



## **Cohort for May 2016 Application Deadline**

**Session 1 – Funders, Financial Institutions, and Other Partners**

**March 24, 2016**

Anamita: As mentioned today, session is funders, financial institutions and other partners. If you do have any initial questions or soft about that I could answer in relation to that topic, I'm happy to get started there. Otherwise, I do have a few kind of questions that I can throw at you as well just to see if we can get things started. With that, I'll see if anyone has initial questions.

Really, we had just kicked things off and so if anyone has some initial questions that they have. Today's session is funders, financial institutions and partners. I'm here to really just kind of get a discussion started around who your funding partners are, what are the financial institutions that you're already working with, what are those relationships, how are those relationships developing and if you have any questions around that.

Daphne: I thought there would be some examples or some information in terms of how to go about doing that?

Anamita: So the intensive coaching course – they're really just for people that are already did kind of in the process of designing their program and something in application. We do have some prerecorded webinars which would probably better address that on our website so I can definitely send that to you but just to kind of generally answer in terms of ways to go about it. If you are familiar with that but they ask you program, there's a non-federal funding match component that you have to raise for the federal amount that you're requesting. There are a lot of common funding sources that people use. But that I'd actually like to ask, can any of our previous awardees could share who they have seen success less in terms of raising that non-federal match.

Jaime, IA Credit Union Foundation: We had been awarded 2 AFI grants in the past and one very strong source of funding that's been pretty consistent is our local united way. We fall in to the income portion of their funding priorities and have had a great relationship with them. So United Way has been one. The other state-wide partner we'd have meet success with is state funding and that really has gone up and down depending on the political sort of make-up of that year but I would say the most consistent from their united way for us and our AFI program.

Bryan, IN Housing Community Development Authority: We actually have our program funded by the State. It's written in our State budget each year and that's where we get the match for the AFI funds.

Leo: In our first submission, we partner with our Community College to actually be the funding partner and they're going to be utilizing resources that are part of their scholarship resources with the goal of being able to match scholarship money. So are we still in a position to be able to partner with Community Colleges?

Anamita: Yes, I mean if that's what has worked for you in the past. You can partner with Community Colleges – that is a model that we've seen a lot of other grants used and so I definitely would say I recommend revisiting that partnership and just kind of moving on from there. Where there any challenges that you experienced at all with that relationship or was it just pretty easy to set up the first time around?

Leo: No, we initially began having a conversation because of a webinar that I went on. Specifically focusing on this being a model that you were looking at and so when I went on the webinar and saw it as the model, that's what made me approach our Community College and to have them look at it as a way to help students and parents who ultimately are going to the Community College.

Elizabeth: For many years, our local united way applied for the AFI grant and our programs were recipients under United Way. They decided not to apply so we don't have an identified source here in this state. Financial institution partners have said that they do not want to partner their provide dollars for the fund but they don't want to serve as the financial intermediary.

Anamita: They're providing in the match but then they're not going to help out with managing the idea accounts, just to clarify what you said.

Elizabeth: Yes, they said that they consider providing the match dollars but they do not want to serve as the account holders so we did not apply last time.

Anamita: You are allowed actually, can have multiple financial institution partners. That's fine if they want to provide the match, you can always work with another partner. But again with doing that, you would have to have another MOU in place.

Elizabeth: We've approached 7 different financial institutions, various banks and they've all said no to be the intermediary but they will consider though the match dollars. They said the way programs are set up is not convenient for the banks to open the accounts anymore. That they have to have a separate type of account and most of the large banks, the national banks and the state banks, won't do it anymore because it's not convenient and that I should express that on these calls to see if there's another way or another type of institution they can hold the account.

Anamita: We have seen a lot of other grant to use that work with local institutions, not so much and we have I think there is a little more success. Some people have less success with local banks or low income designated credit unions.

Jamie, IA Credit Union Foundation: Our model in Iowa is a network model working with 26 credit union partners. We found in other funded AFI grantees in Iowa that working with locally owned mall or financial institution were their aim and their mission is really to serve the member had been really a strong success. We have some community banks as well who have been able to participate not in our program but in other AFI funded program in Iowa and the feedback that we heard from the financial institutions is that it's more manageable when they have community-based approach. And certainly, if there's any connections that I can help you make with your local credit union, I would be happy to assist with that if I'm able.

Anamita: Some relationships in the work with United Way and some other local philanthropists is often one of the common sources or several match that we've seen where we usually direct people to. Again,

as you can hear from some of the other conversations, it varies by region and so we definitely see in some people have some great success with local partnerships and I would really encourage you to do that because it's definitely easy to articulate or make the case for how you can support local communities by going to local charities. They already kind of know the message in the mission usually so I definitely recommend going down that path.

Wilson: I'd like to raise the issue about the structuring of the funding and revenue when it comes in because where given the 5-year grants and when we first started doing this, we thought we would come up with basically 5 years of the same funding every year because that was how it was available from our funding sources. And it took as a while to adjust and realize that there was a better way to structure funding so now we're fronting over the funding in the first 2 years and then doing a new grant application every 2 years. So I don't know if that's something that people thought about and how that works.

Anamita: Usually, what we've seen workout budget wise is that there's 3 and 4 tended where you use the most funding because that's where you're paying out the ID account.

Wilson: Well, that's where you spend the money. Remember you have to turn the money to the bank before you write a plan. The revenue has to come first and it needs to be there for the first 2 years so when we first did this, we knew for example that we might have funding sources that can give us \$100,000 a year but they couldn't give us \$500,000 at the beginning of the 5 years. And so we structured our grant that way - \$100,000 to be coming in each year and as mentioned the last 2 years, we were having the right this very short savings plans where people could only save for 6 months or so and try to save for a small goal. It took us a while to realize that it didn't have to be done that way. And we did not have to change the way our funding partners were giving us the money. They're still giving us \$100,000 a year but now we're only using the first 2 years in a particular grant and then the next 2 years we use another grant and start the 5 years point. At a given point, we may have 2-3 overlapping grants.

Collette: Is this saying that there are a \$100,000 given every year of a 5-year grant? Can you elaborate on that a little bit?

Wilson: Sure. Let's say for example, I have one local funder who's going to give \$100,000 a year and they're solid they want to do that and be responsible for \$100,000 each year at that same amount. If I wrote a grant for 5 years and just counted them for each year, I can do the local math for \$500,000. But then it means that money is coming in and there's 3, 4 and 5 when I don't have as much time for the people to save and utilize that money so instead, I will write a grant that uses only the first 2 years of that commitment so it's a grant for \$200,000 (of local math). And then after 2 years, I still have the same funder providing \$100,000 a year but now that 3<sup>rd</sup> and 4<sup>th</sup> year are on the second grant and that grant is another \$200,000 request. And so we start a new 5-year cycle every 2 years.

Amy, Williamsport Salvation Army: We have an AFI grant couple of years ago that run out. It was successful and we're applying for another one now. We had submitted and got some feedback that we're trying to sort of correct for an ex-proposal that's coming up due. One question that we had was about the memorandum of understanding – about how many MOU should we have. We do have 2 in place for the 2 banks we're working with but how many in general should we have?

Anamita: I would say any serious partner that you have that's going to be providing some sort of service to your clients, you should have an MRN (Memorandum of Understanding) in place with them that you have include in the application package in the I think, piled to in kind of appendices that you'd refer to in the application.

Amy, Williamsport Salvation Army: Before when we applied, you had a website that we worked with. Is there any like sample that we can use?

Anamita: I don't believe reporting system is offered anymore until right now. There are some that we suggest maybe you take a look at but we can't really endorse anything.

Amy, Williamsport Salvation Army: Is there any sort of database you're currently working with once you get the AFI grant?

Anamita: No, not at this time.

Lucia: Do you have a document or resource that we can go to clear more about building capital with your funding?

Anamita: The research that we do have available, there is another webinar that we do where we talk a little over a depth about fund raising so I can definitely assure that. Basically the webinar covers other strategies that grant you the views and found to be successful.

Collette: We are approaching a financial institution for our match and for our account. These webinars have learned about the community re-investment act and how working with community re-investment act can be an aid to banks as well. I'm just wondering if anyone has had any success with using that as part of their pitch.

Wilson: I can address some of that. We talked with a number of banks that love the CRA angle at a local level and you'll get someone from that department who's very interested in doing any kind of RDA program. But the problem you have is when it goes up to corporate ladder to create a product then you start getting other people in the bank involved who start raising questions and sometimes the initial receptiveness fades quickly. We have this problem for example with Wells Fargo where we have locals here who's very interested but once it got up to corporate out in Colorado or somewhere, suddenly they weren't interested in doing our program anymore because it was 2-inch work for them to create this product. So I think you have to use it here before they realize they have other issues going on with their bank and you have to think about how it's going to be convenient for them because the bottom line, for almost these institutions, this doesn't work for them.

Anamita: I have not heard of online bank as an option that people use. I can definitely follow up on that and see what we have in terms of if we see anyone who uses that. I said it hasn't come to mind to me as something I've heard of other people are using. Before I give you a concrete answer on that, I actually want to check the AFI legislation to see if there's any other information about that.

Mora: We're at CDFI and we often get grants that have a match component and in the past, we've been able to use retained earnings. For match as a non- federal money source, can I do that here?

Anamita: That's one of those things I would want to double check with AFI legislation. I don't see that being an issue, that won't be a limitation. Essentially, it's an earned income on some other accounts that you have?

Mora: Yes, earned income from loan interest or we have incubator spaces for tenants that pay rent.

Anamita: So technically, the funding would be money just from your organization then?

Mora: Correct. We use that successfully with CDFI grants as CDFI match because it's the same kind of restrictions where you can't use federal funds for the match.

Anamita: You probably would be fine to use that. Just make sure that you are documenting it appropriately. This funding has pretty strict guidelines about how you document the source of funding so just making sure that you point out that it's set aside for this grant specifically would be the key point here.

Amy, Williamsport Salvation Army: Question about the memorandum of understanding. What specifically should we be telling them that we would like in that memorandum?

Anamita: You would probably want to have whatever is the time period of the commitment – you probably want to make sure that is documented, the frequency. I would think just whatever kind of communication that needs to be outlined for that – the duration, the frequency.

John, Mississippi State University: We have agencies willing to be a referral source to offer no calls services to our AFI participants. You would suggest using that MOU on that particular partners as well? We would be referring to them.

Anamita: They're providing services to your clients? So yeah, you would definitely want to have an MOU in place with them outlining that relationship, how often or for how long, and just what are the protocols around doing that. I would definitely want to stress that if there any partnerships that you have with organizations that are either providing one of the key program requirements, that's either the financial literacy training or the asset specific training. You want to make sure you have MOUs with them in place and that the MOUs cover the grant project period or reference the project period for which you are applying. I just really kind of emphasize that because as competition has increased with the grant application, the review committees are definitely being more strict so whatever you can do to make sure that your application is absolutely strong and water tight, I would encourage you to do that. MOUs included.

Molly: Does anyone have experience with Community Colleges and how that works setting up the asset specific requirements there in the MOU?

Risa: We have a really good relationship with our Community College and we actually did a contract with them saying that we will provide some services, they will provide space and it worked out better than doing an MOU. There was some nominal amount in the contract but for some reason it just went over better in getting it done and actually getting the relationship started rather than doing the MOU.

Collette, Catholic Charities: I was wondering about we have people come to us for their IDAs and we don't necessarily know what school they're going to go to with that IDA money. For our asset specific training, we usually send them to the school they plan to attend to receive accurate end of the situation

information. About the financial aid there and the procedures of that school, does anyone have any experience with working with that kind of like broad range of schools and their state or community?

John, Mississippi State University: While we haven't worked with other institutions, I can tell you that our financial aid office would be very happy to meet with an individual to help explain financial aid process here on a one to one basis as well as some universities offers specialized financial literacy trainings or seminars but I'm sure that would be unique to each institutions. Probably developing those good relationships would be key finding someone especially in financial aid department. Some schools have a financial wellness. They have a wellness center for their students as a housing agency for their financial literacy program and if the school does has something like that, that might be another good connection.

Jamie, IA Credit Union Foundation: Another suggestion for you would be to visit [montanacreditunions.coop](http://montanacreditunions.coop). They are an AFI grantee and they operate their AFI IDA program specifically with their state higher education and community colleges. I had a call with their executive director recently and they are more than willing to provide guidance on how they set up their model because they're working with multiple educational institutions in Montana and they receive multiple IDA AFI grants as well so they're going to be a good resource for you.

Rose Mary, Foothills United Way: What we found works well also on the educational side where asset specific education is working with educational opportunity center and they can provide perhaps a greater perspective in a specific financial councilor within the educational setting.

John, Mississippi State University: We've met with one bank and again, being a regional bank, they didn't have an account that would have all the qualifications that we would need to set up AFI account that we would have some management over as well. Is there a particular way that some of you may have worked with banks a way that you've been able to describe parent account and sub accounts to perspective financial institutions to help them understand what that it looks like.

Anamita: We often describe them as custodial account. Can you expound on your question? Was there any other specific kind of pushback that you got from the bank or is it they just currently don't offer any kind product that's similar at all?

John, Mississippi State University: They said that they couldn't really make it match with one of their existing products where we as an institution would have the control on the account while the individual would still be able to deposit funds and receive a statement. That they wouldn't have the ability to just walk in anytime of the day and withdraw the money.

Rose Mary, Foothills United Way: The type of accounts that we have established are custodial savings accounts, this is how we refer to them. But the account relationship is specifically SPO third party and so we receive the statements and it's, the program that actually forwards the statements to the participants, and it's agreed that the participants, because of the type of account it is, do not have access to walk into the bank and it specifically explain to the participants that all requests need to go thru their program. So if they do attempt to take out funds, that's against to the program guidelines.

Leon, Park County: We've had meetings in the past with the financial institutions where we had to just sit down and go through all the details of the product characteristics and requirements and we had to meet specifically with people in the bank who have the ability to develop products so it's not enough

just to meet with the CRA person, you going to meet with the people who and produce that product in the bank and knows how those transactions function on their computer and how they encode it and how they get processed. And you may have to have one or two meetings with somebody and this doesn't have to be done before you do the grant but at some point, you have to nail down all those details.

Anamita: Is that something that's also outlined in the MOU that you have with the bank?

Leon, Park County: We don't have an MOU with the bank. We have a contract between our sub-grantee and the bank because the sub-grantees are the actual custodian with the bank. It's very difficult to do MOUs in advance of a grant. Other organizations don't want to use MOUs if they don't have a grant yet. So they'll give you a letter of support or something and our organization too work for county government and it generally takes several months to get an MOU or contract approved. So it's very difficult doing that as a part of a grant application. And we probably wouldn't be able to do it except we already have these grants so we have the agreements because we have the grants already in place. But I think it's a very difficult process if you're the first time applying and trying to come up with the MOUs and contracts with all these partners.

Anamita: We definitely know how difficult it is which is why we definitely encourage to do and also outline and just putting down early on and hammering out a lot of those details with your partners. We can definitely appreciate that that would definitely take a good amount of relationship building and trust building to then have them commit to an MOU. And where possible, please do make sure that you do have the time and set aside resources to do that because they are strictly reviewing grants. You know, I'd hate for missing MOU be the one thing that is why you were not able to get an award.

The next session we'll have is going to be on April 7<sup>th</sup> and there will be talking about project design and organizational capacity so that session will kind of really be focused on what it's like to design a project that's likely to help your clients in achieving economic self-efficiency, ways to articulate that project, then we'll talk about how that projects can be viable in the location that you're serving. And then also, we'll talk about who's the staff that you're going to be using, how you're going to be using them, your partner's capacity to serve your clients and just kind of general management.

John, Mississippi State University: I had talked to another AFI grantee that has the same program as that of the State University. They said that they chose not to get interest bearing accounts at their financial institutions. Have you heard of that or do you think that there would be some benefit to making sure that the applicants earn the interest outside of the match. Do you have any thoughts for that?

Anamita: I haven't heard either way in terms of whether people choose to opt out of that or whether they choose to go with it. There are some alliance on how you can use that or have to put that interest on the interest bearing accounts in the AFI legislation. So if you want I can follow up and ensure that information if it helps you make the decision either way.

John, Mississippi State University: And their only explanation was the fact that they felt the financial institution would look more favorably at the partnership. In our thought was that the current application may make look better if we're giving the interest earned to the AFI participant.

Anamita: I want to make sure I double check the legislation and check if legislation does say that it will go to the participants. While that may be a minor detour in the whole application package, I don't think it will hurt them. I don't think it's a bad idea but again, I will stick and follow up with you.

John, Mississippi State University: We will give the interest to the participant as long as there's not a problem with that.