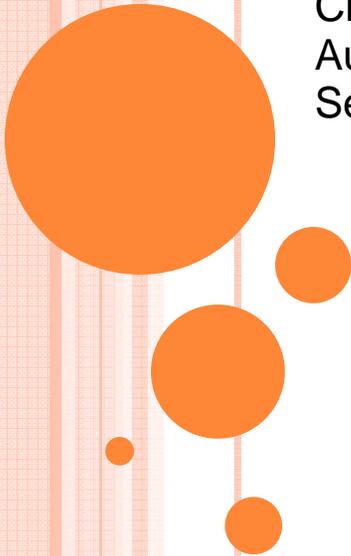


# **FINANCIAL LITERACY AND ASSET BUILDING FROM A TRIBAL PERSPECTIVE**

Prepared by: Christy Finsel  
Christina Finsel Consulting LLC  
August 15, 2012  
Session: 9:00- 10:00 a.m.



# TODAY'S SESSION

- Will provide general information/framing about Native asset building.
- Offer some financial education/literacy curriculum resources and a train-the-trainer opportunity.
- Offer financial education/literacy course topics.
- Provide information on Individual Development Accounts (can be Tribal TANF-funded) and Child Savings Accounts
- Share information about other asset building resources available to you.

# WHAT ARE ASSETS?

- When you hear of assets, what do you think of?
- What kinds of assets do you see in your community?

# NATIVE ASSETS

- Assets can be thought of as what you value.
- Assets in Native communities can include spirituality, natural resources (such as land), education, community, and sovereignty, as well as financial assets such as savings, bonds, investments, or equipment.
- When engaging in asset building, we can think of how we historically thought of assets and how we think of them today.
- With an understanding of assets, we can design asset building programs with a cultural fit.
- We can have a cultural fit, customize our programs to meet local needs, and still use mainstream asset building tools (such as Individual Development Accounts funded by Tribal TANF).

## **NATIVE ASSET BUILDING**

- We believe that tribes have been building assets for generations. This is not new to us.
- What is new to some Native communities is the information about mainstream asset building programs.

# WHAT IS THE PURPOSE OF ASSET BUILDING PROGRAMS?

- Asset building programs can help individuals, families, and communities to:
  - Plug their leaking economies
  - Increase their financial literacy
  - Pass along intergenerational assets such as land
  - Change savings habits
  - Think about their future differently
  - Purchase assets such as homes, post-secondary education, dance regalia, etc.
  - Repair and build credit
  - Hold land in common
  - Teach tribal history, values, and language, etc.

# ASSET BUILDING TOOLS

- There are a variety of tools we can use to build assets and improve the economic self-sufficiency of low-income families.
- These tools can help us build a number of assets at the same time (integrated or comprehensive asset building).
- What are some of these tools? (brainstorm together)

7

# WHAT TYPES OF ASSET BUILDING ACTIVITIES ARE YOU INVOLVED IN?

- Homeownership assistance programs
- Entrepreneurial activities
- Financial education
- EITC and Volunteer Income Tax Assistance (VITA) sites  
***To locate the nearest VITA site, call 1-800-906-9887***
- Scholarship programs
- Small loan programs
- Credit building/credit repair programs
- Bank On Initiatives
- Credit counseling
- Foreclosure prevention programs
- Microlending programs
- Land trusts
- Cooperatives
- Native language programs, etc.
- Children's Savings Accounts (CSAs)
- Individual Development Accounts (IDAs)
- Other?

# NATIVE FINANCIAL EDUCATION/LITERACY RESOURCES

- Handout: Queried Native Assets for Independence (AFI) grantees to see which financial education curriculums they used.
- You can create your own materials or pull from numerous publicly available resources.
- Do you already teach financial education?
  - If so, what resources do you use?
- Upcoming *Building Native Communities: Financial Skills for Families* train-the-trainer in Oklahoma, tentatively scheduled for this fall. OK tribes invited and, space depending, tribes from other states are welcome to attend. Contact Christy Finsel at [cfinsel@oknativeassets.org](mailto:cfinsel@oknativeassets.org).

# FINANCIAL EDUCATION/LITERACY TOPICS

- Asset building from a cultural perspective
- Money tracking
- Budgeting
- Savings and checking accounts and other financial institution services such as insurance, credit cards, payday loan alternatives, etc.
- Credit
- Entrepreneurship
- Investor education
- Homebuyer education
- Asset building programs available to those in your community- such as Child Savings Accounts or Individual Development Accounts

# WHAT IS AN IDA?

- One tool in the asset building toolbox is an Individual Development Account (IDA). IDAs are matched savings accounts held by low-income individuals. They assist individuals and communities in purchasing assets.
- Along with an asset purchase, participants attend financial education classes.
- Participants are able to purchase assets much more quickly than if they were saving on their own for an asset purchase.

# IDAS-MORE INFORMATION

- IDA programs can be funded with federal, state, tribal, and private funding (we'll address these sources later in the presentation). You can use TANF to fund your program for those eligible for TANF cash assistance (45 CFR 286.40).
- There are at least thirty active Native IDA programs nationally and others that are being designed.

Christy Finsel, 2012.

# SEVERAL BENEFITS OF IDA PROGRAMS

- IDAs, as an asset building tool, can help participants as they continue to develop their savings habits.
- IDA clients can increase their financial literacy and more sustainably maintain the assets they purchase (with help from general and asset specific financial education).
- Participants can also make friends with others in their IDA cohort-some choose to go into business together.
- Many feel more confident about their ability to manage their money.
- Savers can also think differently about their future.

Christy Finsel, 2012.

# FIRST IDA EXAMPLE-SHARING IDA MODELS

- Mark 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.

# HOW DO THE TOTALS ADD UP IN THE CHOCTAW NATION EXAMPLE?

If Mark deposits \$25.00 each month for three years:

\$900 in participant savings

+\$2700 in match funds

---

Total = \$3600 for a home purchase

## SECOND IDA EXAMPLE

- Eighth graders save from \$5.00 to \$20.00 a month for 6 months (IDA savings duration).
- De La Salle Middle School in St. Louis provides a 4:1 match rate. If students save \$20.00 a month for \$120.00 of student savings; \$480.00 in match funds; for a total of \$600.00.
- Students participate in financial education classes we provide at the school.
- We provide “employment” opportunities: projects around the school, public community murals, academic enrichment option.
- Have a banker come in to help open accounts, might take them on a field trip to the bank branch in the future.
- Purchase education-related assets: tuition, books, uniforms, art fees, sports fees, money to participate socially in high school, could roll their money into a 529 college savings plan (this IDA program is privately funded).

## THIRD IDA EXAMPLE

- Post-Secondary Education IDA - Participants saving for post-secondary education must deposit \$50.00 a month over six months or \$25.00 a month over twelve months, for a total of \$300.00 of their own savings. This will be matched 8:1. In the end, participants will have \$300.00 of their savings, and \$2,400 in match from Osage Financial Resources, Inc, for a total of \$2,700 towards a post-secondary education asset purchase.
  - Allowable purchases for participants saving for post-secondary education: books, tuition, laptops, and education-related materials and equipment.

## FOURTH IDA EXAMPLE

- Target population: Youth in a tribal Summer Youth Employment Program (SYEP).
- Youth deposit \$25.00 of their earned income, on a weekly basis for the duration of the eight-week SYEP.
- The tribe matches their deposits 3:1 with tribal funds.
- At the end of the eight-week IDA program, the youth will have saved \$200.00 of their own savings and receive \$600.00 in match funds for a total of \$800.00 towards an approved asset purchase.~

# FOURTH IDA EXAMPLE, CONTINUED

As part of this program, SYEP participants can purchase the following assets:

- iPad
- laptop
- dance regalia
- school clothes (such as winter jacket, etc.)
- school supplies (such as athletic equipment, etc.)
- senior photos
- school dance formal attire (such as prom dresses, etc.)
- college costs

## FIFTH IDA EXAMPLE

- Participants could deposit **\$100.00** a month for **10 months for a vehicle, saving a total of \$1000.00.**
- An IDA program could match their savings **3:1, providing \$3000.00 in match funds.**
- The participant would have **\$4000.00 towards a car purchase.**
- They could take general and asset specific financial education classes where they learn about car insurance, basic vehicle maintenance, car loans, shopping for a vehicle, etc.
- The Confederated Tribes of the Colville Reservation, in WA, has an IDA program that allows savers to purchase a vehicle.

## YOU CAN LINK IDAS WITH OTHER ASSET BUILDING TOOLS ALONG AN ASSET BUILDING PIPELINE

Example:

- Have an adult IDA participant participate in culturally-relevant financial education classes—a Native program could weave in their language, history with asset building, cultural values, etc.
- Participants could get their taxes prepared for free at a Voluntary Income Tax Assistance (VITA) site and claim any tax credits for which they are eligible.
- The IDA participant (parent) could enroll their children in a Child Savings Account program set up by the tribe, if there is one available.~

## YOU CAN LINK IDAS WITH OTHER ASSET BUILDING TOOLS ALONG AN ASSET BUILDING PIPELINE, CONTINUED

- The IDA participant and their family members could get banked if they are not already.
- Participants could claim their state and federal benefits.
- Participants could receive credit counseling.
- Those administering asset building programs could share information about the locally or tribally-owned businesses and suggestions for how to plug their Nation's leaking economy.
- Additionally, community members could also save for communal assets (such as land purchase).

# VARIOUS FUNDING SOURCES FOR NATIVE IDA PROGRAMS

- Tribal TANF
- Foundations (such as Citi Foundation, Bush Foundation, Scott Evans Foundation, and the Northwest Area Foundation)
- Tribal funds
- Private donors ~

## **VARIOUS FUNDING SOURCES FOR NATIVE IDA PROGRAMS, CONTINUED**

- State funds, if available
- Assets for Independence, AFI, next application deadlines are: January 25, 2013, March 25, 2013, and May 24, 2013. You can't use Tribal TANF as your nonfederal match for an AFI application.
- Joint Assets for Independence and Administration for Native Americans funding (Native Asset Building Initiative). This year's application deadline was June 18, 2012.
- Your tribe could have an IDA program and fund various asset purchases, for different citizens of different ages, with different funding streams.

## NATIVE ASSET BUILDING OPPORTUNITY

- Native Asset Building Initiative (NABI) provides funding for an AFI-funded IDA program and money to cover administration of your program and your comprehensive asset building initiatives.

# WHAT IS THE NATIVE ASSET BUILDING INITIATIVE (NABI)?

- **The Native Asset Building Initiative is a joint funding opportunity offered through a partnership between Assets for Independence (AFI) program and ANA's Social and Economic Development Strategies (SEDS) program:** NABI is one component of the ACF ASSET Initiative, an agency wide effort to bring financial literacy, IDAs, and related services to more families across the nation, and to create interoperability across ACF program offices.
- **Purpose:** The purpose of this initiative is to increase access to and awareness of asset building opportunities in Native American communities.
- **Funding Opportunity Announcement:**  
<http://www.acf.hhs.gov/grants/open/foa/view/HHS-2012-ACF-ANA-NO-0322>.

# WHO CAN APPLY FOR A NABI GRANT

## Eligible applicants include:

- Federally recognized tribal governments or Alaska Native Villages, as defined in the Alaska Native Claims Settlement Act, that are joint applicants with a 501(c)(3) Native non-profit organization
- Native 501(c)(3) non-profits serving Native Americans
- Native non-profit organizations designated by the Secretary of the Treasury as Community Development Financial Institutions (CDFIs) or Native non-profit credit unions designated as low-income credit unions by the National Credit Union Administration (NCAU) – CDFIs and credit unions must demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty and the needs of community members for economic independence and stability

# YOU CAN FUND DIFFERENT ASSET GOALS/ALLOWABLE USES DEPENDING ON YOUR FUNDING SOURCES

- Homeownership, microenterprise, post-secondary education (Assets for Independence, AFI)
- Credit building, health care, youth educational trips, school supplies, sports and arts fees, dance regalia, senior photos, winter coats, college costs, retirement, money to participate socially in high school, emergency fund, health care, transportation (IDAs funded with foundation, private donor, and tribal funding)

# YOU CAN FUND DIFFERENT ASSET GOALS/ALLOWABLE USES DEPENDING ON YOUR FUNDING SOURCES, CONTINUED

- Tribal TANF can be used as match funds, in an IDA program, to fund any purpose that is reasonably calculated to accomplish one of the TANF goals.~

## **YOU CAN FUND DIFFERENT ASSET GOALS/ALLOWABLE USES DEPENDING ON YOUR FUNDING SOURCES, CONTINUED**

- Vehicle purchase, first and last months rent, textbooks, equipment for employment, clothes for work, postsecondary education, small business development, homeownership (assets allowed in a Tribal TANF-funded IDA)

# THOUGHTS ON IDA PROGRAMS

- You could start with a pilot program.
- There are publicly available sample forms, MOAs, etc. You don't have to start from scratch.
- We can learn from existing IDA program models.
- There is flexibility with Tribal TANF-funded IDAs.
- Exciting possibilities!

Christy Finsel, 2012.

# CHILD SAVINGS ACCOUNTS

- Another asset building tool, mentioned earlier, is a Child Savings Account (CSA) which can also be known as a Child Development Account (CDA) or Youth Savings Account (YSA).
- Several Native communities administer/or have administered such programs nationally: HACBED/Hawai'i County Department of Research and Development, Cherokee Nation, and White Earth Investment Initiative/Midwest Minnesota Community Development Corporation.
- Working with a Native YSA in McKinley County, NM, for Native youth, Meskwaki Nation, and through the Oklahoma Native Assets Coalition.
- Others in development nationally.

## IN REGION VII, WE ARE WORKING ON A CSA FOR NONCUSTODIAL PARENTS

- Through the ASSET Initiative, working with the Region VII Office of Child Support Enforcement Regional Program Manager and her team to provide information and technical assistance to the state of Kansas child support agency which is partnering with the state treasurer to reward noncustodial parents who owe state child support debt and who save funds for their child's college education through the Kansas 529 program.
- The noncustodial parents who participate and make qualifying deposits will receive debt forgiveness on a ratio of 2:1 for every dollar deposited.

# REGION VII CHILD SAVINGS ACCOUNT PROGRAM IN KANSAS

- Recent research from the Center for Social Development at Washington University in Saint Louis that if a child has an account with their name on it, and the account has even a few thousand dollars in it, children can think differently about their future.
- Tribes could also design a similar CSA for their noncustodial parents.

# NATIVE ASSET BUILDING RESOURCES AND OPPORTUNITIES

- Oklahoma Native Assets Coalition
  - Portal
  - Peer learning calls about IDAs and CSAs, etc.
  - Contact: Christy Finsel, ONAC Program Manager, cfinsel@oknativeassets.org, (405) 401-7873.
- Other supports for Native asset building coalition work are present in South Dakota (Lakota Funds).
- There might also be supports for such efforts in Michigan (through First Nations Development Institute and Kellogg Foundation).
- Other asset building coalitions that could include Native communities: in Texas (RAISE Texas), in Illinois (possibly for urban Native communities in Chicago, Heartland Alliance), in Louisiana (Southern Regional Asset Building Coalition), and in New Mexico (Prosperity Works).

# EXAMPLES OF ADDITIONAL ASSET BUILDING SUPPORTS

- Credit Builders Alliance
- First Nations Development Institute
- First Nations Oweesta Corporation
- Consumer Credit Counseling Services
- Foundations
- Native Community Development Financial Institutions (CDFI) Network ~

Christy Finsel, January 21, 2011.

## EXAMPLES OF ASSET BUILDING SUPPORTS, CONTINUED

- Native Earned Income Tax Credit (EITC) Network, to join, email Patsy Schramm (Cherokee) at: [edgpj@aol.com](mailto:edgpj@aol.com). In your email subject line, please note the Native EITC Network.
- CFED, 2012 Assets Learning Conference, September 19-21, Washington DC. ~

Christy Finsel, January 21, 2011.

# THANK YOU FOR YOUR TIME AND PARTICIPATION

If you have follow-up questions from today's session, please be in touch with your regional TANF contacts.