



Region VI Family Strengthening Summit
IDA Workshop
January 18, 2011



- **RAISE Texas' mission is to advance policies and programs that foster financial success and economic stability for all Texans.**
- We support and expand asset-building activities in Texas, with a focus on low- and moderate-income areas and populations.



What are IDAs?

- Individual Development Accounts are special matched-savings accounts for low- and moderate-income families that help increase families' economic opportunity through their purchase of an asset.
- While in the program, IDA participants establish a consistent pattern of savings and must attend financial education and asset-specific education classes.
- A consistent pattern of savings is at least 6 months of consecutive monthly deposits saved in the IDA account.



Deposits are Matched

- These deposits are then matched by the organization and are put directly towards the asset purchase.
- The match money can come from private (i.e. financial institutions, corporations, foundations) and/or public sources (local, state, and federal government). Match rates and the maximum amount of savings matched vary by program.



History of IDAs

- The initial idea for IDAs came with publication of “Assets and the Poor” by Michael Sherraden in 1991.
- The first programs were started in the early 1990s by community-based groups.
- IDAs were included in the federal welfare reform bill of 1996. It allows states to include IDAs in their TANF plans.
- The federal government passed the Assets for Independence Act (AFIA) in 1998. Initial funding was \$10 million and has been \$25 million each year since 2001.



IDAs Demonstrate Savings

- IDAs have shown that given the right products and public policy low-income people can save and save for a long-term asset.



IDAs in Texas

- IDAs are delivered by mostly community-based organizations (i.e. United Ways, community action agencies, CDCs, CDFIs, YWCA, local non-profits)
- Some are part of a stand alone program and others as part of a comprehensive asset-building strategy.
- There are currently 15 active Texas IDA programs in: Houston, Bryan/College Station, Austin, Dallas, San Antonio, Brownsville, El Paso, Odessa, Midland, Coleman, Waco, and Abilene.



AFI and Matched Money

- The non-federal match comes from a number of different sources depending on location. Non-federal funders have included foundations, local United Ways, a number of different financial institutions, local government and state government.



IDAs to Date in Texas

- Preliminary figures from the RAISE Texas IDA Report coming out in January 2011 reveals that there are currently over 1,400 people saving to purchase an asset and have saved over \$1.5 million.
- Over 3,100 people have successfully purchased an asset: more than 1,200 homes, 680 education purchases, 220 small business purchases, and almost 950 vehicles by Texas IDA savers.



Texas IDA Results

- So far, IDA participants in Texas spent almost \$4.4 million towards their asset purchases which was matched with \$9.8 million in match money, which put \$14.2 million in savings and match funds into the Texas economy to purchase assets.



IDAs and Homeownership

- A recent national CFED study showed that IDA homebuyers compared to similar low-income homebuyers:
 - Obtained significantly preferable mortgage loan terms, with only 1.5 percent having high-interest mortgage rates, compared to 20 percent of the broader sample.
 - Were two to three times less likely to lose their homes to foreclosure.



- For more information visit the RAISE Texas website at www.raisetexas.org