initiated an IDA listserve on the Internet. More information is available on their web site at www.idanetwork.org.

For specific information on each state program as well as a complete list of State policies on IDA uses, visit CSD's web site at gwbweb.wustl.edu/users/csd.

3. NATIONAL IDA CURRENT TRENDS AND POLICIES

The following are excerpts from presentations at each of the two workshops by representatives from CFED: Sandi Smith, Senior Program Manager (Kansas City workshop) and Javier Silva, Individual Assets Research Manager (Philadelphia workshop).

3.1 Rationale for IDAs

- One-half of all American households have less than $1,000 in net financial assets
- One-third of all American households (60% of African American) have zero or negative net financial assets
- Forty percent of all white children, and 73% of all African-American children, grow up in households with zero or negative financial asset
- Public policy can impact the wealth gap and make an impact on family's assets

3.2 Federal IDA Policies Support or Promote IDAs in Three Ways: existing programs, dedicated demonstrations, and "getting to scale" proposals

3.2.1 Federal inclusion of IDAs in existing programs

- Temporary Assistance for Needy Families (TANF)
- Welfare-to-Work Grants
- Community Reinvestment Act
- Bank Enterprise Award Program
- Electronic Transfer Accounts
- Family Self-Sufficiency Program
- Affordable Housing Program of the Federal Home Loan Banks
- Tax treatment of IDAs (not an official program or funding source)

3.2.2 Federal IDA Demonstrations

- *Assets for Independence Act* (AFIAA)- Congressional authorization for $25 million per year for five years to establish IDA demonstrations nationwide (For more information, refer to Section 6.1.)
- *Office of Refugee Resettlement (ORR) Grants*-$15 million has been awarded over the last two years using existing resources and legal authority (The program has created 16 refugee serving programs in 11 States providing opportunities for over 1,250 refugees.)
- *American Dream Demonstration (ADD)*- National demonstration of 13 sites organized by CFED and CSD (For more information, refer to Section 5)
- *First Accounts*- A recently launched $10 million Treasury Project designed to bank the “unbanked” who are not Federal benefits recipients
  (According to the Federal Reserve’s Survey of Consumer Finances, 13% of the U.S. population is “unbanked and unserved.”)

3.2.3 Federal “Getting to Scale” IDA Proposals (both proposed by President Clinton and were not passed by Congress)

- Universal Savings Accounts-government sponsored individual matched savings accounts to benefit primarily low and moderate income households
- Retirement Savings Accounts-authorized $54 billion over ten years

3.3 Possible Future Programs in IDAs

- Youth programs- privately funded demonstrations pending
- Children’s savings demonstrations
- Employer savings demonstrations
- Demonstrations for people with disabilities
- Native American demonstrations

3.4 Question and Answers

Q. What are some of the initiatives CFED is planning to work on in the future?

A. -Lobby for the passage of the *Savings for Working Families Act*
-Continue to provide technical assistance to States and community organizations
-Advocate the expansion of community models into larger scale models within States
-Lobby for legislation expanding and building on existing tax advantages of IDAs
-Work with Tribes more
-IDA *Financial Literacy Initiative*- involves CFED, the National Endowment for Financial Education, and the Fannie Mae Foundation and aims to provide the IDA field with resources and tools to provide high quality and practical financial literacy education.
-Development of IDA certification standards for IDA programs

Q. What are some of the resources available from CFED?

A. -IDA Network at www.idanetwork.org:
Resource for updates on current national initiatives; population-specific initiatives; system building initiatives CFED is working on to promote a universal delivery system for IDAs; State IDA Pages; Policy updates; Research; IDA related press releases; Resource library; and IDA forums
-The CFED IDA Listserve (www.idanetwork-subscribe@cfed.org)
-The *IDA State Policy Guide: Advancing Public Policies in Support of IDAs* (released in March 2001); co-authored by Karen Edwards of CSD and Carl Rist of CFED
-CFED's resource guide *Individual Development Account Program Design Handbook: A Step by Step Guide to Designing an IDA Program (1999)*
-CFED's *IDA Training Institute*- geared to promote effective practices as they emerge in the IDA field and promote skills and knowledge development for IDA practitioners
-CFED is developing IDA curriculum that will include an instructor and participants' manual

Q. How many IDA accounts are there and how are they distributed?

A. -In the last five years, IDAs have gone from several hundred to over 10,000 accounts valued at millions of dollars today.
-Most of the research on IDAs is from the American Dream Demonstration, which analyzed over 2,400 accounts. Findings included:

- 43% were for home ownership
- 24% were for microenterprises
- 21% were for post-secondary education
- 9% were for job training
- 3% were for retirement

Q. Are there other programs that are used for purposes beyond the three traditional IDA uses (home ownership, micro-enterprise, and education)?

A. Some of the American Dream Demonstration sites allowed uses for car purchases. In addition, some of the Office of Refugee Resettlement Grant funded programs allow cars to be considered as assets and can be a savings goal. Within individual States, saving for cars may be possible if cars are considered an asset under the State's IDA plan. Amendments have been proposed to allow savings for cars in the *Assets For Independence Act* Program. There are some existing youth programs that allow savings for a car for work or summer camp. St. Louis, Missouri, has a program like that for youth.

4. OVERVIEW OF STATE IDA POLICY TRENDS

The following are excerpts from presentations at both workshops by Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO.

4.1 State IDA Policy Picture

- 31 States now have legislated IDAs
- 9 States have created IDAs by administrative rule
- 32 States included IDAs in welfare reform plans for TANF
  - 12 States use TANF funds for match and IDA administration costs (AR, IL, IA, MI, OH, OK, SC, TN, TX, VT, VA, WA)
  - 4 States are planning to use TANF funds for match and IDA administration costs (LA, MT, NJ, WV)
- 8 States are positioned to propose or pass IDA legislation
- 3 Statewide programs have developed with no state support
- 400+ community-based IDA programs are being implemented or planned in at least 47 States

For more specific information, see the following page from the Center for Social Development's web site called *Policy in the States.* This page can be found at www.gwbweb.wustl.edu/csd/statepolicy/stateIDAtable.pdf. A wealth of national IDA data is available including the following tables:

- Table 1: *State IDA Policy and Initiatives*
- Table 2: *Public Funding Sources in States Implementing or Developing Legislated or Administrative IDA Programs*
- Table 3: *State Supported IDA Programs*
- Table 4: *Summary of State Supported IDA Programs, Legislation, and other Savings Initiatives* (40 states)
- Table 5: *State Using MIS IDA to Monitor IDA Programs*
- Table 6: *Summary of State IDA Policy*

Another helpful source is the *State Pages* section of the CFED web site at www.idanetwork.org. This site has a link to the CSD's site which lists details on specific State IDA policies. That site can be found at www.gwbweb.wustl.edu/csd/statepolicy.

Additional information about IDAs in State TANF plans from *the State Policy Documentation Project* can be found at www.spdp.org/tanf/financial/idauses.pdf. The information listed is the result of a 1998 survey of States on the planned uses of TANF funds.

4.2 State IDA Program Funding Streams

- State general funds

- State tax credits
- TANF
- Community Development Block Grant (CDBG)
- Welfare to Work, CSBG, WIA, and other public funds
- Assets for Independence Act Grant Funds (AFIA)
- Office of Refugee Resettlement Grant Funds (ORR)
- Private funds (foundations, corporations, financial institutions, individuals)

4.3 Examples of Statewide IDA Initiatives

- Legislated with general funds appropriated (Indiana-44 sites)
- Legislated with no funding appropriated (Utah-0 sites)
- State-supported by administrative rule (Washington-5 sites)
- No legislation or State funding support (Wisconsin-17 sites)

4.4 Issues Facing State-Supported IDA Programs

- Public and private funding resources and partnerships
- Appropriating and leveraging State tax credits
- Program policy administration (State, non-profit, shared)
- Program development, management, and evaluation
- Networking, developing coalitions, and collaborations
- Economic education and financial management training

4.5 State IDA Policy Resources

- Center for Social Development's web page:
  http://gwbweb.wustl.edu/csd/statepolicy/
  This site includes policy and program design considerations as well as information on administrative opportunities and constraints, tips for facilitating IDA legislation, model State IDA legislation, press releases from around the nation on IDAs, and an array of other helpful IDA related information.

- Corporation for Enterprise Development's *State Pages* web site section: http://www.idanetwork.org (Each State page on the web site lists up-to-date State programs, contacts, links to State policy summaries, and news about upcoming events.)

- Edwards, Karen and Rist, Carl (2001). *IDA State Policy Guide: Advancing Public policies in Support of IDAs.* Produced jointly by the Corporation for Enterprise Development and the Center for Social Development- an informational tool kit for anyone interested in developing State policy to support IDAs. This is available from CFED.

4.6 Management Information System for IDAs (MIS IDA)

The Center for Social Development has developed this software as an invaluable tool for IDA administrators. The software (based on a Microsoft Access database) aids in the management of program administration, account management, and program evaluation. Another task the software facilitates is the sharing of account data with banks. It is the only recognized software available used by IDA administrators. For more information, or to order the software, contact CSD at (314) 935-4212 or visit CSD's web site http://gwbweb.wustl.edu/users/csd.

4.7 Questions and Answers

Q. What was the first State to have an IDA?

A. Iowa was the first State to pass legislation for IDAs in 1993. Initial programs began soon afterward. Programs were developed by non-profit organizations in Mississippi and Indiana soon after. The IDA concept took off dramatically and many States have since launched IDA sites.

Q. How are non-custodial parents and IDAs being handled by the States? Do the children of non-custodial parents qualify?

A. This population has not been addressed for the most part by IDA programs. One issue is that clients may not be willing to disclose how much money they are paying in child support. Iowa has a program for these children using State funds under the *Assets For Independence Act* Program.

5. IDA RESEARCH FINDINGS: THE AMERICAN DREAM DEMONSTRATION

The following are excerpts from presentations at both workshops by Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO.

5.1 Overview

The American Dream Demonstration (ADD) is the first large-scale test of IDAs as a social and economic development tool for low-income communities. Initiated by CFED in September 1997, ADD brings together 13 community-based organizations selected through a competitive bid process to design, implement, and administer IDA initiatives in their communities. As of late 2000, the 13 ADD sites (one site has two initiatives) have established about 2,000 IDAs (the 13 sites each have 50-150 accounts and one of these sites has 500 accounts.) The Corporation for Enterprise Development (CFED) designed the program and guides it. The Center for Social Development (CSD) designed the evaluation of the demonstration.

The demonstration will span a five-year period. It is supported by several national (over 11) and local foundations, private organizations, companies and individuals, along with state, local, and national governments. In total, it will leverage over $15 million in public and private funds, including $1 million in savings by low-income families. Several thousand (over 2,000) accounts have already been opened by participants at the 13 sites.

The demonstration is coordinated by CFED as it raises funds, conducts selection of participating organizations, convenes semi-annual meetings, provides technical assistance, and spearheads policy development and communication. For the duration of ADD, CFED matches account holders' savings and local matches in IDAs on a 1:1 basis (up to $500 per account per year for low-income individuals), and provides operating grants of $25,000 to participating organizations. Another key source of funds are grants funded through the *Assets for Independence Act* (AFIA)-funded by the Office of Community Services, Administration for Children and Families, Department of Health and Human Services.

An extensive seven-part evaluation of ADD is being conducted by CSD. Areas being examined include program implementation, goal attainment, savings behavior, household outcomes, community outcomes, return on investment, and policy and program implications. The study will last 6 years (1997-2003). Preliminary results from the study have already influenced State and Federal policy. The latest ADD evaluation findings can be found in the publication *Savings And Asset Accumulation in IDAs- Downpayments on the American Dream Policy Demonstration, A National Demonstration of IDAs* (M. Sherraden, et. al 2001. Center for Social Development). The full report is available on CSD's web site at http://gwbweb.wustl.edu/users/csd.

5.2 ADD Research Findings

5.2.1 Do IDAs Work?

The data from ADD suggests that low-income individuals can save and accumulate assets in IDAs. Evaluators examined the extent to which low-income people can and will save if properly supported, as well as the degree to which they are able to utilize their leveraged savings to build businesses, homes, and skills. Initially the recruitment of participants was a challenge. Many people lacked a basic understanding of savings and were wary of the program matches. As more accounts were opened, the programs became more popular as the following indicates:

- The average monthly net deposits per participant were $25.42.
- The average participant saved 67% of the monthly savings target
- The average participant made a deposit in 7 of 12 months
- With an average match rate of 2:1, participants accumulated about $900 per year in IDAs

5.2.2 ADD Program Characteristics

All 14 IDA programs at the 13 ADD sites are run by private, not-for-profit organizations. Every program awards interest on account holders' IDA balances and issues monthly accounts statements. All programs allow account holders to use their IDAs for home purchase, microenterprise development, and education. More than half also allow account holders to use matching funds for job training and for home repair. Match rates range from 1:1 to 1:7, with 2:1 being the most common.

5.2.3 ADD IDA Participant Characteristics

Average ADD participants are characterized as:
- 80% female
- 79% not married
- 42% one adult (female with children)
- 47% African-American, 37% Caucasian, and 9% Hispanic

Welfare status of ADD participants
- 37% formerly received AFDC/TANF and 10% currently receive TANF
- 38% of total participants had either received AFDC or TANF at some point
- 50% of total participants received public assistance at enrollment or before

Income status of ADD participants
- 78% are employed full or part-time
- Median income is at poverty level
- 20% of participants were “unbanked” prior to enrollment (did not have a bank account)
- Average account deposit from monthly income is $25 per month (accumulating over $900 per year with the match)

5.2.4 Savings Characteristics for ADD IDA Account Participants

Accounts have been set up and utilized in the following ways:

Use Type	Intended Use (%)	Actual Use (%)
Home Purchase	57	24
Post-Secondary Education	15	21
Microenterprise	18	24
Home Repair	4	20
Retirement	4	9
Job Training	2	3

Note: Although home purchases were the highest intended use, their actual use may be low due to the time needed to save for a home purchase.

Sixteen percent of the participants in the ADD study exited without a matched withdrawal. Of these participants, there seemed to be no differences by income, education, employment, or race/ethnicity. One universal reason among all participants for exiting was due to a family or life emergency. The data did indicate that education (up to a point) increases net deposits.

New savings habits were observed among participants in that 29% worked more hours, 70% shopped more carefully for food, 68% ate out less, and 34% spent less on alcohol or tobacco. Individuals were influenced by their general financial education classes, which varied by State program but have an average attendance rate of 13 hours per individual.

5.3 Questions and Answers

Q. Can the money from these accounts be withdrawn?

A. Yes, the part that is the participant's deposits. However they lose match dollars if they make unapproved withdrawals.

Q. What can you tell us about shifted assets such as participants postponing doctor's visits or paying utility bills?

A. Some of this is occurring among account holders. Here are some statistics:

- -37% were less likely to save in other forms
- -7% borrowed informally
- -16% postponed bill payment
- -12% sold household items
- -17% postponed doctor visits

6. FEDERAL PERSPECTIVE ON IDA PROGRAMS

Federal IDA policies have come into existence through many different paths. In recent years, a number of IDA and IDA-like proposals have been offered by non-profit organizations, policy think tanks, political candidates, the President, and various members of Congress. Administrative rulings issued by the Internal Revenue Service, the Federal Financial Institutions Examination Council, and the U.S. Department of Treasury have clarified the legal status of IDAs as well as how IDAs can be supported through existing programs and funding streams. Additionally, the endorsement of IDAs in non-binding resolutions and a growing number of Federal proposals, have elevated the public awareness of and support for IDAs as a viable strategy to help low-income families move toward self-sufficiency.

The following are highlights from presentations at both workshops by representatives from four Federal agencies. They are not meant to be a complete summary of the positions of these agencies regarding IDAs. Nor are they meant to be a complete representation of all IDA related programs promoted by these agencies. For more detailed information, refer to the people, sources, and web sites for each agency listed below in the following summaries.

6.1 Office of Community Services, Administration for Children and Families, Department of Health and Human Services

One of the most influential current Federal programs that support and fund State and local IDA programs is the *Assets for Independence Act* (AFIA). Richard Saul, Director, Demonstration and Special Projects Division, OCS, ACF, DHHS, and Sheldon Shalit, AFIA IDA Program Manager, from the same office, provided a brief overview of the program, offered updates on the current year's grant application process, and shared some future insights about the program at both workshops. The summary below highlights these presentations.

The Division of Community Demonstration Programs (DCDP/DEMO) of the Office of Community Services, ACF, DHHS, administers the *Assets For Independence Demonstration Program*. Enacted in 1998, this legislation (AFIA, under Title IV of the Community Opportunities, Accountability and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285, 42 U.S.C. 604 Note) established the first federally funded national demonstration program for IDAs. Since that time, OCS has implemented this program as a new approach to working with the prospect of asset accumulation and self-sufficiency for low-income working families. This program is seeking to find out if, and how IDAs can be used as a tool to help lower income working families accumulate assets; and to what extent such accumulation of assets will help these families achieve greater self-sufficiency and enter the economic mainstream. The original authorization called for a funding appropriation of $25 million a year for five years.

6.1.1 Assets for Independence Act- Program Overview

The AFIA Demonstration Program is a directed, matched, savings program for lower income working individuals and families. Participants enter into a Savings Plan Agreement with the project grantee that establishes a schedule and goal of savings from earned income, to be matched at an agreed rate that can be from one dollar to eight dollars for each dollar saved. Matching contributions are made by the grantee at least quarterly from equal parts of Federal grant funds and non-Federal share contributions to the project. Matched savings may be expended for either (1) the purchase of a principal residence by a first-time homebuyer, (2) the capitalization of a business, or (3) expenses of post-secondary education.

The major goals of this five-year program are to provide for the establishment of demonstration projects designed to determine:

(1) The social, civic, psychological, and economic community effects of providing to individuals and families with limited means an incentive to accumulate assets by savings a portion of their earned income;

(2) The extent to which an asset-based policy that promotes saving for post-secondary education, home ownership, and small business capitalization may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and
(3) The extent to which an asset-based policy stabilizes and improves families and the community in which the families live.

Eligible applicants are private, not-for-profit 501(c)(3) organizations, or State and local government agencies or Tribal governments applying jointly with eligible not-for-profit organizations. Grantees are selected competitively on the basis of applications which present the background and capabilities of the applicant, and a description of the target population; project theory, design, and plan; a reasonable budget; a plan for providing information needed for program evaluation; additional resources available to support project participants; and a description of the results and benefits expected to result from the project. Applications must include a commitment for a cash non-Federal share equal to the amount of the Federal grant requested.

In the first year of the program (FY1999), 38 applications were competitively funded in 23 States and the District of Columbia ranging in grant amount from $6,000 to $500,000 for a total of about $7.55 million. In addition, under the terms of the legislation two States with existing statewide programs, Indiana and Pennsylvania, were "grandfathered" into the program with one-year grants of $930,000 each. Together, these grants will support a projected 10,200 IDAs over the next five years. A comparable appropriation of $10 million for FY 2000 was made and provides support to 40 additional five-year projects. Combined, over 65 projects were funded in FY 1999 and 2000. For the first time this year, FY 2001, the total allocation of $25 million has been funded.

6.1.2 Assets for Independence Demonstration- Program Specifics

The program offers a five-year Federal grant to a not-for-profit tax-exempt organization that has secured a commitment for an equal amount in cash "non-federal share." The Federal grant and the non-Federal cash are together deposited by the grantee in a reserve fund in an insured financial institution, normally a bank or credit union. Over the next five years, 15% of the money in that reserve fund may be used by the grantee for program administration, participant support, (which must include financial literacy/money management education) and collection of data for the government's evaluation of the program participants (every three months).

Households eligible to participate in the program are those eligible for TANF or the Earned Income Tax Credit (EITC), or whose income over the previous year was less than 200% of the Poverty Income Guidelines established by the Department of Health and Human Services. When participants are enrolled in the program they enter into a Savings Plan Agreement with the grantee that does several things:

(1) It sets a savings/investment schedule of a certain amount to be deposited by the participant in the IDA at regular intervals
(2) It sets a goal of a total amount to be invested over that time
(3) It identifies the asset to be acquired
(4) It sets the "match rate" by which the participants investment will be matched by money from the Reserve Fund, which may be anywhere from one dollar to eight dollars for each dollar the participant puts into the IDA account

Under the program, the Federal matching contribution to one IDA account is $2000 and must be deposited with an equal amount of non-Federal dollars. This makes the total available amount of match from the reserve fund $4,000.

The application deadline for FY 2001 is June 12, 2001. For more information about the AFIA Program, visit the web site www.acf.dhhs.gov/programs/ocs/demo. The site includes a listing of FY 1999 and 2000 grantees. For clarification or answers to questions about the application process, contact Sheldon Shalit (the IDA Program Manager) at (202) 401-4807 / sshalit@acf.dhhs.gov, or Richard Saul (Director, Demonstration and Special Projects Division) at (202) 402-9341 / rsaul@acf.dhhs.gov.

6.1.3 Questions and Answers

Q. How has the AFIA Program changed since it first started?

A. There have been some amendments to the program. This year the eligibility criteria was expanded to include households whose income over the previous year was less than 200% of the Federal poverty income guidelines established by DHHS. Considerations are under way to add auto purchases to the program as well as home repair and maintenance.

Another major development was the addition of the "Bidders" Workshops. Together with its contractor, PeopleWorks, Inc., OCS is sponsoring six pre-application workshops for organizations, credit unions and other financial institutions, States, Local, and Tribal governments interested in applying for the FY 2001 AFIA grants. The one-day workshops will cover general information, legal and legislative requirements, eligibility, developing agreements with partnering financial institutions, proposal writing, obtaining the required non-federal matching funds, and obtaining technical assistance for community and faith-based organizations, state, local, and Tribal governments. For further information, contact PeopleWorks at (301) 277-1801 or e-mail pwieast@aol.com. The workshops are scheduled to be completed by May 2001.

Q. How often does a participant's eligibility have to be reviewed?

A. Participant's eligibility is determined only one time when the person first enters the IDA program.

Q. How long does a participant have to use the money in their IDA?

A. They have to spend the money within five years or the government's money goes back to the U.S. Treasury.

Q. Can TANF funds be used in conjunction with the AFIA funds for IDAs?

A. Yes, but TANF funds can only be used for accounts held by TANF eligible clients and are not matched by *AFIA* funds.

Q. Have you noticed any lessons learned in dealing with financial institutions that you would like to mention?

A. There is sometimes a major disconnect between lenders and non-profit organizations. A strong positive relationship is needed between the two in order to facilitate the setting up of the reserve fund and the match funds.

Q. What kinds of changes have you seen in the ways IDAs are being set up?

A. We're seeing more creativity in the way the accounts are set up in terms of their goals and withdrawal purposes. For example, accounts set up for businesses do not necessarily have to be for a microenterprise. Programs are getting more flexible and creative in how they are withdrawing the funds for educational uses. Some programs are even being set up as multi-year programs that draw on the money for two uses.

Q. How can the money be used for a younger child's education if the money must be withdrawn after five years?

A. This is an area that needs further review and attention. There is a program provision that allows States to escrow funds and withdraw it for a particular use after the five-year time period. However, there are no provisions to account for children's education because of the time factor involved. One of the main reasons is that the participating financial institution is liable the entire time that the account is held. More research is needed to examine how IDAs impact families and communities.

Q. Is there any evaluation of this program planned?

A. A four-year evaluation is planned to begin in the spring of 2001 with data results expected in three years. The Office of Planning, Research and Evaluation (OPRE), Administration for Children and Families and OCS are working with Abt Associates (in Cambridge, MA) to conduct this evaluation.

Q. Are there ways that withdrawals can be made from the accounts-such as hardship withdrawals?

A. There are allowances for participants to withdraw their own money, and not any of the matching funds, for emergency purposes. These purposes include loss of a job, loss of a house or eviction, or a medical emergency.

6.2 Office of Housing and Urban Development

This office has several programs and initiatives that can be used to support and fund IDA programs. Their largest one is the *Family Self-Sufficiency* Program. This program permits residents of subsidized Federal housing to save and accumulate assets in the following manner: Rent is normally calculated as a portion of income, but under the FSS program, if a resident's income rises, the increased portion that would go to rent goes into an escrow account. When the individual is no longer a recipient of Federal means-tested programs, he or she can use the escrow savings. There has never been an evaluation of FSS (as no money was allocated) but anecdotal reports from many parts of the country are positive. The program has allowed residents from all over the country to accumulate several thousand dollars in their FSS accounts. Many have become homeowners or used the money to finance an education (Sherraden 2000).

The following are highlights from a presentation by Steve Yank, Welfare to Work Specialist, Department of Housing and Urban Development.

6.2.1 HUD: Building Family Assets

The *Family Self-Sufficiency* (FSS) *Program* is the largest program currently available through HUD that provides Federal dollars that can be used for matching funds in IDA programs. Other programs are also available that fund needed services or other types of assistance to IDA account holders either directly or through their communities. Some of these programs include the *Section 8 Homeownership Voucher Program.* HUD is now in the process of developing a new rule to permit Section 8 funds to be used for down payment costs), *HOME Investment Partnerships Program* (another source of matching funds), *Community Development Block Grant (CDBG) Program* (provides job training funds as well as supports economic and community development), and the *Resident Opportunities and Self-Sufficiency (ROSS) Program* (no match funds but awards funds to Public Housing Authorities, or PHAs, that can be used for IDA programs).

6.2.2 *Family Self-Sufficiency Program*

The *Family Self-Sufficiency* Program, authorized by the *National Affordable Housing Act* of 1990, helps residents of public housing and participants in the Section 8 rental certificate and rental voucher programs become self-sufficient through education, training, case management and other supportive services. The program promotes the development of local strategies to enable families to achieve economic independence and self-sufficiency and to build family assets. Families who volunteer to participate sign a five-year contract (that specify rights and responsibilities of both parties (including that the participant will no longer be receiving welfare benefits) with the Public Housing Authority (PHA) specifying the steps both the family and the PHA will take to move them toward financial independence. Participants can also save money through FSS; an escrow credit, which is calculated by the PHA based on increases in earned income of the participating family, is deposited to an interest bearing escrow account that the family can claim upon successful completion of the FSS contract. Beginning in FY 1993, PHAs that have received funding increments for public housing (or for most new Section 8 rental certificates and vouchers) were required to operate an FSS program with a minimum program size based on the number of new units received unless approved by HUD to operate a smaller FSS program. Beginning in FY 1999, the recently enacted *Quality Housing and Work Responsibility Act of 1998* no longer requires that new units carry an FSS obligation. In addition, the legislation stipulates that the minimum size of the FSS programs will decrease as families graduate from FSS.

While there are no HUD funds for services, funds are available from the operating subsidy for public housing FSS Service Coordinators. PHAs that administer smaller Section 8 certificate or voucher programs have been able to apply for Section 8 funding to pay the salary of a Section 8 FSS coordinator.

Administration of the FSS is conducted by the PHA’s FSS Program Coordinator with Program Coordinating Committees (PCCs). An action plan is developed by the PHA and is approved by HUD. The FSS Program Coordinator provides case management and service coordination. The PCCs are made up of representatives of local government, employment and job training agencies, welfare agencies, nonprofit agencies, and local businesses.

Community-based organizations operating their own IDA program can benefit greatly by partnering with area PHAs. Most PHAs do not establish their own program, but rather partner with a local community organization that has established an IDA program in collaboration with a financial institution. The community-based organization runs the program and leverages needed aid from various other supporting organizations. Over 25 states have one or more PHAs that have established such partnerships. This partnership benefits even more when the PHA collaborates closely with their local TANF agency. IDA participants’ housing assistance provides needed stability that strengthens the likelihood that they will achieve long-term self-sufficiency, which is a mutual goal of both the TANF agency and the PHA. TANF funds, along with AFIA funds, are combined in many programs. This provides IDA programs an opportunity to access millions of HUD dollars available for FSS escrow accounts, as well as the millions of dollars available through HHS. With the FSS Program, IDA programs have guaranteed Federal match dollars available for future homeowners.

6.2.3 Questions and Answers

Q. How is FSS funded?

A. HUD (not PHAs) provides all funds for escrow accounts. Section 8 funds are used for FSS program coordinators. PHAs use their operating subsidy to fund one FSS coordinator.

Q. What are some States where PHAs are using TANF funds for IDAs?

A. Washington State has three programs and Virginia has one. Both States use State TANF funds.

Q. How big is the FSS Program and are there any research results available on it?

A. The Program has over 55,000 current participants (48,000 are Section 8 Voucher Holders and 7,000 are Public Housing Residents). The principal barrier to expansion of the program is the number of case managers. There is currently a two-part study underway that will run from 2000-2006 and evaluate outcomes. The study will document families who entered in 1996 and track a sample of new participants for up to five years to access long-term effects.

We do have results reported by individual PHAs. In the Northwest, 24 PHAs in Oregon, Idaho, and Washington, with 2,774 current participants, were reviewed. Of the group, 883 are graduates of the program, 647 no longer receive a housing subsidy, and 341 are homeowners. The average escrow account for graduates is $3,624. The average time to complete a contract is 32 months.

Q. What are some program changes FSS has undergone?

A. The program now defines welfare as income assistance from Federal and State welfare programs only. Another revision is that PHAs may approve a portability move of families in the first 12 months of FSS.

Q. What are some suggested collaborations between TANF and FSS?

A. Here are three available options:

-*Option 1*: Make timely referrals to FSS to maximize escrow account accumulation
-*Option 2*: TANF agency provides case managers to serve as FSS coordinators
-*Option 3*: TANF agency provides funds
(i.e., Fresno, CA, $1 million in local TANF funds are being used in conjunction with HUD's Welfare to Work Rental Voucher Program for a 1,400 family caseload. These rental vouchers are being used by TANF recipients. The TANF funds help pay for 11 FSS coordinators and 2 support staff.)

Q. How can HUD help with IDA program development?

A. HUD can aid in identifying and connecting State and local TANF agencies with PHAs interested in expanding FSS. Local HUD field offices are available to facilitate partnerships. HUD offices have promotional materials that can be distributed to help with marketing IDAs and the FSS. HUD central office staff is available in any way possible to promote IDAs.

6.3 Office of Family Assistance, Administration for Children and Families, Department of Health and Human Services

IDAs were included as a State option when Congress passed the landmark 1996 welfare legislation the *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA). This legislation established the Temporary Aid For Needy Families (TANF) program, which replaced the Aid to Families with Dependent Children (AFDC) program. This *Act* has two important provisions for IDAs:

(1) If participants accumulate assets in an IDA established under TANF Statute (Section 404 (h)) these funds would not affect a family's eligibility or benefits under only Federal means-tested programs. This means there are no adverse effects from accumulating assets in IDAs.

(2) States may use TANF funds to match savings in IDAs.

For more background, visit the page*, A Savings Feature in Welfare Reform*, on the Center for Social Development's web site at http://gwbweb.wustl.edu/Users/cds/ida.reform.html.

The following are highlights from presentations by John Horejsi, TANF Program Specialist, Central Office; Gary Allen, TANF Program Specialist, Region VII; and John Schwartz, TANF Program Specialist, Region III, Office of Family Assistance, Administration for Children and Families, Department of Health and Human Services.

6.3.1 TANF Funding for IDAs- Federal Guidelines

IDAs are one of the few Federal initiatives mentioned in the 1996 TANF legislation. The specific authority for using TANF funds for IDAs is found in Section 404(h) of the *Social Security Act*. (For more details on the specific language, refer to the page on the Center for Social Development's web site entitled *IDAs in Welfare Reform* at http://gwbweb.wustl.edu/Users/csd/ida/ida.html.*).* The TANF statute specifically authorizes States to fund IDAs established by TANF eligible individuals. The three allowable uses mentioned in the *Act* are post-secondary education, a first home purchase, or business capitalization.

Under the specific authority of the statute at Section 404(h) of the *Social Security Act*, TANF funds used as match funds must be deposited into a participant's account as an investment and must be disregarded. The participant's contribution must be from earned income (or the earned income tax credit-EITC). TANF matches are typically 2:1. Penalties for early withdrawals may occur. Possible penalties include (1) counting the withdrawal as earned income; (2) counting the withdrawal as the participant's resources in any future determination of assistance; or (3) other penalty steps a State takes at its own discretion.

Most States implementing IDA's allow (or plan to allow) TANF funds to be used for matching funds and administrative costs. Each State can decide whether or not to use TANF funds for IDAs (matching funds and/or administrative costs), what assets funds may be used to purchase (Subject to Section 404(h) restrictions), the rate of matching funds, and what penalties (if any) for early withdrawal of savings. Another key program provision is that most States do not require that people participating in TANF-supported IDA programs be receiving TANF "assistance." Section 404(h) contains a specific provision that authorizes the use of Federal TANF funds for IDAs and disregards IDA assets in determining eligibility and benefits under any Federally funded means-tested program. This makes it important for potential IDA partners within a State to know the underlying authority for any IDA program operated in their State.

The "qualified purposes" allowed for IDAs are saving for post-secondary education, home ownership, and business capitalization. Match money used for IDAs is not considered Federal assistance, so it is not subject to the 60-month time limit or "time clock" that applies to TANF recipients. IDAs can be funded through a State's Maintenance of Effort (MOE) funds and/or the Federal TANF Block Grant funds.

State MOE dollars must be used to help "eligible families." Federal regulations state that "eligible families" include a child living with his or her custodial parents or other caretaker relatives. The family must also be financially eligible based on State established criteria of need. This means MOE dollars can be used to match an IDA of any family that is eligible for, but not receiving assistance. State's have broad discretion to spend State MOE funds on IDAs. For instance, States may use MOE funds to provide supplemental match monies for IDA accounts under 404(h) or to fund a completely separate State program. Though flexible, MOE dollars cannot leverage Federal funding under the AFIA Program because MOE funds are already used to access TANF funding.

Another way to approach IDAs with TANF funds is under the more general authority for the use of TANF funding at Section 404(a) which allows expenditures "reasonably calculated to achieve or accomplish one of the four purposes of the TANF program." The State's plan should reflect how the State chooses to treat IDAs. To date, 32 States have included IDAs in their State TANF plans.

States may use Federal TANF Block Grant funds for IDAs, but their use is subject to TANF requirements. States may run separate IDA programs under 404(a), the more general authority, but they must accomplish the basic goals of TANF. If a State develops a separate IDA program e.g., which enables uses outside of home ownership, education, and business development, participants' savings may affect eligibility for benefits under TANF or other Federal needs-based programs. For more information, refer to *Helping Families Achieve Self-Sufficiency, A Guide for Children and Families through the TANF Program* (available at *www.acf.dhhs.gov/programs/ofa/fundsd.htm).*

More information about IDAs in State TANF plans is available from the *State Policy Documentation Project* at www.spdp.org/tanf/financial/idauses.pdf. (referenced earlier in this report) The information listed is the result of a 1998 survey of States on the planned uses of TANF funds. Although dated, it includes a State-by-State overview of TANF funds used for IDAs and a State-by-State listing of eligible uses for States with TANF IDA policies. The information is also available at CFED's IDA Network site at www.idanetwork.org in the *State Pages* section.

6.3.2 Questions and Answers

Questions from the participants at both workshops centered on TANF program requirements in relation to IDAs, allowable uses beyond the three allowed (under the 1996 Section 404(h) of the Social Security Act such as for car purchases, and how TANF funds and AFIA funds can be used together for IDAs. As more detailed explanations are available in writing, participants were offered an abbreviated response and then referred to the IDA section of the "TANF Program Policy Questions" located at the following web address: www.acf.dhhs.gov/programs/ofa/polquest/index.htm. Participants were also referred to the previously mentioned HHS funding guide, *Helping Families Achieve Self-Sufficiency*, for more information. Another up-to-date resource is the *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress* (August 2000). This Report can be accessed at: http://www.acf.dhhs.gov/programs/opre/annual3.doc. The State IDA table on pages 208 and 209 will be of special interest.

Another helpful source of information regarding the use of TANF funds for IDAs is the recently published (2001) *IDA State Policy Guide: Advancing Public Policies in Support of IDAs.* This guide was jointly produced by CFED and CSD. It includes more details on the use of TANF dollars for IDA programs. Items of particular interest relating to TANF that are available in the publication are the following:

- *Uses of TANF Dollars- Pros / Cons*
- *Federal IDA Policy Review*
- *Model Language for IDAs in State Welfare Reform Plans*
- *HHS Clarification on TANF "Clock" (excerpt from TANF Final Rule printed in the Federal Register)*

For information on obtaining this guide, refer to the Section *IDA Resources* found at the end of this report.

6.4 Department of Labor

Although the DOL did not present formally at either workshop, they were represented at the second workshop in Philadelphia. Representatives pointed out that Welfare-to-Work grants are another source of funds for IDAs. They also indicated that DOL is currently collecting data on IDAs and doing its own research on IDAs.

One new program that was highlighted is the *Money Smart* Program-- a national financial services education campaign. This is a joint initiative between the Federal Deposit Insurance Corporation (FDIC) and the DOL that was announced in January 2001. The program offers basic financial education for the first time to people taking part in *Welfare-to-Work* and *Workforce Investment Act* Programs nationwide. Beginning in the second quarter of 2001, *Money Smart* will available through a national network or more than 800 One Stop Centers (which provide employment and training services for persons seeking new jobs or entering the workforce, including individuals participating in Welfare-to-Work Programs.)

The program is designed to help adults currently outside the financial mainstream build financial knowledge and develop positive relationships with financial institutions. The program also gives financial institutions a new tool to use in serving their communities. It will utilize curriculum materials developed by the FDIC and will include 10 modules about basic financial education topics. For more information, refer to the web address: www.fdic.gov/news/press/2001.html.

7. ESTABLISHED STATE IDA PROGRAM EXAMPLES (OPERATING OVER 6 MONTHS)

The States featured in this section, and the following one, are those that participated in one or both of the workshops. These sections are not intended to be an exclusive national list, nor are they to be considered "best practices." However, the individuals operating these programs represent a wealth of experience in the IDA field. Many of the programs highlighted below were part of the group of first year AFIA grantees; some were part of the ADD Program; and many of the individuals who presented provided input to CFED over three years ago as it began preparing training materials for potential IDA program administrators.

In addition, the State summaries below are not meant to compare one State to another. Instead, they exemplify the diverse spectrum of experience that exists in State IDA policies and programs. They are reflective of the varying types of communities, agencies, and populations that are utilizing IDAs. They also exemplify the flexibility that is possible in terms of funding sources and program development. As the field is constantly changing, some of the State-specific information cited below may have already changed as a particular State has progressed in its IDA program/policy development. For more up-to-date State specific information, contact the program spokesperson that is listed in Appendix B- *Participants Lists*. Another source of State-specific IDA information is the *State Pages* section of CFED's IDA network at www.idanetwork.org.

7.1 Iowa

(David Perret, State IDA Coordinator, Division of Economic Assistance. IA Department of Human Services and Jason Friedman, Director of Special Initiatives, Institute for Social and Economic Development, Coralville, Iowa)

In 1993, the Iowa legislature created IDAs as a major part of Iowa's human investment initiatives ("Iowa Invests") and authorized IDA projects to begin in 1995. Iowa was the first State in the nation with operating IDAs and has been a resource for IDA policy for over 25 States and the Federal government. Beginning in late 1995, Iowa DHS has partnered with seven community organizations and financial institutions that operate the State's IDA program sites. With the exception of an appropriation of $50,000 in 1998, the State relied completely on private match funds until FY 2000. No State or Federal funds were allocated for IDAs until FY 2000. Before then, the State had about 75 IDA participants with assets of about $20,000. In FY 2000, with State and Federal contributions, the number of IDA participants jumped to 139 with assets over $616,500. In FY 2001, the State projects to have around 240 account holders with assets totaling over $1,220,000.

Policy components contributing to the Iowa IDA Project include State and Local IDA policy, combined Federal and State TANF IDA policy, and *Assets For Independence Act* Demonstration policy. The Project includes the following sources of funds and stakeholders: annual appropriations of State funds, Federal TANF funds, Federal AFIA funds, private match funds (from community organizations, individual and charitable contributors, employers, businesses, financial institutions, and foundations), as well as the account holder deposits (that are matched by the above listed public and private funds).

David Perret, from Iowa DHS, closed his presentation by volunteering copies of the State's request for proposals (RFPs), State IDA legislation, policy memorandums, budgets, program guidelines, and other materials anyone from out of the State is interested in receiving. (Contact information is listed in Appendix B- *Participant Lists*.)

The individual organizations operating IDAs receive funds through an RFP process and are responsible for the design and operation of local IDA programs within State guidelines. These organizations recruit participants, raise private funds for contribution matches, and manage accounts at financial institutions. The Institute for Social and Economic Development (ISED) is one of the grantee organizations, of the two remaining from the original seven 1995 grantees, that the State is still working with to administer its IDA Programs.

Jason Friedman, Director of Special Initiatives, ISED, shared about Iowa's newest statewide IDA initiative *Iowans Save*. The project was announced by the Governor's office in March 2000 and includes over $1.2 million in funding provided by the Federal government (AFIAA grant), the Iowa Department of Human Services (DHS) and the Iowa Department of Economic Development (IDED). The program is administered by ISED. ISED is a statewide non-profit organization with a national reputation for helping low-income people create jobs and small businesses. ISED partnered with DHS along with local agencies and financial institutions all over the State in order to implement the program statewide.

Participants' accounts are matched at a 1:1 rate and can be withdrawn to pay for a first-time home purchase, post-secondary education/job training, or to start a small business. The maximum amount that will be matched is $3,000 per individual and $8,000 per household. The minimum allowable deposit is $10 per month. ISED is administering a similar version of this program that is funded by the Federal Office of Refugee Resettlement (ORR). This program has allows additional savings goals for participants. Accounts in this program can also be withdrawn and used for home renovation, a car, or a computer (for business purposes).

As an overview of ISED's two versions of the *Iowans Save* programs, Mr. Friedman shared the following data.

Iowans Save

AFIA funded version		ORR funded version
Client savings goals		
49 accounts	home purchase	67 accounts
32	microenterprise	2
23	education	15
0	vehicle	105
0	computer	15
Top two age ranges		
53 participants	20-29	
42	30-39	85 participants
	40-49	50
Top two ethnic groups		
Caucasian- 80 participants		Bosnian- 82 participants
African American-38		Vietnamese- 60
Number of children per household		
9	No children	46
58	One child	49
38	Two children	55
22	Three children	30

The average monthly deposit in the refugee (ORR funded) version of *Iowans Save* is $91. Additional descriptive information on these accounts follows below.

Iowans Save- Refugee IDA program

- Average savings goals in dollars Average monthly deposit

o $1,000	Home purchase	$97
o $1, 000	Microenterprise	$131
o $833	Computer	$52
o $1,000	Education	$66
o $998	Vehicle	$91

- Average number of months to save toward savings goal

o Home purchase	12
o Microenterprise	8
o Computer	11
o Education	20
o Vehicle	15

Mr. Friedman also offered some policy comparisons between Iowa's IDA Law, TANF IDAs, AFIAA IDAs, and the Office of Refugee Resettlement IDA Provisions. As his organization administers many programs for refugees, he pointed out some program differences that are unique to ORR IDAs. For example, ORR only allows a match of 2:1 while AFIA's match can be as high as 8:1. The ORR funded IDAs have more flexibility in that they allow savings for cars and computer purchases for businesses. ISED will be participating with ORR's central office for technical assistance delivery to ORR grant recipients. The technical assistance they will be participating in will include regional workshops, multi-state conferences, site visits, telephone conferences, and a list-serve. (For more information, visit the web site www.ised.org.)

7.2 Vermont

(Mary Niebling, Director, Community Economic Development,
Central Vermont Community Action Council, Inc., Barre, Vermont)

Vermont operates one of the longest running TANF-funded IDA programs in the nation. The Central Vermont Community Action Council (CVCAC) initiated a relationship with the State's TANF office in 1994. Since then, the State has been operating under a demonstration program that exempts it from the Federal TANF legislation passed in 1996. This demonstration ends July 2001. CVCAC has been operating IDAs that include TANF funding since 1998. The program is called *Tangible Assets.*

In 1998, CVCAC was selected as one of the 13 sites to participate in the American Dream Demonstration (ADD). The program will run through 2002 and includes a two-year evaluation. The original goal was to fund 150 IDA accounts using a 1:1 match from CFED and an additional 1:1 match from the State welfare agency (for welfare recipients). Participants were required to save a minimum of one year but can save up to four years. Savings of up to $500 per year are matched. The original target population is 150% or less of the Federal poverty guidelines and at least 50% TANF recipients. (Today this figure is 175% and about 40% of the participants are TANF recipients.) In 1999, AFIA funds were added as CVCAC became a grant recipient of that program. These funds were piggybacked onto the ADD demonstration. Both programs now have 65 participants in common. The match rate for new savers was increased to 2:1 (CFED 1:1 and AFIA 1:1) with an additional 1:1 match from the State TANF agency for TANF recipients. Participants are given a choice of three financial institutions to open up their accounts.

In 2000, the Vermont legislature included IDAs in the State's Welfare Reform Legislation and appropriated funds ($250k from the State's general fund) for a Statewide pilot through the Vermont Community Action Agencies (CAAs). (The entire legislation may be reviewed at www.state.vt.us/docs/2000/acts/ACT147.HTM.) The Vermont Office of Economic Opportunity operates the pilot and selected CVCAC as the administrator of the program. The pilot program began January 2001 and ends April 2003. It is supplemented by funds from AFIA and the State TANF office (Department of Prevention, Assistance, Transition, and Health Access-PATH) with each CAA (including CVCAC) allotted 20 slots. There are 100 slots available statewide. The match rate is 2:1 with an additional 1:1 rate for TANF recipients. Participants can save for one to two years. Savings of up to $500 per year are matched.

An economic literacy curriculum for IDA programs was developed by CVCAC for use in the *Tangible Assets* IDA program. *Dollar Sense* was designed to meet the needs of IDA savers and has already been used successfully by over 150 participants. The curriculum includes a facilitator's guide and a participant's guide complete with supporting materials. It is available by contacting Linda Macris at (802) 479-1053 or Lmacris@cvcac.org. CVCAC, with a grant from OCS, also provides training and technical assistance to the State's IDA projects.

Tangible Assets has demonstrated that low-income people can save and meet their asset goal. As of December 2000, 118 participants had saved $67,836 and had accumulated match money of $126,663 for a total IDA savings of $194,499. Twenty-seven participants have made matched withdrawals: eight have invested in post-secondary education or training, three have invested in home repair, eleven have invested in their micro-businesses, and five have purchased or built homes.

7.3 Wisconsin

(Richard Schlimm, Public Policy Director, Wisconsin Community Action Program Association - WISCAP)

While IDAs are an authorized activity under Federal TANF legislation, Wisconsin has not chosen to implement a statewide IDA program under the TANF plan. However, several W-2 agencies (Wisconsin's TANF program) submitted plans to use Community Reinvestment funds for IDAs. The State Department of Workforce Development plan to include Community Reinvestment funds received Federal acknowledgement. In addition, several Wisconsin community-based agencies have received AFIAA as well as ORR grants for its IDA programs.

WISCAP is one of the community action agencies that received funding. It also has taken on a larger role beyond that on behalf of the State.

The Wisconsin Community Action Program Association manages a statewide IDA program network. WISCAP is also an ADD participant and an early recipient of AFIA funds. The State currently has 17 IDA projects (WISCAP Network IDA Program) planned across the State; fifteen have signed contracts and twelve have been operational since 12/00. Funding for the projects totals over $2 million ($500k OCS funds, $800k ORR funds, $500k "non-federal share" from Community Action Agencies, and additional funds raised by the agencies).

As of December 2001, the State had 800 accounts: 400 were set up for home purchases, 200 for new small businesses, and 200 for post-secondary education. Over 25 financial institutions are participating in these IDA programs. The IDAs are available to TANF-eligible families and refugees who are at 200% of the Federal poverty level. The focus of the target population for new clients is now moving more toward 150%. Each project provides a 2:1 match with a maximum savings of $1,000 in two years. The maximum match is $2,000. Participants are able to make matched withdrawals after two years provided they reach their savings goal.

As the State manager of Wisconsin's IDA project, WISCAP has several roles. It is involved in program and public policy development that involves statewide resource development, grant writing, and lobbying for legislation and State funding. It conducts overall program management by subcontracting with member agencies, allocates and reallocates funds, and provides training and technical assistance to member agencies. WISCAP also manages the accounting and cash management functions for the projects. This involves maintaining reserve funds and reporting to fund sources.

As the one of the largest funding organizations for Wisconsin's IDAs is ORR, Mr. Schlimm shared WISCAP's experiences in working with refugees. Their biggest lesson learned is that refugees' different cultures, backgrounds, and experiences require adjustments in marketing and program education planning. Interpreters are needed on staff due to language barriers. Educational goals and priorities may vary depending upon a participant's culture. Working with banks may not even be a familiar concept for some refugees. Culturally appropriate services for refugees must also be taken into consideration for program recruitment efforts as well as the financial literacy component.

Account holders are subject to Federal program requirements depending upon which program is providing the match to their accounts. Mr. Schlimm shared some observations about the distinctions between IDA participants maintaining accounts matched by OCS (AFIA funds) and those matched by ORR. WISCAP collected the following participant profile data from one project site with 53 IDA participants.

Whom Are We Serving?

OCS (32 participants)	ORR (21 participants)
94% female	57% male
85% Caucasian	24% Laos, 33% Iraq, 43% FSU
60% single-parent	86% two-parent
3 persons per household (avg.)	4 persons per household (avg.)
91 % w/HS or GED	71% w/HS or GED
63% w/some college	34% w/some college
75% working full-time	73% working full-time
50% have employment earnings plus other income	76% have employment earnings only
22% receive Food Stamps	38% receive Food Stamps
44% are below the poverty level	33% are below the poverty level
84% less than 150% of the pov. lev.	81% less than 150% of the pov. lev.

Asset Choices

12%	microenterprise	10%
16%	education	10%
72%	homeownership	29%
	home renovation	14%
	vehicle purchase	38%

Total Savings

($86,000 collectively by 250 participants as of 10/00)

$46,000 by 182 participants	$40,000 by 68 participants

7.4 Pennsylvania

(Fred Abrams, Division Chief, Department of Community and Economic Development, Office of Community Services and Lynne Cutler, President, Women's Opportunities Resource Center, Philadelphia)

Pennsylvania has had a statewide IDA program using State funds ($1.25 million) since 1997. The *Family Savings Account* (FSA) Program is a key component of Governor Ridge's *Project for Community Building.* The program is designed to stimulate economic self-sufficiency among its participants while strengthening their communities at the same time. In the first year of the AFIA program, the State applied for and received a one-year grant of $930,000 and was permitted (by Federal legislation) to be "grandfathered" into the program because of its existing statewide program. This has allowed the State to transition its accounts in a seamless manner. The Department of Community and Economic Development uses AFIA grant funds to increase the FSA match for eligible activities (savings for the three required purposes: home, education, and entrepreneurial activities).

The FSA program now combines State general funds with Federal funds, and TANF funds. This year, $2 million in TANF funds were approved for use for IDAs. Other contributing Federal agencies include OCS, ORR, and HUD. Participants are asked to save $10 per week for a period of 12-36 months. The match rate for accounts is 1:1-- up to $1,000 for an individual and $4,000 for a family. There are over twenty active programs in the State.

The Women's Opportunity Resource Center (WORC) is a Philadelphia-based nonprofit organization dedicated to helping low-income families become self-sufficient. WORC specializes in self-employment training and savings and asset development. It also operates one of the State's IDA sites in Philadelphia. Since the early beginnings of the State's IDA policy development process, WORC has been a key player. As early as 1996, Ms. Cutler approached the State to discuss potential savings programs.

Currently, WORC is under contract with the State Department of Community and Economic Development, Office of Community Services, to provide technical assistance to community partners around the State operating (or planning to operate) IDA programs.

WORC delivers educational sessions, program monitoring, and other technical assistance activities designed to share information on IDA program design, administration, and marketing as well as funding and partnership building with community partners. Using its "Peer Learning Network", WORC facilitates the sharing of lessons learned between community partners, identifies and troubleshoots problems, consolidates fundraising efforts, and provides recommended State and Federal policy changes for the FSA Program. The Network features an annual one-day conference, semiannual meetings, and utilizes the Internet to distribute information. WORC has developed curriculum and general FSA Program related materials for use by community agencies. Recently, WORC began setting up a distance learning component of this statewide technical assistance initiative. It has designed a computer template that tracks the savings record of each participant that can be used in partnership with banks and credit unions that hold IDAs in the FSA Program. WORC is also working with statewide financial institutions to secure commitments to hold FSA accounts statewide. WORC also collects information from FSA participants for evaluation purposes.

8. NEWER STATE IDA PROGRAM EXAMPLES (OPERATING LESS THAN 6 MONTHS)

The summaries below are compiled from the *informal* sharing (and ensuing discussions) from workshop participants who volunteered to present information about their State's IDA programs. As in the previous section, they are not meant to be a comparison of the programs. They offer a reflection of the existing flexibility and emerging creativity in programming and funding for IDA programs that is surfacing around the nation.

8.1 Virginia

(Department of Housing and Community Development, Office of Community Revitalization and Development and Department of Social Services)

Virginia's IDA program (VIDA) is administered by the above listed two agencies. The program was created in 1998 due to a surplus of TANF funds. One preferred feature for using TANF funds for IDAs is the ability to change the match from Federal TANF funds to State MOE funds. The first application round was held December 1999. The State legislature appropriated $500,000 and the State has also allocated $1 million. The match rate is 2:1 (not to exceed $4,000 per family). Five demonstration sites will be selected and each site will receive $100,000 to use as match funds. Twenty savers is the minimum number of participants each site must have. Participants will be TANF eligible families with incomes not more than 200% of the Federal poverty level. Each participant will be asked to save a minimum of $5 per week. Similar to many States, Virginia's State TANF plan allows IDAs in accordance with Section 404(h) of the 1996 *Social Security Act*. For this reason, withdrawals will be allowed only for the three eligible uses: education, business start-up, or home-ownership. The program has taken longer to implement because of the time involved in drafting memorandums of understanding, selecting the sites, and establishing trust accounts. The issue of trust accounts causes unexpected reluctance among program sites as well as banks. The five selected sites will be supported by the Virginia IDA Committee composed of representatives from both State funding agencies as well the Virginia Commonwealth University. This committee will select the sites and provide support such as ongoing training, technical assistance, peer-to-peer exchanges, and publication education efforts. The State also supports the sites by assisting with the purchase of MS-IDA and allocating $500 for each site to attend this year's CFED National IDA Conference in Washington, DC.

8.2 South Carolina

(South Carolina Association of Community Development Corporations and the South Carolina Department of Social Services)

The statewide IDA program is managed by the SCACDC under contract with the SCDSS. This partnership was formalized June 8, 2000, with the intention to provide services to current and former TANF recipients whose income is under 200% of poverty and those receiving the Federal Earned Income Tax Credit. Part of the initial agreement was that both agencies would apply for an AFIA grant. This grant was received in September 2000 at an award of $500,000 to support the State's IDA program. The State has allocated an additional $1million between State general funds and TANF funds. The program offers a match of 3:1 and the maximum amount that can be matched is $1,000. Participants are required to save at least $25.00 per month. Currently the State is working with one financial institution that will maintain the reserve match account for participants' IDAs. In addition to the standard three eligible uses (home, business, or education), transportation is an allowable use under extreme circumstances. These circumstances are limited to the following: threat of loss of job, unavailability of local employment, and ability to significantly enhance employment opportunity. The purchase price of an automobile cannot exceed $4,000, including tax, tag, insurance, and registration. Accountholders must participate in transportation education classes provided by the local IDA site manager. To date, the program has opened 33 accounts for the following purposes: 19-home ownership, 7-education, 6-business development, and 1-automobile.

8.3 Michigan
(Family Independence Agency)

Michigan is in the early development stages of a developing a statewide network of IDA practitioners called the *Michigan IDA Partnership*. This partnership is an innovative partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF). Dr. Michael Sherraden made the following comment about Michigan's IDA initiative:

> *What is happening in Michigan—the Council of Michigan Foundations working with public entities to make IDAs a reality for families—has a great deal of potential as a model for other areas.*

The program's goal is to have over 2,000 IDAs established within five years. In January 2001 the first request for proposals (RFPs) were released for community organizations to apply to become part of the network of IDA programs throughout the State. Approved organizations will be eligible to receive funds from the Michigan IDA Partnership to apply toward their participants' IDA account fund matches.

Funding for the partnership has been provided by two major sources: the State and private foundations. In the summer of 2000, the State Legislature set aside $5 million for IDAs. The Council of Michigan Foundations agreed to match this amount and the Mott Foundation has pledged $1 million. In addition to the establishing of a network of IDA programs throughout the State, the funds also will be used for evaluation.

Eligible participants are working households at or below 200% of the Federal poverty level. They are required to save at least $20 per month and have between 6-36 months to meet their savings goal. In addition, participants must complete ten hours of financial literacy courses. Permissible uses for IDAs include saving for a home purchase, post-secondary education/job training, or a small business start-up/expansion. The match rate is a little different from many other State's IDAs matches in that it varies depending upon the participant's savings goal. Homeownership accounts will be matched at a rate of 3:1, while post-secondary education and microenterprise accounts will be matched at a rate of 2:1.

8.4 Illinois
(Department of Human Services)

Illinois has launched an innovative version of a financial education/IDA program that draws the majority of its funds from State TANF dollars, a variety of contributors, and includes an expanded usage allowance beyond the three traditional IDA uses. A diverse coalition called *Financial Links for Low-Income People (FLLIP)* has developed a public/private partnership with the Illinois Department of Human Services (ILDHS). The program's goal is to expand financial education and asset-building opportunities for welfare recipients and low-income workers in Illinois.

The coalition includes banks, advocates, government agencies, bank regulators, IDA programs, job training providers, adult educators from the University of Illinois Extension, insurance industry representatives, and others. The coalition is coordinated by the National Center on Poverty Law under a grant provided by IDHS. The idea for the coalition grew out of a meeting convened by the Governor's Commission on the Status of Women in Illinois, Welfare-to-Work Committee in September 1999. After a year of review, the Commission endorsed FLLIP's recommendation that IDHS should incorporate financial education asset building opportunities in its Welfare-to-Work programs.

In Illinois, TANF recipients are required to complete thirty hours a week in approved work activities such as job training, education, or community service. The financial education component of this initiative is unique in that it is not just a requirement to be completed by IDA participants. Instead, the State will allow TANF participants the option of fulfilling part of their work activity requirement by taking a financial education course. As an add-on to the course, TANF clients who complete course have the opportunity to put their newly acquired financial skills to work by opening an IDA.

The programs will be rolled out through the State's local TANF offices in early 2001. Initially, this financial education and asset building pilot program will be offered in four sites. Eventually, the financial course will be available throughout the State. Account holders have their earned income savings matched by State and private funds. The State TANF office allocated about $500,000 in unspent FY 2000 TANF funds for the project. In addition, two foundations have provided grants for the project. The State is still soliciting private matching funds from financial institutions and other organizations. The program is currently scheduled to run two years.

Accounts held are matched at a rate of 2:1. Allowable uses for the accounts include start-up of a small business, post-secondary education, or purchase of a home. The State has added an additional savings goal to the traditional three account goals found in most IDA programs. Because many welfare recipients, job seekers and low-income workers face transportation barriers, participants will also have the option to use their savings for the purchase or repair of a car or in connection with a car loan.

8.5 Texas

(Texas Workforce Commission)

Under Texas' welfare reform structure, the Texas Workforce Commission serves as the advisor to the 28 local boards that are responsible for implementing and administering programs. These boards rely heavily on their contractors to implement programs under their direction. This means the Commission has little influence over the boards in relation to these contractors' performance. Operating within this "three-tiered" structure, the State hopes to launch its IDA program.

The Texas Workforce Commission is currently in the process of initiating a statewide IDA program pending passage of its IDA legislation. One sticking issue with the legislation is that it specifically addresses the populations of the eight counties in which the pilots will be implemented. The sites serving these counties must have required populations, and one must be in a rural area. For this reason, urban areas will be heavily targeted for sites because they maintain the highest populations. The State plans to initially fund up to five pilot sites with more to be identified. Four of these sites received AFIAA funds in the past, and one is an ADD demonstration site. Eligible participants will be at or below one and a half times the State's poverty rate. The program will include TANF dollars as a funding source. The minimal amount to be allocated by the State legislature is anticipated to be $500,000.

A request for proposal is due out in the immediate future. Proposing agencies will be required to identify a local financial institution and local training entities that will support the program. In addition, the program sites must be administered in collaboration with the local Texas Department of Health and Human Services office as well as follow the direction of the office of the local Texas Workforce Commission Board.

8.6 Massachusetts

(Department of Transitional Assistance)

The Department of Transitional Assistance has had a savings program in place since 1996 that allow TANF recipients to accumulate assets. Although it is not a traditional IDA, it is of value as a savings program for low-income workers. The program is available to referred recipients who are working and have six months of TANF benefits remaining. Participating clients are not eligible for support services. DTA contracts with employers to obtain their commitment to subsidize the savings accounts of their workers. Under the plan, participating employers agree to deposit $1 for every hour their employee works up to forty hours per week. Employers receive a $1,000 State tax credit for each client they support. DTA works closely with employers and even visits their sites to market and support the program. The client signs a contract with DTA to commit to staying in the program for one year. After one year, the funds may be withdrawn. There is no stipulation for the use of the funds, nor is there a required financial education component. Many clients have used the funds for education. Although the program has not been evaluated, it is estimated to have a retention rate of about 80%. For this percentage of the clients, funds are either retained or the client advances in employment. About 75 people have benefited from the program to date.

8.7 Oregon

(Department of Human Resources, Adult and Family Services Division, JOBS Plus Program)

Oregon has a program similar to the one in Massachusetts that is not a traditional IDA, but still an asset accumulation strategy for low-income earners, called the *Individual Education Account Program.* The program has been in existence for over seven years and over 2,400 participants have claimed funds. The IEA is a component of the JOBS Plus program, which is a subsidized work program placing TANF, Food Stamps, and Unemployment Insurance Clients with employers for up to six months.

Once a participant has been working for thirty days, the program requires funds from participating employers at a rate of $1.00 per hour worked for the employee. However, unlike Massachusetts' program, Oregon's program is specifically designed to assist participants save money for educational or job training purposes. The funds may be used by the participant, or anyone in the immediate family, after being hired into an unsubsidized job for thirty days (completion of the JOB Plus Program). The funds are available for up to five years. Any unexpended IEA funds are transferred to the Oregon Student Assistance Commission (OSAC).

The following figures reflect the program's progress from November 1994 through November 2001.

<u>IEA Status (11/94-11/00)</u>

Potential number of eligibles	11,000 or $7.6 million
JOBS Plus employees who have claimed IEA funds	2,465 (22%)
IEA funds transferred to OSAC	$1.7 million
JOBS Plus employees who have used IEA funds	743 (7%) or $310,000

Historically, the IEA Program has experienced a low utilization rate. The cause for this low program usage is most likely not due to any particular reason. Rather, it may be due to a few of the following factors: funds are limited to education and tuition only, funds are insufficient (only six months of savings is allowed), time constraints on working clients (only five years allowed to use the funds), or possibly that many JOBS Plus clients are unaware of the funds. Discussions are currently underway within the State to revise the program and increase the number of participants.

9. LOCAL LEVEL IDA PROGRAM EXAMPLES

The local programs featured in this report are the ones that participated in one or both of the workshops. Similar to the State program summaries, these summaries are not meant to compare one program to another. Instead, they exemplify the diverse spectrum of experience that exists in local IDA policies and programs. They are also excellent examples of how local organizations have creatively implemented their States IDA program in their communities. In addition to providing an overview of their programs, the presenters from these local programs offered workshop participants some sound advice on implementing State IDA programs at the local level through community partners. As the field is constantly changing, some of the following information cited below may have already changed as a particular program has progressed in its IDA program/policy development. For more up-to-date program specific information, contact the spokesperson for that program that participated in the workshop. (See Appendix B- *Participant Lists.*)

9.1 Community Action Project (CAPTC) of Tulsa, Oklahoma (Jennifer Robey, Director of IDA and EITC Programs)

The Community Action Project (formerly known as *Project Get Together*) of Tulsa, Oklahoma, has been administering IDA's since February 1998. In addition to managing two ADD programs, the organization was selected by the State in June 2000 to be the administering organization for the State's IDA program. The State has committed $250,000 per year, for four years, in matching funds. This pilot program will be administered by the State Department of Human Services, which will choose the community organizations to implement the program. Five Community Action Agencies (CAA) will collaborate with the State of Oklahoma, CAPTC, Oklahoma State University's Cooperative Education Service, and the Bank of Oklahoma to implement the State-supported IDA program throughout the State.

For its program, the State distinguishes allowable uses between TANF recipients and non-TANF recipients. It also bases the match rate upon the individual's income. The specifics of the State's legislation include the following:

- Allowable uses for non-TANF recipients: home, starting a business, education/job training, retirement accounts, or a car
- Allowable uses for TANF recipients are home purchases or improvements, business start-ups, or post-secondary education
- IDA program participants' income must be at or below 200% of the Federal poverty level with the following distinctions regarding match rates:
    - Individuals below the poverty line will receive a match on savings of 1:1
    - Individuals between 100-150% of the poverty line will receive a match rate of 75 cents for every dollar deposited
    - Individuals between 150-200% of the poverty level will receive a match of 50 cents for every dollar deposited

The State's program stipulates that IDA matched deposits may not exceed $2,000 for over four years, or $500 per year for up to 500 TANF or former TANF recipients statewide. It also allows a one-time annual IDA contribution from earned income tax credit (EITC) funds to be made. Ms. Robey emphasized the importance of encouraging clients to apply these tax funds toward their IDAs. This financial strategy not only ensures that the participant is meeting short-term financial needs, but he or she is also increasing the entire family's long-term economic prospects. At

CAPTC, 49% of IDA clients made EITC deposits in 2000 for a total dollar amount deposited of $63,000.

CAPTC was one of the original thirteen ADD sites and had 175 initial clients when the program began operating in 1998. With over 600 participants in twelve sites, participant's savings average about $55 per month. Current total saved and matched funds are over $300,000 and represent 134 accounts. Eligible applicants for Tulsa's ADD program accounts must be below 150% of the poverty level. Based on its initial success as one of the original ADD sites, CAPTC has been selected as the "large-scale demonstration site" for ADD. For this demonstration, CAPTC added an additional 500 program participants and a 525 person "control group" for purposes of conducting a large-scale impact evaluation of the IDA program. Recruitment for these additional participants was completed in November 1999. CFED and Abt Associates will be conducting the evaluation.

Funding for this large-scale demonstration includes an impressive list of public and private funds. Contributing sources include CFED and its various supporting national foundations, a state bank, another separate private foundation, a federal home loan bank, as well as local Community Development Block Grant (CDBG) funds, Community Services Block Grant funds, and HOME funds. CAPTC is also an AFIAA grantee. To date, 455 participants hold accounts and have saved over $460,000 in combined current and match funds.

The demonstration program offers a match rate of 2:1 for home purchase accounts and 1:1 for all other permissible uses. While some IDA programs offer higher match rates, CAPTC feels that a low match rate leaves the spotlight on the capacity of low-income individuals to improve their economic situation and not the size of the match funds provided.

Both ADD programs allow for withdrawals for home purchase, home repair, retirement accounts, business development, or education/job training. Currently over 291 withdrawals have been made from both the large scale and the small-scale ADD demonstrations. Historically, the majority of these programs' withdrawals by participants have been for home repair, home purchase, and retirement respectively. Withdrawals for education and business uses represent a much smaller portion.

CAPTC is a community-based, comprehensive anti-poverty agency whose mission is to help individuals and families in economic need achieve self-sufficiency through emergency aid, medical care, housing, community development, education, and advocacy in an atmosphere of respect. CAPTC's program targets working poor households with children who qualify for the maximum EITC refund. Many of the IDA participants are clients of other CAPTC services. The average participant in the ADD program is a single mother of two or three children. In all, 95% of the program's IDA participants have children at home. For this reason, CAPTC has incorporated many "family" issues into its required money management classes (e.g., feeding a family on a budget, teaching children to save money, etc.).

9.2 Women's Opportunities Resource Center (WORC), Philadelphia, PA (Ana Rodriquez de Sanchez, Chief Operating Officer and Lynne Cutler, President)

The Women's Opportunity Resource Center (WORC) is a Philadelphia-based nonprofit organization dedicated to helping low-income families become self-sufficient. *(For more details on WORC's support of the State of Pennsylvania's IDA policy development and technical assistance initiatives, see Section 7.4 of this summary report.)* The program's first IDAs were opened in 1997 as part of the State's *Family Savings Account* Program. As of 12/00, 454 accounts have been opened with over $326,000 saved among all the participants with a match rate of 1:1. Thirty-two participants have completed their savings goal and have saved over $39,000 collectively. The program's allowable usages include home purchase, home repair, business, education, and retirement. WORC partners include over 25 community organizations and 11 banks and credit unions.

WORC has received several distinguished awards for its efforts to assist low-income individuals reach self-sufficiency by training them to start business ventures. This year, WORC was awarded a U.S. Treasury Department Presidential Award for Excellence in Microenterprise Development for "Excellence in Poverty Alleviation." The award was presented to Lynne Cutler (WORC President) at a ceremony hosted by former First Lady, now New York Senator, Hillary Rodham Clinton and Secretary of the Treasury Lawrence Summers.

Ms. Rodriquez de Sanchez offered advice and shared some of WORC's lessons learned to workshop participants on the topic of implementing IDA programs at the local level. She described some important considerations for IDA programs to consider regarding forming partnerships with local partners as well as banks. She also suggested a few IDA program design considerations and shared some insights about WORC's operations.

WORC has developed its own system of procedures it follows when it approaches local community partners and enters into partnerships with them. Having partnered with over 25 community partners and 11 banks, WORC understands the importance of partnerships in local IDA programs. Their local partners include local businesses, community centers, churches and faith-based organizations, housing authorities, community development corporations, child care agencies, and ethnic organizations. They have found the community partners help recruit participants, provide space for economic literacy classes, provide 1-1 counseling, recruit outside speakers, and maintain participant documentation. In most communities, they offer the best marketing assistance for IDA programs as they know the people in the community and have established relationships with them. Financial partners open savings accounts for participants, waive fees and provide participant account balance reports to the individuals and WORC for tracking.

In choosing local partners, Ms. Rodriquez de Sanchez suggested that IDA programs should look for community partners that show an interest in their program, have a large constituency, and offer services that are aligned with IDA programs. WORC has designed a list of over thirty questions it asks of potential partners to determine whether IDAs can be integrated into their existing programs. Partners cannot be coerced into cooperation as the partnership needs to be mutually supportive. Commitment from key leaders is critical as well as being open about responsibilities of both partners and formalizing an agreement. Once partners are committed, IDA programs should work closely with them to keep them involved. Constant communication is needed and assistance should be available if the partner needs training or hiring support. Technical assistance is an extremely important consideration. Partners may need help scheduling client classes, setting up their operating or reporting systems, and benefit from the sharing of best practices. Standardization of systems makes working with multiple partners a reality. This can be facilitated by leveraging technology to keep partners in the loop through e-mails and web site postings of reports and other communications.

In recruiting and developing bank partners, IDA programs cannot afford to overlook this key required partner. WORC has learned that it is best if the banks approach the IDA program first to establish a partnership. Recognizing that this does not happen often, they sometimes target particular banks. Most banks play a significant role in the communities they serve. Many have earned the trust of their customers, which is necessary for IDA participants to feel comfortable about opening up an account. WORC has observed that smaller banks, such as community banks and credit unions, are sometimes more approachable as there is less bureaucracy involved in obtaining their support. These banks also seem to have more cordial relations with their customers. Once a bank is committed to partnering, the same considerations regarding open communications, clear understanding of responsibilities, technical assistance, and use of technology apply.

WORC suggests that the same design components be considered for every IDA program. These components include defining program objectives, selecting the target population, linking to existing community partners, structuring the account, managing the account, orientation/training/counseling services, evaluation and management information system, staffing, budgeting, fundraising, and marketing strategies. These are components that must be addressed by any local community organization exploring the idea of establishing an IDA program. WORC adapted these components from materials published by the Corporation for Enterprise Development.

In terms of operations, WORC's staff includes a Family Savings Account Manager, a neighborhood specialist, a refugee specialist, and a large pool of volunteers. A full-time person is also needed to enter data into MIS IDA. WORC staff's daily duties include conducting marketing to potential partners and clients, meetings with partners and clients, orientations, and client trainings.

For more information, visit the WORC website at www.worc-pa.com.

9.3 Tabor Community Services, Inc., Lancaster, Pennsylvania

(Zulma Gonzalez, Family Savings Account Program Coordinator)

Tabor Community Services, Inc. opened its first savings account in 1998 under the State's IDA program, the *Family Savings Account Program*. The program now administers over 128 accounts that have saved over $58,000. Of the 128 families currently holding accounts, 58 did not have a bank account prior to enrolling in Tabor's *Fiscally Fit Family Savings Account Program.* The program has had eighteen graduates who have saved over $17,800 collectively. The program is available to clients who are below 200% of the poverty level and offers a 1:1 match. Clients are required to save at least $10 per week for 12-24 months. Tabor's program has two components: one for housing and another for consumer credit counseling. Tabor was recognized at the 1999 CFED national IDA conference, and it is currently participating in a national Welfare-to-Work demonstration through the Center for National Service and CFED.

Due to the program's varied funding sources, the Tabor is able to be more flexible in its allowed eligible savings withdrawal purposes. Eligible uses for withdrawals and a breakdown of current participants' savings goals as well as graduating participants' goals are summarized below.

Fiscally Fit Family Savings Account Program

Savings Goals	Current Accounts	Graduated Accounts
Business start-ups	5	2
Post-secondary education	19	4
Home purchase (first)	53	1
Home improvement	9	0
Individual Retirement Acct.	20	8
First-time vehicle	14	3
Childcare	0	0
TOTAL	120	18

Ms. Gonzalez emphasized the importance of partnership building for the success of local programs. This facilitates marketing the program to participants as well as supporting community organizations, recruiting eligible participants, and gaining the support of community groups and financial institutions. She also suggested that local programs approach employers and obtain their support and help in enrolling their employees. Tabor has approached two local resorts and plans to target other employers in the future. Currently, two banks and one credit union are partners in Tabor's program.

Understanding your participants and being able to support their needs is another area where Ms. Gonzalez stressed will help local programs be successful. With this in mind, Tabor has developed an expanded financial skills building and personal money management education program that it requires its participants to complete. This is a step beyond the basic economic literacy training and life skills counseling that is provided individually through case management. *Money Sense University* is a series of six workshops (four required and two electives) that all *Fiscally Fit* participants must complete as part of the program requirements.

Tabor strives to offer supports that take into consideration participants' needs as it is constantly adapting and updating its IDA program. The *Savers' Exchange Club* is a support group Tabor sponsors that offers a forum for participants to discuss finance topics. The club publishes a newsletter and makes available summaries of its meetings. Tabor regularly surveys its clients to determine their immediate needs and identify any obstacles that may prevent participants from being successful. Childcare and transportation were identified as two major challenges for participants as they are working to complete the program. These two areas are also major obstacles to clients in their path toward self-sufficiency. Tabor allows these two needs (child care and transportation) to be eligible withdrawal purposes. In response to one recent survey that again identified childcare as a need for participants, Tabor rallied its contributing partners to respond. On-site childcare is now available for participants attending financial classes or other activities. A partnering church offered volunteers to assist with childcare, and a partnering bank donated pizza.

9.4 St. Louis Regional Jobs Initiative, East West Gateway Coordinating Council, St. Louis, Missouri (Gena Gunn, Family Asset Development Coordinator)

The St. Louis Regional Jobs Initiative (a program of the East-West Gateway Coordinating Council) is an example of a successful program that has successfully leveraged a variety of funding sources and offers several different types of IDAs. It has also successfully involved a complimentarily diverse group of partners in administering its IDA program. There are 53 current participants who have saved over $8,200 with a committed match of $23,000. The program is funded by a the Annie E. Casey Foundation, the State of Missouri Department of Social Services, an AFIAA grant (under the auspices of the United Way of Greater St. Louis), the National Council of Jewish Women (NCJW), and the Older Women's League (who contributes through NCJW).

Collaborating partners to the program include banking institutions, a transportation program, and home finance organization that all provide unique services on behalf of the program. The banks provide services such as no low cost savings accounts, low minimum balances, and free deposit and withdrawal slips. The transportation program, which is a local *Wheels for Success* program, donates cars with low monthly payment that includes liability insurance, and repairs. The housing and reinvestment corporation provides credit reporting and one-on-one debt counseling. In addition, the program has an advisory board that includes representatives from the State of Missouri Treasurer's Office and Department of Social Services, National Council of Jewish Women, the Center for Social Development at Washington University in St. Louis, and the St. Louis Jobs Initiative implementing partners.

The program also has contributing community partners who assist with supportive services for account holders. Two organizations offer economic literacy training and curriculum, and three different cooperating agencies offer asset specific training on microenterprise, housing, and educational opportunities. These agencies offer their specific expertise as each one's focus is only in the one training area in which they are training participants. The program also has a Savings and Investment Club that offers peer mentoring, investment planning, sharing of job opportunities, and spiritual and emotional support to members.

The participant pool draws on six different programs from within the St. Louis Regional Jobs Initiative. Ninety-four percent of participants had a relationship with the organization in one of these programs before opening an IDA. The program offers three types of IDAs. Participants are allowed to save a maximum of $1,000 for up to two years. Below are descriptions of the available types of IDAs.

IDA Types – St. Louis Regional Jobs Initiative

Match Rate	*Max. Savings Allowed*	*Allowable Uses*
2:1	$1,000	home, education, small business
1:1	$1,000	same as above plus: home repairs, major appliances
1:1	$500	same as both above plus: car

Ms. Gunn shared some of the significant challenges the St. Louis Regional Jobs Initiative faces as it recruits participants and keeps them involved in the program. Low wages is one of the most concerning issues that is a constant challenge for attracting and engaging potential program participants. She mentioned that her organization, The East-West Gateway Coordinating Council, has released a report (*The Family-Supporting Wage for the St. Louis Region)* on actual wages needed to support a family in the St. Louis region. The report is a benchmark that can be used to determine the actual minimum wage that parents need to earn and provide for their families.

Other challenges Ms. Gunn shared with the group included savings behavior issues, case management, enrollment and retention of savers, attendance at financial literacy classes, and general "people problems." These are more fundamental challenges that are not necessarily addressed by the program, but they still impede upon its success. Some of these problems include an individual's lack of nurturing, reluctance to accept support from other people, abuse (emotional, physical, substance abuse), and a lack of support from family members. These problems are of interest because the enrollment of all IDA participants requires some degree of trust on the part of the participant. This is another reason why community partners are so crucial to an IDA program's success. Most of these local organizations already have a membership base of people that, for the most part, trust and are familiar with the organization.

For more information, visit the web site www.ewgateway.org

9.5 Heart of America Family Services, Family Asset Building Program, Kansas City, Missouri/Kansas (Aishah Jackson, Program Coordinator, Kansas and Kameri Christy-McMullin, Research Coordinator, Family Asset Building Program, University of Kansas)

Heart of America Family Services is also one of the thirteen original American Dream Demonstration sites. In 1997, Heart of America Family Services/Family Focus Center and the University of Kansas School of Social Welfare started an IDA program called *Family Asset Building* (FAB) to help lower-income people accumulate assets in Kansas City, Missouri. In 1999, both of the two original organizations developed a partnership with a faith-based organization, a bank, and a local high school to replicate the program in Kansas City, Kansas. The new program is called the Wyandotte Individual Development Account Program (WIDA). Ms. Jackson, the WIDA Program coordinator, provided an overview of the program.

The most unique feature at the WIDA Program is its youth component. The idea of youth IDAs has been experimented with on a small scale since 1998. However, the WIDA Youth Demonstration will be the largest of its kind in the country and is anticipated to be a model for youth IDAs in the nation. Another unique feature is that the program is housed at a local high school. Along with office space, the school's administration has supported the WIDA Program by allowing WIDA staff to present at school assemblies for recruitment purposes, and it has excused students from class to attend WIDA economic education classes.

The program will run from January 2000-January 2003. The University of Kansas is responsible for program evaluation (to be conducted 2000-2003) and provides student interns that not only support and advocate for account holders, but they also work with them to ensure that they are able to make deposits consistently. The program will support a total of 250 IDA accounts: 75 youth account holders, 75 parents of youth account holders, and 100 general adult account holders. In order to provide diversity among the students served, the goal is to recruit ten to fifteen students from the freshman, sophomore, and junior classes. Account uses include home ownership, business development, and education. Account holders are required to save between $10-$30 each month in their IDA which will be matched 2:1. To be eligible, applicants must reside in certain zip codes within the Kansas City, Kansas area and meet specific income guidelines (either a TANF or EITC recipient or below specified incomes). Funding is provided through an AFIAA grant (42%) and the Ewing Marion Kauffman Foundation (58%). To date, there are fifty accounts: ten youth and forty others.

The program draws largely from its base of community support. In addition to the local high school that houses it, a faith-based organization, a bank, and various adults throughout the community provide services to participants. The faith-based organization provides credit checks for account holders, homeownership counseling, and resource assistance concerning loans, lenders, etc. The bank provides some of the program's economic education assistance.

WIDA's Mentoring/Internship Program is an innovative strategy to provide youth participants with adult role models who will inspire and guide them through their savings and asset purchasing process. This involves adults from all over the community who are also participating in the program. Youth account holders will partnered with adults in the community who share similar asset specific goals. For example, a youth account holder who interested in starting a small business may be partnered with a local business owner. Along with mentoring, the youth will be provided an opportunity to complete an internship that relates to their savings goal. These internships began in January 2001.

Another creative feature of the program is the program development requirement for the youth account holders. Youth will be expected to participate in some aspect of program development while involved in the WIDA Program. Some examples of these activities include designing the program's web page, constructing WIDA's newsletter, writing articles for the community or school newspaper, grant writing, fundraising, or recruitment. This requirement is in addition to the program's required economic education classes.

Following Ms. Jackson's presentation were comments by Kameri Christy-McMullin from the Family Asset Building Program, University of Kansas. She begin by noting that not many IDA programs have a research component built into their program. Research results are beneficial because they position Heart of America's *Family Asset Building* IDA Program well for future program design revisions. They also provide justification for future funding. Ms. Christy-McMulle shared some preliminary findings from research completed by the University of Kansas on the FAB Program.

She reflected that much of the University's research results were very similar to the national ADD research findings. Their research revealed that overall lower income people can and do save. The percentage of people saving was the same across all income levels. Of additional interest, was the finding that individuals at lower incomes were saving a higher percentage of their income than those at higher income levels. Of the low earners, they were saving 8% of their total income, while the higher level income earners were only saving 2-3% of their total income. In regards to demographics, the average FAB participant is a female who is a single parent. Another demographics-related finding was that language and cultural barriers sometimes posed a significant challenge for both enrolling participants and maintaining their participation.

The University of Kansas collects its information from several sources. It collects and analyzes MS IDA data and it conducts annual surveys with participants. Participants are asked to sign an agreement form before they complete the survey. Current research on the FAB program is focusing on effects on the family and the role that factors such as domestic violence plays in a family's success in the program.

9.6 Housing Authority of Jefferson County, Louisville, Kentucky (Cathy Hinko, Executive Director)

Kentucky has no State IDA program, but the Kentucky *Common Wealth IDA Program* is an excellent local example of how public housing authorities can significantly contribute to IDA programs as a collaborative partner. The Housing Authority of Jefferson Authority is part of a collaborative IDA program. The program began in 1998 as a collaborative of the Housing Authority of Jefferson County, the Housing Authority of Louisville, and the Center for Women and Families. It has grown and is now also supported by the United Way and other private donors. The program is a five-year demonstration program. The program's first class had 15 people. The program's second class received over 300 responses from housing authority residents who applied for the class.

The program provides a 2:1 match and participants save for three years. Families are asked to save at least $20 per month with a maximum permitted match amount of $75. The maximum yearly allowed savings goal is $500. Withdrawals are allowed at the end of the savings period for first-time home purchases, post-secondary education, or microenterprises. These goals have been broadened as new sources of funding allow participants alternative savings goals.

Funding for the *Common Wealth IDA Program* is from several sources. Each housing authority commits an administrative fee and match money for participants from their Federal public housing and/or Section 8 programs. Case management services are available using existing resources allocated from the HUD *Family Self-Sufficiency Program*. The second dollar of match money is provided through an *Assets for Independence Act* (AFIAA) grant. The program's administrator, The Center for Women and Families, received a grant from the United Way and has applied to several foundations and donors for administrative funds and to sponsor families not using housing assistance. One of the partnering banks contributed by donating $1,000 each year for administrative fees and issuing ATM cards that are for deposits only. Another partnering bank donated $10,000 over three years for operations costs. Since the initial $166,000 of funding ($83,000 from AFIAA and $83,000 from local founders), *The Common Wealth IDA* Program has received $639,000 to cover administration and match over the next five years. Kentucky uses TANF funds to help potential homeowners buy-down home costs by 25%. TANF funds were available for the program, but participants were not ready to buy homes yet. (The program requires a three year savings term and many clients had poor credit histories.)

The program has an advisory committee made up of representatives from the initial three partnering organizations as well as the Housing Partnership of Louisville, New Directions in Housing, Kentucky Housing Corporation, small business enterprise, the United Way, and the University of Kentucky. The committee will serve for the length of the program and will evaluate the program's impact on the community and the effectiveness of the services provided.

Ms. Hinko encouraged all TANF agencies and community partners to include public housing authorities in their IDA program collaborations. She stressed that they represent an untapped source of funds and program support that IDA programs sometimes overlook. Housing authorities have the same self-sufficiency goals for their residents as TANF agencies. They also encourage small business development and education for their residents. She offered the following benefits for IDA program planners (TANF agencies, community organizations, banks, etc.) to partnering with public housing authorities.

Benefits to Partnering with Public Housing Authorities

- Access to HUD funds and the Family Self-Sufficiency Program (Public Housing, Section 8 Vouchers-rental assistance and soon possibly mortgage assistance)
- Case management assistance
- Match funds
- Low-income housing tax credit
- Offer mortgage assistance in addition to rental assistance
- Linkages to State housing finance agencies
- Similar self-sufficiency goals as TANF agencies and community organizations for its residents

10. LESSONS LEARNED

Both workshops featured ample opportunity through brainstorming sessions and panel discussions for participants to share their experiences and offer insights. Some of the key points and lessons learned that emerged from presentations and discussions on IDA program/policy design, planning, implementation, and administration follow below.

> *Significant contributions were made by the representatives from the following organizations: Corporation for Enterprise Development; Center for Social Development; Community Action Project of Tulsa, OK; Women's Opportunity Resource Center (Philadelphia, PA); Iowa Division of Economic Assistance; Institute for Social and Economic Development (Coralville, IA); Housing Authority of Jefferson county (Louisville, KY); Central Vermont Community Action Council; and Wisconsin Community Action Program Association.*

Challenges and Opportunities Facing IDA Program Planners

Challenges:

- IDAs involve a great deal of inter-agency coordination, a variety of skills are needed to administer a program, and involve a great deal of labor-intensive work
- IDA programs administering a state-wide program may be seen by other organizations as exclusionary and as a threat

- IDAs are a popular trend now and are riding the legislator's "bandwagon"; this creates its own difficulties and may not always be the case in the future
- Obtaining initial funding as well as matching funds can be an enormous challenge
- A small IDA program with little resources requires too much effort and commitment to ensure the program survives- this makes cost-benefit analysis a required step prior to starting a program
- Financial institutions are key players in the IDA planning/administration process and should not be treated lightly
- Elimination of old stereotypes concerning low-income individuals' ability to save money over a period of time is sometimes needed on the part of some participating agencies, as well as clients, before a program can be launched

Opportunities:

- IDAs are a valuable tool for organizations to help low-income individuals become self-sufficient and reach their lifetime goals
- IDAs are pro-family and pro-community in that they send a positive message to children, home ownership is increased, businesses are both created and attracted to the community, and education levels rise among the community's residents
- IDAs promote social justice among communities
- IDAS promote low-wage earners with opportunities for jobs and then the potential to retain and even advance in their careers
- IDAs promote community partnerships
- Legislatures currently support IDAs in their districts and look positively on funding them as it offers them political "points"
- Federal funding is available to allow for participating organizations to gain exposure and experience by being a part of a national demonstration project (i.e., for those who apply for OCS' AFIAA and other sources of demonstration funding)
- IDAs offer an excellent adjunct to existing programs such as micro-enterprise development, job training, housing, etc.

Key IDA Program Design Considerations:
• Determine if an IDA is appropriate for both the agency and the community
• Define program objectives
• Know your target population of potential account participants
• Select an account structure and match rate
• Consider permissible uses for withdrawals
• Pay attention to orientation, training, and counseling services
• Be aware of deposit and withdrawal guidelines
• Involve money management and asset accumulation training for account holders

• Be diligent in obtaining enough funding
• Design innovative marketing strategies
• Staffing, budgeting, and fundraising functions cannot be overlooked
• Involve appropriate community partners through partnerships
• Include different types of organizations as partners and draw on their strengths
• Consider key players as advisory committee members
• Ask partnering banks for free/low cost accounts, monthly reports, and to help with financial literacy training for participants
• Offer partnering banks the opportunity of gaining new customers, more loan clients, and increased community involvement
• Build in evaluation components and a sound management information system (such as MIS IDA)

Early Lessons Learned From Long-Term IDA Programs:

- Low-income people can and do save
- IDAs should not be viewed as a new program or project, but rather as a new resource or a new tool to promote and encourage asset-accumulation among low-income working families
- Income does not have a statistically significant effect on the amount of savings
- A significant proportion of low-income families do not use banks
- Collaborations with State agencies, legislators, the Governor's office, community organizations, labor, and business are essential to creating a vision for asset development and a plan as a foundation for legislation
- Aim for simplicity in policy, project design, and implementation
- Align the IDA project with the mission and vision of the administering organization
- Well-designed IDA activity can be effective in allowing low-income people to purchase assets
- The real successes from IDA programs are not due to the match amounts- they are due to the program's ability to reach out to participants and the impact their lives
- Designing IDA activity based on input of the target client population is essential
- IDA programs function most effectively when they are integrated with other agency programs
- Seed money needs to be established in the program's early start-up years to provide adequate funding for operating costs and participant matches
- Established community organizations make optimal program administrators
- Strong educational program components directly impact participant's success
- Financial institutions should be approached by human service agencies as an actively contributing business partner and not just a support agency
- Align tax policies to promote IDAs

- Develop tracking tools, decide which data is important to collect, and measure for results
- Do not reinvent the wheel! Seek out the wealth of information now available on IDAs

11. FINAL REMARKS

11.1 On the IDA Field

One theme that resounded throughout both workshops was that IDAs are not just another program for low-income individuals or a new project with new participants, services, and new goals and outcomes. Instead, they offer a new tool or resource for existing community organizations that are currently assisting low-income families attain their self-sufficiency goals. For these agencies, IDAs are available to help their current, or future, participants of existing programs build assets and improve their lives.

Dr. Michael Sherraden of the Center for Social Development said this about the future of IDAs:

> *It is possible to create asset-building policies that do not discriminate against the poor. In the Homestead Act, we provided 160 acres and a mule to Americans willing to work the land. Through the GI Bill, we bought a college education for a generation of people who served their country in the time of war; they, in turn, drove our post-war expansion. What the Homestead Act was to the 19th Century and the GI Bill was to the 20th, IDAs could be to the 21st—a down payment on the American Dream for individuals and the country as a whole.* (Sherraden, 1991)

The popularity of IDAs is growing so rapidly that many States seem to no longer be wondering, "*Should* we offer IDAs in our State?" as they were short time ago. Today a growing number of States are now asking, "*How* do we offer IDAs in our State?"

11.2 Workshop Participant Evaluation Feedback

Both workshops proved to be overwhelmingly successful in the amount of promising program/policy information shared, research results available, resources provided, and the networking opportunities extended to participants. During evaluations, workshop participants reflected that they enjoyed hearing about other IDA programs from all over the country. The programming and planning aspects of programs discussed as well as lessons learned from around the nation was noted as extremely helpful to participants. Many participants noted that they were impressed by the creativity that is currently taking place among the programs featured by State and local program representatives. All participants noted that they appreciated the contacts they made during the discussions and networking opportunities throughout both workshops.

For those new to the IDA field, they noted that they enjoyed learning about the basics of IDAs. They also appreciated the opportunity to hear so much about all the various current IDA programs from the Federal, State, and local representatives who presented at the workshops. The more seasoned IDA practitioners who participated commented that they enjoyed the networking opportunities. They also enjoyed the chance to hear updated news about Federal programs/policies, other long-term nationally recognized IDA programs, and current new IDA initiatives taking place in States and communities nationwide.

One universal issue of concern noted by workshop participants was the lack of time available to hold detailed discussions. Some participants commented that they would have like to have heard more about working with specific populations, considerations for rural versus urban programs, distinctions between working with large or small banks, and more on partnering with other State agencies. However, they also remarked that they will be able to obtain more information and follow up with the resources provided to explore these areas further on their own.

For more information about this event, or the Welfare Peer Technical Assistance Network in general, contact John Horejsi at (202) 401-5031 / jhorejsi@acf.dhhs.gov, or Blake Austensen at (301) 270-0841, ext. 215 / baustensen@afyainc.com.

IDA RESOURCES

Boshara, Ray, et. al. 2001. *Building Assets, 2001*. 2nd Ed. Center for Enterprise Development (CFED). (To order from CFED, call (202) 408-9788 or visit www.cfed.org)

Flacke, Tim, et.al. 2000. *IDA Program Design Handbook: A Step by Step Guide to Designing an IDA Program.* 4th Ed. (Available from CFED-5th edition due out late 2001)

Rist, Carl and Karen Edwards. 2001. *IDA State Policy Guide: Advancing Public Policies in Support of Individual Development Accounts.* (Available from CFED or visit http://idanetwork.org/resources/order_form.html.)

Sherraden, Michael. 1991. *Assets and the Poor: A New American Welfare Policy.* Armonk, NY: M.E. Sharpe.

Sherraden, Michael, Lisa Johnson, Margaret Clancy, Sondra Beverly, Mark Schreiner, Min Zhan, and Jamie Curley. 2000. *Saving Patterns in IDA Programs.* St. Louis: Center for Social Development, George Warren Brown School of Social Work, Washington University. (Available from CSD.)

Sherraden, Michael. 2000. *From Research to Policy: Lessons From Individual Development Accounts.* St. Louis: Center for Social Development, George Warren Brown School of Social Work, Washington University. (Lecture delivered to the Annual Conference of the American Council on Consumer Interests, March 2000.)

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U.S. Congress. 2000. *Savings for Working Families Act*. Washington, DC: U.S. Government Printing Office.

Department of Health and Human Services. 1998. *Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program. (Available at www.acf.dhhs.gov/programs/ofa/fundsd.htm.)*

Department of Health and Human Services, *Policy Questions and Answers-IDAs,* available at www.acf.dhhs.gov/programs/ofa/polquest/idas.htm.

Friedman, Bob and Carl Rist.1996. *Building the Ladder: Strategies for Economic Independence-Oriented Welfare Reform*. Corporation for Enterprise Development, Washington, DC.

Greenberg, Mark and Steve Savner. 1996. *The Final TANF IDA Regulations: A Preliminary Analysis,* Center for Law and Social Policy, Washington, DC. (Available at www.clasp.org/pubs/finalreg.html.)

Suggested Web Sites

Corporation for Enterprise Development- www.cfed.org and www.idanetwork.org

Center for Social Development- http://gwbweb.wustl.edu/users/csd/

Assets for Independence Act (Office of Community Services)-
www.acf.dhhs.gov/programs/ocs/demo

TANF Program Policy Questions- www.acf.dhhs.gov/programs/ofa/polquest/index.htm

Welfare Information Network- www.welfareinfo.org/individu.htm

Appendix A

WORKSHOP AGENDAS

AGENDA

Department of Health and Human Services
Administration for Children and Families

**Establishing Individual Development Account Programs:
Programming, Policies, and Resources**

Welfare Peer Technical Assistance Network
William J. Green Federal Building
2nd Floor, Conference Room C
600 Arch Street
Philadelphia, Pennsylvania
April 18-19, 2001

April 18, 2001

6:30 a.m. – 7:30 a.m.	Breakfast (2nd floor cafeteria—on your own)
7:30 a.m. – 8:30 a.m.	**Registration**
8:30 a.m. – 9:00 a.m.	**Welcome and Introductions** **Workshop Overview** *Eileen Friedman, TANF Program Manager, Administration for Children and Families, Region III* *Don Jose Stovall, Executive Director, Philadelphia County Assistance Office* *John Horejsi, Federal Project Officer, Technical Assistance and Training Division, Office of Family Assistance, Administration for Children and Families, Central Office* *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.*
9:00 a.m. – 10:00 a.m.	**National IDA Current Trends and Policies** *Javier Silva, Individual Assets Research Manager, Corporation for Enterprise Development, Washington, DC*
10:00 a.m. – 10:15 a.m.	**Break**

10:15 a.m. – 11:30 p.m.	**Overview of State IDA Policy Trends and Research From One National IDA Initiative (American Dream Demonstration)** *Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO*
11:30 p.m. – 1:00 p.m.	**Lunch** (2nd floor cafeteria—on your own)
1:00 p.m. – 2:00 p.m.	**Federal Perspective On IDA Programs** *Office of Family Assistance, Administration for Children and Families, Philadelphia, PA: John Schwartz, TANF Program Specialist* *Office of Housing and Urban Development, Washington, DC: Steve Yank, Welfare to Work Specialist* *Office of Community Services, Washington DC: Richard Saul, Director, Demonstration and Special Projects Division*
2:00 p.m. – 3:00 p.m.	**The IDA Concept and the Pennsylvania Experience** *Department of Community and Economic Development, Office of Community Services, Pennsylvania: Fred Abrams, Division Chief* *Women's Opportunities Resource Center, Philadelphia, Pennsylvania: Lynne Cutler, President*
3:00 p.m. – 3:15 p.m.	**Break**
3:15 p.m. - 3:45 p.m.	**Vermont: A Pioneering Program** *Central Vermont Community Action Council, Barre, Vermont: Mary Niebling, Director, Community Economic Development*
3:45 p.m. – 5:00 p.m.	**State Spotlight Roundtable** Virginia, South Carolina, Texas, Massachusetts
6:30 p.m. (Optional)	*Casual Dinner- location to be determined (meet in hotel lobby)*

April 19, 2001

6:30 a.m. – 8:15 a.m.	Breakfast (2nd floor cafeteria—on your own)

8:15 a.m. – 8:30 a.m.	**Review/Revision of Agenda** *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.*
8:30 a.m. – 9:45 a.m.	**IDA Program Implementation at the Local Level (to include testimony from one IDA client)** *Women's Opportunities Resource Center, Philadelphia, Pennsylvania: Ana Rodriquez de Sanchez, Chief Operating Officer* *Tabor Community Services, Inc., Lancaster, Pennsylvania: Zulma Gonzalez, Family Savings Account Program Coordinator* *Housing Authority of Jefferson County, Louisville, Kentucky: Cathy Hinko, Executive Director*
9:45 a.m. – 10:30 a.m.	**IDA Programming and Planning Considerations Panel** Pennsylvania, Vermont, South Carolina, Kentucky *Moderator: Lynne Cutler, WORC, PA*
10:30 a.m. – 10:45 a.m.	**Break**
11:00 p.m. – 11:45 p.m.	**Application of Lessons Learned and Next Steps** *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.* *Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO*
11:45 a.m. – 12:00 p.m.	**Workshop Wrap-up and Evaluation** *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.*
12:00 p.m.	**Adjourn**

AGENDA

Department of Health and Human Services
Administration for Children and Families

Establishing Individual Development Account Programs:
Programming, Policies, and Resources

Welfare Peer Technical Assistance Network
Four Points Barcelo Hotel, Ballroom A
Kansas City Country Club Plaza
One East 45th Street
Kansas City, Missouri
December 13-14, 2000

Dec. 13, 2000

8:30 a.m. – 9:00 a.m.	**Registration**
9:00 a.m. – 9:30 a.m.	**Welcome and Introductions** **Workshop Overview** *Linda Lewis, Regional Administrator, Administration for Children and Families Region VII* *Marge Randle, Director, Division of Family Services, Jackson County, MO* *John Horejsi, Technical Assistance Program Specialist, Office of Family Assistance, Administration for Children and Families, Central Office* *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.*
9:30 a.m. – 10:30 a.m.	**National IDA Current Trends and Policies** *Sandi Smith, Senior Program Manager, Corporation for Enterprise Development, Washington, DC*
10:30 a.m. – 10:45 a.m.	**Break**
10:45 a.m. – 12:00 p.m.	**Overview of State IDA Policy Trends and Research From One National IDA Initiative** *Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO*

12:00 p.m. – 1:00 p.m.	**Working Lunch**
1:00 p.m. – 2:00 p.m.	**Federal Perspective On IDA Programs** *Office of State and Tribal Operations, ACF, Region VII: Tom McMorris, TANF Program Specialist and Thelma Williams, TANF Program Specialist* *Office of Family Assistance, ACF, Washington, DC: John Horejsi, Technical Assistance Program Specialist* *Department of Housing and Urban Development, Washington, DC: Steve Yank, Welfare to Work Specialist* *Office of Community Services, ACF, Washington, DC: Richard Saul, Director, Demonstration and Special Projects Division—participation via teleconference*
2:00 p.m. – 3:00 p.m.	**The IDA Concept and the Wisconsin Experience** *Wisconsin: Richard Schlimm, Public Policy Director, Wisconsin Community Action Program Association (WISCAP)*
3:00 p.m. – 3:15 p.m.	**Break**
3:15 p.m. – 4:00 p.m.	**Iowa: A National Leader** *David Perret, State IDA Coordinator, Division of Economic Assistance. IA DHS* *Jason Friedman, Director of Special Initiatives, Institute for Social and Economic Development, Coralville, Iowa*
4:00 p.m. – 4:30 p.m.	**Three State Programs: At-A-Glance** *Michigan: Shirley Nowakowski, Director of Employment, Community and Training Services, MI Family Independence Agency* *Illinois: Demo Bratsolias, Manager, Program Design Section, Bureau of Program Design and Evaluation, IL DHS* *Oregon: Phil Laymon, JobsPlus Program Analyst, Adult and Family Services Division, OR DHR*
4:30 p.m. – 5:00 p.m.	**Networking Break-Out Sessions: Getting Organized for IDA Programs**
Ballroom A	*Group I Discussion Leader- Richard Schlimm, Public Policy Director, Wisconsin Community Action Program Association (WISCAP)*

Ballroom B	*Group II Discussion Leader- Steve Yank, Welfare to Work Specialist, Department of Housing and Urban Development*
6:30 p.m. (Optional)	*Casual Networking Dinner- location to be determined (meet in hotel lobby)*

<u>Dec. 14, 2000</u>

8:00 a.m. – 8:15 a.m.	**Review/Revision of Agenda** *Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.*
8:15 a.m. – 9:15 a.m.	**IDA Programming and Planning Considerations** *Jennifer Robey, Director of IDA and EITC Programs, Community Action Project of Tulsa, Oklahoma*
9:15 a.m. – 10:15 a.m.	**IDA Program Implementation at the Local Level** *St. Louis Regional Jobs Initiative, East West Gateway Coordinating Council, St. Louis, Missouri: Gena Gunn, IDA Program Coordinator* *Community Action Project (CAPTC) of Tulsa, Oklahoma: Jennifer Robey, Director of IDA and EITC Programs* *Heart of America Family Services, Family Asset Building Program, Kansas City, Missouri/Kansas: Aishah Jackson, IDA Coordinator, Kansas and Marsha Shobe, University of Kansas Research Coordinator* *Housing Authority of Jefferson County, Louisville, Kentucky: Cathy Hinko, Executive Director*
10:15 a.m. – 10:30 a.m.	**Break**
10:30 a.m. – 11:15 a.m. **(continued)**	**IDA Program Implementation at the Local Level**

<u>Concurrent Workgroup Sessions</u>

11:15 a.m. – 1:15 p.m.	**Workgroup Discussion Group I: Launching Effective IDA Programs**

Ballroom A — *Resource People:*

- Shirley Nowakowski, Director, Employment, Community and Training Services, MI Family Independence Agency
-Demo Bratsolias, Manager, Bureau of Program Design and Evaluation, IL DHS
-Phil Laymon, JobsPlus Program Analyst, Adult and Family Services Division, OR DHR
-Gena Gunn, IDA Program Coordinator, St. Louis Regional Jobs Initiative, East West Gateway Coordinating Council, St. Louis, MO

(Discussion Leader: Jennifer Robey, Director of IDA and EITC Programs, Community Action Project of Tulsa, Oklahoma

11:15 p.m. – 1:15 p.m. — **Workgroup Discussion Group II: Maintaining the Momentum on IDA Programs**

Ballroom B — *Resource People:*

-David Perret, State IDA Coordinator, Division of Economic Assistance, IA DHS
- Steve Yank, Welfare to Work Specialist, Office of Housing and Urban Development
-Kathy Kane, IDA Coordinator Heart of America Family Services, Family Asset Building Program, Kansas City, KS
- Cathy Hinko, Executive Director, Housing Authority of Jefferson County, Louisville, KY

(Discussion Leader: Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO)

12:15 p.m. – 1:15 p.m. — **Working Lunch** - Both groups will work through lunch in their respective rooms

Ballroom A

1:15 p.m. – 2:15 p.m. — **Lessons Learned: Findings From Workgroup Discussions**
Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.

2:15 p.m. –2:45 p.m. — **Next Steps for States: Working with State Coalitions and Legislatures**
Karen Edwards, Project Coordinator, Center for Social Development, Washington University, St. Louis, MO

2:45 p.m. – 3:00 p.m. — **Workshop Wrap-up and Evaluation**

Blake Austensen, Deputy Project Director, Welfare Peer Technical Assistance Network, AFYA, Inc.

Appendix B

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Welfare Peer Technical Assistance Network

Establishing Individual Development Account Programs: Programming, Policies, and Resources
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Four Points Hotel
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December 13-14, 2000

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