

# **Financial Education / Asset Development and TANF**

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# 2010 East Coast TANF Directors' Meeting

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## Financial Education/Asset Development and TANF

### Cuyahoga County, Ohio Earned Income Tax Credit (EITC)

#### Coalition

Through Enterprise Community Partners, Cuyahoga County, Ohio offers free tax preparation and financial education/literacy tied with the Earned Income Tax Credit (EITC), along with information on child care, housing, credit cards, etc. Free tax preparation and financial education offices are located within agencies serving low-income clients that provide employment and family services and TANF. Some successes are that they have served almost 8,000 clients that received over 10 million in refunds in 2009. In terms of outreach and marketing, the Coalition has a list of agencies they work with to use their distribution/client lists to contact people. Also, they target employers to market to employers' low-income employees. They use the radio for advertising on select channels and interviews on local TV shows.

An innovative piece of their program is that they use a system called *One Community* that allows their tax assistance sites to access the TaxWise software remotely. Anyone can access this software through a centralized server that reduces the needs for defaults and set up. Also, someone is always managing the server so none of the data is ever comprised. This also allows them to open up mobile tax preparation assistance shops; all they need is a wireless internet connection to be able to set up a site. Lastly, this offers volunteers the opportunity to do practice work from their home/work because it is all housed on a centralized server.

#### *Contacts:*

Ben Nichols  
Enterprise Community Partners  
216-631-0280 ext. 119  
[bnichols@enterprisecommunity.org](mailto:bnichols@enterprisecommunity.org)

Kathy Matthews  
EITC Coalition  
440-785-2241  
[KMatthews@refundohio.org](mailto:KMatthews@refundohio.org)

Aida C. Idiaquez  
Office of Community Initiatives  
Work First Services  
Dep't of Employment & Family  
Services  
216-987-8433  
[idiaqa@odjfs.state.oh.us](mailto:idiaqa@odjfs.state.oh.us)

The Corporation for Enterprise Development (CFED) has an Assets Research Library that includes listings of research and resources on asset-building and expanding economic opportunity, located here:

[http://cfed.org/knowledge\\_center/assets\\_research\\_library/](http://cfed.org/knowledge_center/assets_research_library/)

The Federal Deposit Insurance Corporation's "Money Smart" curriculum offers a comprehensive financial education curriculum designed to help individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. Order the curriculum for free here:

<https://vcart.velocitypayment.com/fdic/index.php?cPath=121>

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### **Florida Prosperity Partnership (FPP)**

The FPP evolved from a number of similar and earlier efforts to create a Statewide coalition dedicated to building financial assets for low-to-moderate income residents, including: (1) evolution of the Florida Prosperity Campaign, an informal alliance of local and statewide groups to promote legislation and increase access to prosperity services; (2) a regional convening of the National Community Tax Coalition at which Florida participants drafted an initial State action plan; and (3) establishment of Florida Asset Building Coalition, part of a four-state effort, funded by the Ford Foundation, and focused on disaster planning and recovery for counties in Alabama, Florida, Louisiana, and Mississippi. The FPP worked to leverage each individual coalition in Florida into a single influence for educational outreach and policy improvements for Florida's most disadvantaged families.

#### *Contact:*

Kaye Schmitz

Executive Director

Phone: 904-940-0296

Email: [kayedschmitz@bellsouth.net](mailto:kayedschmitz@bellsouth.net)

Web site: <http://www.floridaprospertypartnership.org/home0.aspx>

### **Louisiana Asset Building Initiative**

The Louisiana Asset Building Initiative was started in October 2006 by the state legislature appropriating TANF funds for the program and designating the Louisiana Department of Social Services (DSS) as the program administrator. As of 2008, this program was run through Federal TANF money. The Individual Development Account (IDA) program was initiated under the goal of TANF "to provide assistance to needy families so that children may be cared for in their own homes or in home of qualified relatives."

The State Legislature, with the guidance of the DSS, appropriates funding from the TANF block grant. Upon receiving the funding from the State, DSS issued a competitive RFP to administer the program. As of 2008, Southern University's Center for Social Research was managing the program and administering it to a network of 35 local area providers. The program offers a 4 to 1 match for program participants for the purpose of home ownership only, with a limit of \$1,000 to be saved by the participants. Home ownership is a priority of the State Legislature for moving people into self-sufficiency and off public assistance. Because the program is funded through TANF, the program serves TANF participants. The program is optional for TANF participants as TANF non-assistance, and the time limit on participation is limited by the contract to Southern University. The program requires that participants attend a financial literacy class as well as home ownership classes, and meet the monthly savings requirement of \$25.00. As of 2008, over 350 participants enrolled in the program. 41 graduated and purchased their asset, first-time home purchases. This program has been successful and continues to receive buy-in from the state due to its evaluation component. Louisiana State University is evaluating the program to show its impact across the State.

Louisiana attributes the follow factors to their success:

1. Have an entity manage the program with a "statewide reach";
2. Assure that your contractor has the capacity to manage such an endeavor; and
3. Make sure the contractor is committed and willing to support families by sharing a common mission and values to the IDA program.

For more information, please see: <http://www.subr.edu/ida/index.htm>

### **Michigan Statewide EITC Coalition and Michigan Asset-Building Coalition (ABC)**

Made up of Statewide and local organizations and public agencies, the Michigan Statewide EITC Coalition (<http://www.michiganeic.org/>) supports work and reduces poverty for Michigan's low to moderate income individuals and families through outreach on available tax credits and refunds, including the Federal and State

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EITC. The Statewide EITC Coalition is also connected to the Michigan Asset-Building Coalition (ABC) ([www.cedam.info](http://www.cedam.info)), which promotes asset building, financial services, and financial security across the State. The EITC coalition is funded by the Michigan Department of Human Services through State TANF funds through September 2010 (currently new funding is being explored) and is administered by the Michigan Poverty Law Program, the Michigan League for Human Services, and Michigan State University. A main communication and outreach vehicle is their Web site which has resources for policymakers and advocates. The ABC is organized by the Community Economic Development Association of Michigan (CEDAM) along with the Michigan Association of United Ways and the Michigan League for Human Services. In 2010, the ABC hopes to see increased representation of financial institutions.

### *Statewide EITC Coalition Contact:*

Peter Ruark  
Michigan League for Human Services  
Phone: 517-487-5436  
Email: [pruark@michleagueforhumansvs.org](mailto:pruark@michleagueforhumansvs.org)

### *ABC Contact:*

Ross Yednock  
Director of Asset Building Policy Project  
Phone: 517-485-3588  
Email: [yednock@cedam.info](mailto:yednock@cedam.info)

### **Missouri Department of Social Services, Family Support Division, KC CASH**

The Missouri Department of Social Services, Family Support Division is a member of a coalition named KC (Kansas City) CASH (Creating Assets Savings Hope). KC CASH brings together financial, educational, community, and business organizations to provide free tax preparation to lower income families. Main goals of this coalition are to increase the awareness of EITC; connect taxpayers to financial literacy and asset building programs; and, promote community resources that assist families in reaching self-sufficiency. Brochures and information concerning KC CASH are distributed to Family Support Division's TANF participants. Information on KC CASH and materials can be seen at: <http://www.kccash.org>.

### *Contact:*

Thomas Jakopchek  
Social Services Manager  
Phone: 816-889-2751  
Email: [thomas.h.jakopchek@dss.mo.gov](mailto:thomas.h.jakopchek@dss.mo.gov)

*Web site:* <http://www.kccash.org>

### **New Jersey Department of Community Affairs**

New Jersey runs an IDA program funded through TANF as outlined in the state's TANF plan.<sup>i</sup> The New Jersey Department of Human Services passes through the TANF funds to the New Jersey Department of Community Affairs (DCA). Additionally, the New Jersey DCA was awarded an IDA program through Assets for Independence (AFI). The DCA funds nonprofits to run IDA programs through TANF dollars and also through AFI dollars. The TANF portion of funding was established by law through the State legislature. As of 2008, six nonprofits were running TANF programs, and one nonprofit was running AFI-funded programs, and two received awards to run TANF and AFI programs. They must submit separate reports for each IDA program, and TANF dollars are not used as the AFI grant match money. The Department of Community Affairs uses its state funding allocation to match the AFI grant. The program funds IDAs for homeownership, microenterprise, and post-secondary education. The match rate for TANF funded programs is 1 to 1, and for AFI, the match rate is left up to the individual nonprofit. The program is

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truly a collaborative effort between State agencies, and New Jersey prides itself on bridging silos across State agencies.

Currently, New Jersey is looking to expand the IDA program to serve people with developmental disabilities, addiction services, gang involved youth outreach, and youth aging out of foster care. For the nonprofits currently receiving TANF and AFI programs, the funding is not mixed, and participants receive one type of funding when they walk through the door. Usually, folks meeting the income requirement with a minor child, receive the TANF program. Both programs are run very similarly within these organizations. Challenges include that grantees often times do not have the staff capacity to run these programs as the funding for staff is low, and more funding is needed for case management.

X Despite the challenges, New Jersey's lessons learned include:

1. IDA programs need dedicated staff that are willing to see the program through. Agencies that experience a lot of turnover in the program are not as successful;
2. Non-profits running the program need State guidance and oversight to help make programs successful; and
3. Fund Statewide financial literacy training that is consistent.

For more information, please see: <http://www.nj.gov/dca/>.

### **IDA and Asset Collaborative of North Carolina**

North Carolina runs a state-wide IDA program through the North Carolina Department of Labor (NC DOL) in partnership with the IDA and Asset Building Collaborative of North Carolina, the NC Division of Community Assistance, the N.C. Housing Finance Agency, and the NC Division of Social Services. NC DOL held an AFI grant from 2001 through 2006, and recently was awarded another AFI grant. As of the end of the year in 2006, NC DOL's program was implemented in 27 sites serving 44 counties across the state.<sup>ii</sup> The Statewide IDA program was supported through TANF funds, but was not as of 2008. During this time, NC DOL had an agreement with the North Carolina Division of Social Services (DSS), initiated through Administrative Rulemaking, to have access to TANF funds to match IDA accounts. Now, they encourage Work First (TANF) agencies to partner with agencies implementing IDA programs. In their State plan, the TANF program allows local departments to use TANF funds for IDA programs at their own discretion.

As of 2008, at least two counties were using TANF funds for IDA programs throughout the State. Currently, the State plan states that local social services can help TANF recipients with the three funded uses of IDAs within TANF. With their \$180,000 dollars of TANF funds they could use to match IDAs in 2004-2005, they served 32 participants who purchased 31 homes, 1 small business, and accumulated a total of \$3,281,175 in assets. They used \$92,000 to match those accounts. Since its inception in 1999, participants have saved a total of \$1,493,968, \$730,000 in matching funds, and purchased an estimated \$27,055,977 in assets.<sup>iii</sup>

When using TANF funds, NC DOL faced challenges with receiving funding from DSS. The Administrative Rule allowed NC DOL to access DSS funding, but they had to develop a contract and allocate funds through reimbursement. Additionally, NC DOL faces challenges with using AFI funds as it is difficult working with families, especially living below 200% of poverty, to get them at a place where they can afford purchasing a home or investing in a small business.

Lessons learned in North Carolina:

1. Get buy-in at the State level.
2. Send a letter to all the heads of local departments of social services explaining the benefits of IDA programs.
3. Go to gatherings where potential partners may be.
4. Develop a thorough system of tracking data—the State needs to know who has received funds they have the appropriated information when the legislation asks questions.
5. If there are existing IDA programs in your State, be involved.

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6. Look at it as a three-pronged attack—Need the State to buy-in, need the IDA programs to buy-in, and need the social services agencies to buy-in.

### **Northeast Oklahoma Community Action Agency (NEOCAA)**

The Northeast Oklahoma Community Action Agency (NEOCAA) has provided tax services and outreach to three rural Oklahoma counties since 2001. They have tax preparation sites and financial literacy services located at local Departments of Human Services and eight Head Start Centers. In 2010, they assisted over 1190 families, with refunds to families exceeding \$1.9 million with an average return of \$1,596.

NEOCAA believes that social service agencies should provide tax services and outreach because they already have working relationships with low-income populations, these populations can benefit the most from refunds, workers can provide personal support to families in claiming the EITC and CTC, and they can provide other services such as financial literacy and Individual Development Accounts (IDAs) that can help these clients gain lasting economic independence.

NEOCAA has a regional site coordinator who transmits all e-files from all sites. Their Mobile site activity includes:

1. Having a greeter to secure the application and determine that necessary information has been collected;
2. Securing the intake form;
3. Having tax preparers and quality reviewers;
4. Having a site coordinator;
5. Supplying financial literacy materials; and
6. Creating a schedule for filers.

Since NEOCAA started their free tax preparation and outreach, their program has expanded greatly. They have trained additional staff and secured volunteers; expanded the number of tax sites and sessions in each of the three counties; added new local funding partners such as United Way; added new target groups such as DHS clients; designated a full-time coordinator for the entire program; provided banking services to unbankable clients; and added banners for promotion of the program.

#### *Contact:*

Jean Cooper  
Executive Director  
918-253-4683  
[jcooper@neocaa.org](mailto:jcooper@neocaa.org)

*Web site:* <http://neocaa.org/default.aspx>

### **Office of Financial Empowerment, City of San Antonio Department of Community Initiatives**

The Office of Financial Empowerment is located in the City of San Antonio's Department of Community Initiatives and includes the City's Community Action Agency, Volunteer Income Tax Assistance (VITA) free tax preparation program, the Fair Housing and Foreclosure Prevention Counseling programs, and the City's Asset-Building programs, which include financial literacy education, the Cribs to College children's savings account, the San Antonio Bank On initiative, and IDA matched savings accounts for college tuition, home ownership, and vehicle purchase.

San Antonio's Department of Community Initiatives is a partner to the Alamo City Coalition for Family Economic Self Sufficiency (ACCESS), which is a collaborative of public and private entities dedicated to family and individual financial self-sufficiency. ACCESS aims to increase the financial stability of low-income working families in San Antonio and Bexar County. The focal point for this effort is the Coalition's VITA Program. VITA is a vital part of the Coalition effort. The VITA volunteers provide free income tax assistance to taxpayers, and help them claim important tax credits such as the EITC and the CTC.

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The VITA program continues to expand each year. During the 2009 tax filing season, VITA volunteers operated 32 VITA sites located throughout the city and completed more than 38,770 tax returns. More than 71 million dollars in refunds was returned to the San Antonio Community through local VITA locations.

*Contact:*

Richard Keith  
Special Projects Manager  
210-207-8221  
[richard.keith@sanantonio.gov](mailto:richard.keith@sanantonio.gov)

*Web site:* <http://www.sanantonio.gov/comminit/OFE/OFE.asp>

### **Oregon Individual Development Account (IDA) Initiative**

The Oregon IDA Initiative is a unique partnership between Oregon Housing and Community Services, Neighborhood Partnerships (NP), non-profit partners across the state, and the public. The Oregon IDA Initiative offers matched savings as incentives for personal savings. Economic stability for low-income households is built on a foundation of personal assets – financial, personal, social, and community-based. IDA participants save to purchase a major asset such as a home, post-secondary education, a small business, or assistive technology that helps them obtain employment. For 2010, NP and Oregon Housing and Community Services awarded \$4.397 million to six nonprofit agencies serving 29 counties including CASA of Oregon, Entrepreneurial Development Services, Mercy Corps Northwest, Native American Youth and Family Center, Portland Housing Center, and Umpqua Community Development Corporation.

*Contact:*

Janet Byrd  
Executive Director  
Neighborhood Partnerships  
503-226-3001 ext. 103  
[jbyrd@neighborhoodpartnerships.org](mailto:jbyrd@neighborhoodpartnerships.org)

*Web site:* <http://ida.neighborhoodpartnerships.org/>

### **Step Up Savannah, Inc. and Bank On Savannah**

Step Up Savannah, Inc. grew out of the City of Savannah's Anti-Poverty Action Plan adopted by Savannah City Council in 2005. Step Up Savannah, now a nonprofit organization, organized a collaborative of 80 diverse organizations to implement the plan. Chatham County Department of Family and Children Services, a local provider of TANF services, is part of the collaborative. The collaborative uses a holistic approach to address multiple facets of poverty in the Savannah community with special attention paid to workforce training, wealth building, and work support services. Step Up Savannah works in partnership with Consumer Credit Counseling Service, Bank On Savannah, the City of Savannah, and FDIC, to sponsor free workshops on financial education, using the FDIC's "Money Smart" curriculum.

Step Up Savannah's partner, Bank On Savannah, is one of the first all-inclusive programs in the nation to serve those who live without access to mainstream financial institutions who are strained to rely on expensive check-cashing services. It began as a taskforce led by Mayor Otis Johnson and City Manager Michael Brown in 2007, with BB&T Bank, Step Up Savannah, the City of Savannah, FDIC, the Federal Reserve Bank of Atlanta, the Clinton Foundation, the United Way of the Coastal Empire, and Savannah State University. The taskforce worked with local community organizations, banks, and credit unions to, according to their Web site <http://www.stepupsavannah.org/bankonsavannah/index.php>,

1. "Change bank products and policies to increase the supply of starter account options for this market;

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2. Raise awareness among consumers about the benefits of account ownership;
3. Provide qualified Savannahians with the opportunity to open low-cost, starter bank accounts; and
4. Provide quality financial education to Savannahians, to help them start saving for the future.”

*Contact:*

Daniel Dodd

Director

Step Up Savannah

912-232-6747

[danieldodd@stepupsavannah.org](mailto:danieldodd@stepupsavannah.org)

*Step Up Savannah Web site:* <http://www.stepupsavannah.org/>

*Bank On Savannah Web site:* <http://www.stepupsavannah.org/bankonsavannah/index.php>

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<sup>i</sup> New Jersey State Plan for Temporary Assistance to Needy Families. (2006). New Jersey Department of Human Services. [http://www.state.nj.us/humanservices/dfd/final\\_TANFStatePlan2006-2008.pdf](http://www.state.nj.us/humanservices/dfd/final_TANFStatePlan2006-2008.pdf)

<sup>ii</sup> Individual Development Accounts Program. (2006). North Carolina Department of Labor. [http://www.nclabor.com/ida/annual\\_report\\_06.pdf](http://www.nclabor.com/ida/annual_report_06.pdf)

<sup>iii</sup> Individual Development Accounts Program. (2006). North Carolina Department of Labor. [http://www.nclabor.com/ida/annual\\_report\\_06.pdf](http://www.nclabor.com/ida/annual_report_06.pdf)