

# Kentucky Domestic Violence Association Economic Empowerment Project

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ASSET-BUILDING OPPORTUNITIES  
FOR SURVIVORS OF DOMESTIC VIOLENCE

Mary O'Doherty  
Economic Justice Project Director

# Meet Christie Bailey



Methamphetamine addict five years ago

Tax-paying home owner today

# Economic justice components

Free Credit Reports

Credit Building

Individual Development Accounts (IDAs)

Car IDAs

Microloan Program

Free Tax Preparation and EITC Outreach

Bankruptcy Counseling

# Economic Abuse

- Examples:
  - Lack of access to financial resources
  - Damage to credit
  - Debt accumulation
  - Identity theft and fraud
  
- Economic dependency is a key predictor of the decision to remain, leave, or return to abusive relationship.
  
- Leaving an abusive relationship is a process, not an event.

# Unusual funding structure for a Domestic violence coalition

- KDVA administers \$7.6 million in state and federal funds.
- Federal funding flows through 15 area development districts.
- 120 counties: Each county is in a KDVA service area.
- Good platform for an AFI network project

# Domestic violence programs have statewide coverage in Kentucky



## Kentucky's Domestic Violence Programs

### A. Ashland

Safe Harbor/FIVCO  
1-800-926-2150

### B. Bowling Green

Barren River Area Safe Space  
1-800-928-1183

### C. Elizabethtown

SpringHaven, inc  
1-800-767-5838

### D. Hazard

LKLP Safe House  
1-800-928-3131

### E. Hopkinsville

Sanctuary, Inc  
1-800-766-0000

### F. Lexington

Bluegrass Domestic Violence  
Program  
1-800-544-2022

### G. Louisville

The Center for Women and  
Families  
1-877-803-7577

### H. Maysville

Women's Crisis Center  
1-800-928-6708

### I. Morehead

DOVES of Gateway  
1-800-221-4361

### J. Mount Vernon

Family Life Abuse Center  
1-800-755-5348

### K. Northern Kentucky

Women's Crisis Center  
1-800-928-3335

### L. Owensboro

OASIS  
1-800-882-2873

### M. Paducah

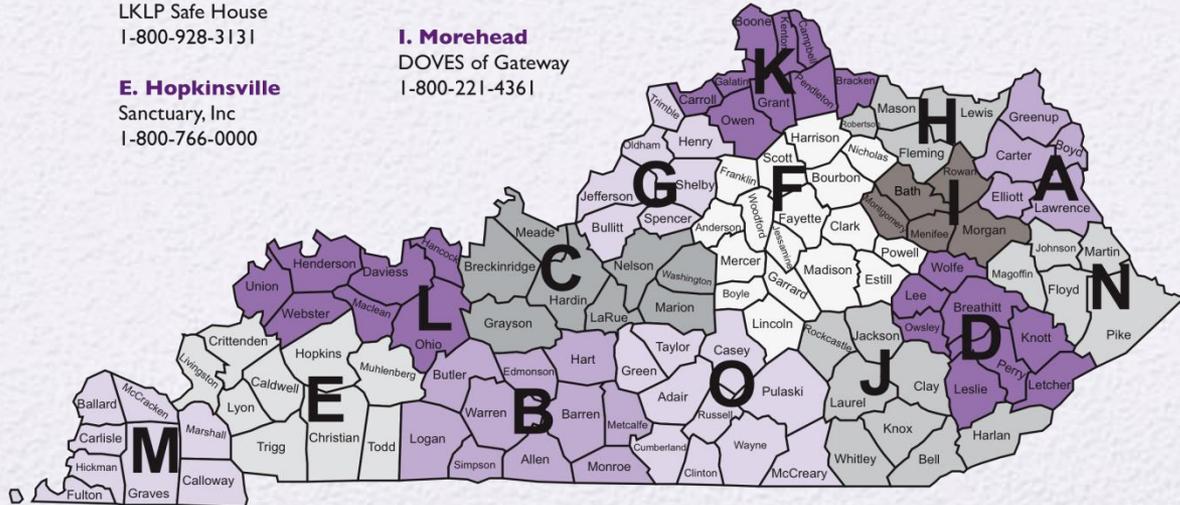
Merryman House  
1-800-585-2686

### N. Prestonsburg

Sandy Valley Abuse Center  
1-800-649-6605

### O. Somerset

Bethany House Abuse  
Shelter, Inc  
1-800-755-2017



# Asset building: Behavioral & Aspirational Effects

- Increased self-confidence
- Decreased feelings of isolation
- Hopeful attitude about future

# IDAs: How they work

- Participation in financial education is required
- Income qualifications
- Match amount -- 2:1 is typical
- 3 years to save
- Earned income required for AFI funded programs

# KDVA's IDA program

- Began in 2004
- 181 accounts (320 in pre-IDA program)
- So far 161 participants have purchased assets
  - 85 home owners
  - 6 small businesses capitalized
  - 70 post-secondary education

# IDA participants saved...

- Total Participant Savings: \$295,996
- Total Match Earned: \$591,992
- Total Spent on Assets: \$887,988

# Financial education

- Credit report pulled when account is opened provides framework for one-on-one economic advocacy
- Year 1: monthly meetings
- Year 2 & 3: can meet quarterly
- Big focus on homeownership and increasing credit scores.

# Financial education with an emphasis on safety

- REAP Curriculum : Realizing Your Economic Action Plan
  - Developed by Redevelopment Opportunities for Women in St. Louis
  - Seeks to reduce self blame, examine feelings and values about money, examine economic abuse and create an environment of empowerment.
  - To create a realistic budget. Pay down debts, examine spending leaks, set financial goals and find creative strategies to patch income.

# Financial education cont'd.

- Allstate Foundation's "Moving Ahead Through Financial Management"
- NeighborWorks America "Credit Counseling for Maximum Results"



# Christy Bailey, homeowner



**Five years before she bought this home, Christy Bailey was a methamphetamine addict, married to an abusive husband and homeless. She hit bottom when she lost custody of her three children. Today Christy and her five-year-old daughter, Serenity, live in their own three bedroom home in Owensboro, Kentucky.**

# Meet our first homeowner



**Andrea Langefeld: “The IDA program is a great program, but it is something that you have to work for. You have to have ambition.”**

# Andrea Langefeld, homeowner



# Making it safe for survivors of intimate partner violence

- Most participants have left their abusers
- Wait until after divorce or bankruptcy proceedings are finished
- Accounts are custodial
- Accounts can be set up at safe address
  - Post office box, agency address, safe family member, or friend

# IDA account operations

- Savings plan agreements
- Survivor-centered policies
- Benefits of allowing eligible staff to enroll
- Monthly statements that show match

# Myriam Ibanez, homeowner



Myriam Ibanez moved her family from an apartment in public housing to a three-bedroom frame home three years after opening her IDA.

# Caseworkers helped Myriam find the confidence to get a better job



Myriam was working part-time at a day care center when she enrolled in the IDA Program. She got a CNA certification and found a higher paying full-time job. Her income meant that she could afford this home in Bowling, Green, Kentucky.

# Intensive case management

- Deposits -- avg. \$20-\$40
- Getting clients to the bank
- Making deposits for clients
- Mailing deposits/direct deposit
- Emergency withdrawals
- Leave of absence
- IDA emergency fund

# Credit as an asset

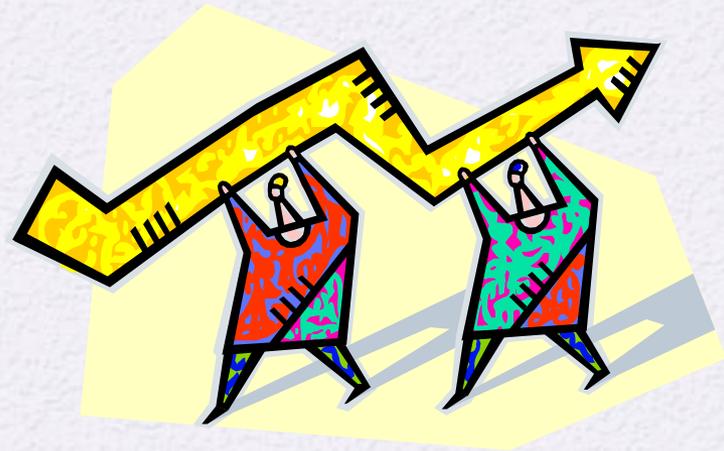
- Credit score = financial resume
- Good scores gives survivors access to jobs and rental housing
- People with good credit ratings will pay \$250,000 less in interest over lifetimes
- To improve scores participants must use credit wisely

# Micro loan program

- Loans of \$200-\$2,000 repaid over 12 months
- KDVA reports payments to credit bureaus
- Loans secured with IDAs
- 58 micro loans
  - -- 36 repaid by clients
  - -- 3 paid off with IDA funds

# Results

- 27 survivors increased scores by 50 points or more
- 3 survivors increased their scores by more than 100 points
- 12 survivors established credit scores



# Sharon Hays



Sharon Hays could not see the way out of her abusive marriage. Two years ago, with the help of our Lexington program, she found the will to leave her husband. The IDA program has helped Sharon go back to college, and with the help of her credit coach, Sharon raised her credit score by 134 points.

# IDA emergency fund

- More than \$30,000 spent since 2004
- To pre-empt missed deposits
- Funded with interest earned on IDA master account and private grants, donations.
- Utility bills, rent, security deposits, car repairs
- Builds loyalty among participants

# Earned Income Tax Credit

- Government's largest, best-funded anti-poverty program
- Created in 1970s, expanded by Reagan, Bush, and Clinton, with strong bipartisan support
- President Obama recently expanded the credit
  - Includes a third qualifying child
  - Added two new rules to the definition of qualifying child
- Taxes must be filed to receive the credit
- EITC lifted 5 million above the poverty line by returning more than \$40 billion in 2007

# Tax time=opportunity

- EITC is responsible for the largest one-time infusion of cash each year for low-income, working families
- Tax season is already a time of intense financial planning for most low-income families
- IDA participants can triple their savings



# KASI Results

- Served 10,252 families this year
- About 4,000 claimed the EITC
- \$13.3 million in tax returns
- Saved each family an average of \$239 in tax-filing fees

# EITC & IDAs

- Raise awareness about predatory nature of high-interest refund-anticipation loans
- In first year, EITC refund typically used to pay debt/repair credit
- In second/third year, clients more likely to save a portion of refund in IDA account

# Asset purchase

- Check that mortgage terms are not predatory
- Check sent directly to college, mortgage company, small business vendors
- Home purchase checklist
- Documents terms of mortgage
- Compares mortgage payment to rent payment
- Down payment assistance

# Car IDAs

- Transportation a major obstacle to self-sufficiency
- IDA matches participant's savings 1:1
  - Participant saves \$2,000 and earns \$2,000 in matched funds for a total of \$4,000
- Six months to two-year program
- Earned income not required
- Stepping stone to opening a Classic (AFI-funded) IDA

# First car purchase



Kathleen Simms, Maysville, Ky.

# Car IDA update

- 49 car IDAs opened since December 2009
- 5 cars purchased

# Economic Empowerment in Eastern Kentucky

- In Fall 2009, KDVA added a staffer to focus on economic empowerment in Eastern Kentucky.
- Priorities:
  - Increase awareness of and participation in IDA programs
  - Partnership development

# Challenges

- Getting case workers to focus on clients' long-term needs vs. immediate needs
- Getting programs to devote staff time for self-sufficiency work
- Recruitment/account-opening strategies

# Challenges, cont'd.

- Staff
- Sustainability
  - IDA emergency fund
  - Holiday gift cards/back-to-school gift cards

# Many funding sources

Operations:

HUD homeless money -- stimulus package

Kentucky Housing Corporation

IRS grant (tax preparation sites) and OCS asset-building EITC grant

Corporate and private grants

VISTA and AmeriCorps members vital

# Funding, continued

For federal match:

- Kentucky Housing Corporation, state housing finance agency
- Banks

# Don't Reinvent the Wheel! Partner w/ existing Community Development Organizations

- Extension services or community action agencies
  - Financial Education & Credit Counseling
- HUD-funded home ownership assistance agencies
  - Financial Education & Credit Counseling
  - Home ownership classes & down-payment assistance
- Small business development centers
  - Micro-enterprise education classes
  - Help with writing business plans

“I own a real house!”



Tammy Eidson and her sons at their home in Ashland, Kentucky



# Questions, Comments??



**For more information...**

**Mary O'Doherty**

**Kentucky Domestic Violence Association**

**[modoherty@kdva.org](mailto:modoherty@kdva.org)**

**502 209-7856**