

# Creating Asset-Building Opportunities for Native TANF Participants

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U.S. Department of Health and Human Services  
Administration for Children and Families

ASSET The ASSET logo icon consists of a stylized figure holding a dollar sign, with a gear and a target symbol integrated into the design.

# Financial Asset Building

***“Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term.”***

Michael Sherraden  
Center for Social Development

# The Asset Building Movement

- Idea came from Michael Sherraden: *Assets and the Poor: A New American Welfare Policy* in 1991
- Welfare reform was in national spotlight
- Private foundations provided funds to test idea
- Assets for Independence Act passed in 1998 with broad bipartisan support (Public Law 105-285)
- Sherraden argued that welfare policy failed to recognize a tenet of middle class life by focusing only on income.

# What are Assets?

- Savings (3-6 month nest egg) to protect against loss of income/emergencies
- Matched Savings (Individual Development Accounts)
  - First home
  - Higher education and training
  - Develop or expand small business
- Good credit report and score, access to credit
- Human capital
- Property, equipment, land

# Financial Education

- Financial Education involves providing families with information that increases their ability to make effective money management decisions.
- Financial education curricula are **available and free, including those that engage both parents and children.**
- Providing Financial Education is a requirement of the AFI Program

# Financial Education Resources

- **FDIC's Money Smart curricula for adults and young adults:**  
[www.fdic.gov/consumers/consumer/moneysmart/](http://www.fdic.gov/consumers/consumer/moneysmart/)
  - For more information, contact Eloy Villafranca 972-761-8010, or Clinton Vaughn 901-818-5706
- **Visa's Practical Money Skills lesson plans for preschool through college, and online games** [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)
- **Credit Union National Alliance's Thrive By Five activities for preschoolers**  
[www.creditunion.coop/pre\\_k/index.html](http://www.creditunion.coop/pre_k/index.html)
- **Pennsylvania Office of Financial Education's Right on the Money curricula for parents and young children**  
[www.moneysbestfriend.com/default.aspx?id=254](http://www.moneysbestfriend.com/default.aspx?id=254)
  - For more information, contact Holly Chase 717-783-2498
- To find an accredited credit counselor offering free or low-cost services in your area, contact the **National Foundation for Credit Counseling:** [www.nfcc.org/](http://www.nfcc.org/), **1-800-388-2227**

## Tax Credits for Families

- Families can access **thousands of dollars in tax credits, including the Earned Income Tax Credit (EITC)—an average refund of nearly \$2,000.**
- The Native community can connect families to **free tax preparation services so they avoid fees and costly “instant” refund anticipation loans.**
- Families can save at least a small amount from their Earned Income Tax Credit – purchasing a savings bond is one option.
- For more information on Tax Credits, see:  
<http://idaresources.org/page?pageid=a047000000ApiTf>

# Individual Development Accounts

- Matched savings accounts in banks, credit unions, or Native Community Development Financial Institutions
- Participants deposit earned income regularly, receive matching funds, purchase a financial asset
- For more information on IDAs, please see: <http://idaresources.org/>

# Assets for Independence

Special federally funded 5-year grants to organizations that enable accountholders to ...

- **Learn** about financial and consumer issues
- **Save** in Individual Development Accounts

In order to ...

- Become more self-sufficient and plan for the future
- Acquire a first home
- Access higher education or training
- Start or support a small business
- Save to transfer to an eligible dependent

For more information on the AFI program, please visit:  
[www.idaresources.org](http://www.idaresources.org) or [www.acf.hhs.gov/assetbuilding/](http://www.acf.hhs.gov/assetbuilding/)

# AFI IDAs: How they work

- Must have EARNED income & be income-eligible:
  - 1) TANF=automatic eligibility **OR**
  - 2) 200% Federal Poverty Level **AND**  
\$10,000 or less net assets
- Participation in financial education is required
- Match amount -- 2:1 up to 8:1. Up to five years to save
- Non-federal one-to-one CASH match required for grant - state, tribal, and private funds
- Matched withdrawals for first home purchase, microenterprise, or post-secondary education (including transfer to dependent or spouse)

## History of Native IDA Programs

- The first Native IDA program began in 1999
- Since then over 25 Native IDA programs have started
- Some Native IDAs use AFI funds, but they are frequently funded with non-AFI funds
- For more information on asset building for Native Families, please see:  
<http://idaresources.org/page?pageid=a047000000ArRPk>

## Additional Approved Funding Sources

Allowed for use as non-federal match by tribes:

- Indian Community Development Block Grant Program (ICBDG)
- Native American Housing Assistance and Self-Determination Act (NAHASDA)
- Public Law 93-638 (the Indian Self-Determination and Education Assistance Act)
- Tribal TANF funds (permitted under 45 CFR 286.40)
- Tribal Contributions

# Effective Use of AFI Funds by Native Communities

The AFI legislation mandates that a community-based organization with IRS 501(c)(3) tax exempt status be a primary partner in the application for funding in order to keep IDAs a community-driven initiative.

States and tribes are seen as governing structures and thus are not able to be sole applicants. However, they are able to be the lead applicant and grant recipient.

## Example Program

[Cook Inlet Lending Center](#) (an Alaskan Native CDFI) has 79 Individuals who are actively saving toward their goal of home ownership. Eight individuals have successfully purchased their home. CILC's goal is 99 successful asset purchases. CILC recently launched a second, concurrent AFI IDA program to provide home purchase opportunities for 75 more individuals by 2015. This AFI project provides \$3 for each dollar invested in an IDA.

## Example of an AFI Saver

- Joe from the Choctaw Nation is saving a minimum of \$25.00 a month for 3 years so that he can purchase a home. His savings are matched 3:1.
- If he deposits \$25.00 each month for three years, he will have a total of \$900.00 matched with \$2700.00 in participant match funds (\$1350.00 in Federal funds and \$1350.00 in non-federal funds).
- At the end of the program, he will have a total of \$3600.00 towards a home purchase.

[Choctaw Asset Building](#), 2010.

# Applying for an AFI Project

- Interested Native communities can apply for an AFI project by:
  - [Applying to AFI](#) through their regular solicitation open to all eligible applicants and not applying to ANA (application dates: January 25, 2013, March 25, 2013, and May 24, 2013).
  - Applying to AFI and Social and Economic Development Strategies ([SEDS](#)) funds separately. Applicants could submit an AFI proposal and a SEDS proposal for a project that meets both requirements, but each project will be reviewed and managed separately (SEDS application date will be January 31, 2013, AFI application dates are January 25, 2013, March 25, 2013, and May 24, 2013).

## Joint FOA Summary

- Grantees awarded under the [joint FOA](#) will implement one project funded by two ACF program offices, ANA and OCS
- Grantees will receive one award from ANA and one from OCS to fund the project
- Under this FOA, applicants must submit a budget that specifies what is funded by ANA-SEDS and what will be funded by OCS-AFI
- At least 85% of AFI funds must be used for the matched IDAs, while SEDS funds are less restrictive.

# Asset Building & TANF

- Applying for an AFI grant to offer IDAs and financial education to working and transitioning TANF participants.
  - Participation in IDAs does not count against the TANF assistance available to families.
- Training eligibility screeners and case workers to refer TANF participants to local asset building services, such as AFI grantees offering IDAs, credit counseling, and financial education courses, and building partnerships with local asset building service providers.
  - Arizona Native Assets Alliance: [www.aznativeassets.org](http://www.aznativeassets.org)
  - Arizona Assets Alliance: [www.assetsforaz.org](http://www.assetsforaz.org)

## Asset Building & TANF, cont...

- Offering financial education and credit counseling as “Job Search and Job Readiness” work activities.
- Conducting outreach about the EITC and providing referrals to free tax preparation assistance sites, such as IRS-funded VITA sites.
- Periodically reviewing TANF participants’ eligibility for other Federal and State benefits.
- Training case workers to include asset building activities and goals in participants’ individual service plans.

Questions. Comments?

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