Getting Started: Understanding AFI Program Rules and Regulations
Wednesday, May 16, 2012

Leigh Tivol: Good afternoon everyone, welcome to today's webinar "Getting Started: Understanding AFI Program Rules and Regulations." This webinar is the latest in an ongoing series of Tools for Success webinars that are designed for AFI grantees and sub-grantees across the country. My name is Leigh Tivol and I would like to welcome you to our conversation today.

Before we start today's presentation, I'd like to begin with a few housekeeping items.
If you're having trouble dialing in you can listen through your computer using speakers or connecting a headset to your computer.

If you're having technical difficulties such as trouble connecting to the visual portion of the webinar or any other problems, send us an e-mail and we'll send you the Power Point file as an attachment so that you can follow along. The e-mail address is webinars@cfed.org.

Today's webinar is being recorded, so you will be able to review it on demand. You will receive a follow up email in a week or two with details on how to access the recording. We will also send a copy of the PowerPoint presentation that is being used today. So you'll have that in hand as well.

We have a number of participants registered today, so your phone lines have been muted to ensure sound quality.

At any point during the webinar, if you have questions for our speakers, we encourage you to send questions at any time during this presentation by using the Questions box in your GoToWebinar Control Panel as you see on your screen. We will try to answer as many of your questions as we can during the presentation.

We realize that some of you on this call may not be AFI grantees, so we want to provide you with information about the program. The Assets for Independence Program, or AFI for short, is the largest source of funding for IDA programs nationally.

To learn more about AFI, including how to apply, visit **www.idaresources.org**

There is also an upcoming orientation webinar that may be of interest to you:

The **AFI Program Overview and Grant Application Process** will take place on Monday, May 21, 2:00 – 3:30 p.m. EDT and, again, you can register at www.idaresources.org.

Now that we've gotten those housekeeping items out of the way, I'd like to introduce Amy Shir, our friend and colleague, and an expert on IDAs and AFI. She is a longtime practitioner, advocate and friend of the field. Amy, could you introduce yourself?

Amy Shir: I want to say a big old "howdy" to everyone across the country and all of us are friends. This is going to be a friendly, informative conversation and we are so glad you're with us today. Thanks Leigh.

Leigh: Thank you Amy. My name is Leigh Tivol, I am also with the AFI Resource Center and we are providing a range of training and technical assistance to AFI grantees across the country. These Tools for Success webinars are part of the services we are providing. We are delighted to be here.

So what you signed on for for today's webinar in terms of getting started is a whole range of topics and ideas to help you make sense of the rules and regulations that govern AFI programs including all of these things you see on your screen here: participant eligibility, how to manage your finances, the structure of the IDA program and account, eligible uses of matching funds, how you report correctly back to the federal government and managing your grant and the kinds of design changes that are permissible.

One thing I want to note is that we sent in advance of this webinar a copy of the Assets for Independence legislation that governs the program. We sent that to everyone who registered. If you didn't receive that, please let us know. We recommend that you take a look and review it. Amy will be referring to it today and it's also just a handy thing to keep on your desk as a reference.

The last thing I want to mention is that we've really made this an interactive session or at least as interactive as it can be with all of you across the country. In many places, we are going to pause and do some quick instapolls that will allow you to practice what you're learning and put into play the information Amy is sharing. Without further ado, Amy let me turn I over to you.

Amy: Thanks Leigh and thank you everyone for being with us. One of the things we will do today is really trying to put this in the laypersons terms, make some of these blocks of rules and regulations really accessible for you and both Leigh and I go all over the country to visit AFI grantees all the time and a lot of scenarios come up and we'll be sharing those with you today.

One of the things that comes up a whole lot when we talk to grantees is "how do I determine whether a participant is eligible for AFI or not?" So there are three ways to determine participant eligibility. The first one is if that participant is eligible for TANF in your state they automatically qualify for AFI. Now, I say they automatically qualify for AFI but, with AFI, earned income has to be deposited into that savings account, into the IDA. So while they are automatically qualified for AFI, they have to have some earned income that they're depositing into the IDA. That deposit cannot come from government benefits sources or child support or other things. It has to be earned income. That's really important to note.

The second way is if you calculate household income and what you want to do is Google the federal poverty website for 2012 and they'll have family sizes of 1 to 8 and you multiply all those incomes by 2 and that will give you a 200% of federal poverty chart. You should make that chart and have that available for everyone recruiting your participants. You take that threshold, 200% of poverty, and if all of the workers, all of the people who are working in that household have a gross household income at 200% of poverty or less and if they have a net worth of less than 410,000 they are in. Now here's the good news about the net worth test. We have a worksheet that we can give you that shows you how to calculate that. We don't expect you to be an accountant. Two things that are not recorded in that net worth calculation are a primary residence and one vehicle. So if there is equity in that residence and even a vehicle, those two don't even go into the net worth calculation for the $10,000. So that's your second pathway, 200% of poverty or less and net worth less than $10,000 less one residence and one vehicle.

The third pathway to eligibility is, and many of you have done tremendous work this tax season at your VUTA sites and we herald that work for you and all of the people in your community, if the person checked that they are EITC eligible on their tax return, they are eligible and you don't have to do the household income calculation. You still need to do the net worth test but that is a bypass for calculating poverty. If they were EITC eligible and their net worth is less than $10,000 they're in. Those are the three pathways and remember that the difference between these two and the TANF eligibility is that if they're eligible for TANF you don't have to do the net worth calculation but you have to ensure they are depositing earned income into the IDA.

So how do you prove this? Again, we want to make this as easy as possible for you, balanced with the fact that we want to make sure that the folks you are recruiting really are eligible to participate in this program that's funded by tax payer dollars. So to verify eligibility we recommend strongly that you have the household bring you their last year's tax return and now that your recruiting after tax season, most of these folks should have a tax return in hand. This is really important, the primary reason being that it really helps you verify the number of people in that household so that if you are trying to calculate household income it will show you that, for example "yes in fact this is a single mom with two dependents, oh that's a household size of three, what is 200% of poverty for a household of 3?, oh they're under that, now let's do the net worth test." It's a good way for you to document that the household size is correct and that the household income is also correct. Now another thing that we recommend is that you request from the participant that she bring you the most recent pay stubs. Let's say the last two months' worth of pay stubs for herself and any other worker in her household in that one tax paying unit in which she lives. For those of you, and I know there are many of you that work with immigrants and refugees, I want to tell you that the legislation was written in 1998 and its been modified a little bit for purposes of putting this into practice. The household definition in the legislation that is dead on is that: you could be working for refuges or any group or family that all might be living under the same roof, you want to define the household as that group that is sharing expenses together and paying taxes together. So you may have cousins in a household or a grandmother and grandfather in a household but it's the folks that are actually sharing expenses. It's the unit that's paying taxes together and that will show on the tax return and that are paying expenses together. There may be three families under one roof and that may very well be three households for purposes of AFI. We can talk to you about that offline. So in terms of proving net worth, again we have a really nice spreadsheet that we share with our grantees and if you don't have one, call the IDA Resource Center and get it. You do exclude one residence and one vehicle. So what you do is add the liquid assets like balances in the checking account, balances in a savings account and for many of these folks they won't have any savings account; this is typically their first savings account. You add those up and subtract out any debt; credit card debt, student loans, second card loan debt, pay day loan debt. So you subtract all that out and if the net is less than $10,000, they are in. If it's a microenterprise and the person is the proprietor of that business you want to take a look at the business tax return because that is the person's income and that will show you the person's net worth as well. So the equipment of the business, if it's liquidated, could exceed $10,000 and that's why you want to look at that document as well.

Leigh: Next, we have a couple of scenarios to share with folks. But first I want to go back. We got a question that I want to pose right now and the question is; what if the applicant qualified in terms of their income, for instance they received the EITC but their income has increased since they filed their taxes?

Amy: That's a great question and we really do look at the most recent data, so if they did get a raise and if that raise then, if you calculated out for the rest of the year, exceeds the household income. Actually that's a really good question, let me rethink this. If they qualified for EITC you don't have to look at income so they would be eligible for AFI if they qualify for EITC and they have a net worth of less than $10,000. So my recommendation is that you not calculate household income if they bring you evidence that they qualified for EITC.

Leigh: That's great. I think that's exactly right. If they don't qualify for EITC and you're qualifying them based on income at 200% of poverty, you would have to take into account the most recent income information. And just to clarify, this is a question we often get, once someone qualifies for the IDA program, you don't need to re-qualify them every year. So let's say they qualify this year and next year their income goes up, they continue to qualify in those future years

Amy: And we applaud them for making a higher income, so no punitive stuff when they get a better job.

Leigh: That's right. So what we will do now is move into the first of our scenarios here that we will share with the group and then we will ask you all to participate actively and to tell us what you think. We will walk through a few examples of common scenarios you might encounter as an AFI practitioner. We will give you a chance to try out the information Amy just shared. We will walk through the scenario together then we will launch the instapoll and have you select the answer. Do carefully listen to the scenario; you may even want to jot down some notes so you have all the information you need. The scenario is this: Linda and her husband both work minimum wage jobs, they have no children and Linda earns $18,000 a year. Now the 200% of the federal poverty line of a family of two is $30,260. Linda and her husband own their own home, that home is valued at $70,000, their other assets total $5,000. So the question is; Does Linda qualify for the IDA program? We are launching the instapoll now.

Amy: By the way, this is anonymous so take your best guess.

Leigh: The options here are: A. Yes, Linda's income is below the guidelines, B. Maybe, we need more information to know for sure, or C. No, Linda owns a house worth more than $10,000. So please go ahead and click on your selection and click submit. And we will pull up the responses in a minute and I will turn it over to Amy to walk us through the answer.

So we are showing you the results. Ok so as you can see about 75% of you think that we need more information to answer this question, Amy?

Amy: Bravo, bravo. Very good. That's absolutely correct. There are two pieces of information that we could get. One would be, since we need to find out if we are calculating household income, what the husband's income is. Then we add them up and for the household size of two, we make sure that it doesn't exceed the $30,260. There is another thing we could do. We could find out whether Linda qualifies for the Earned Income Tax Credit. If she qualifies for the EITC, and they have a net worth of $5,000, she is qualified. But there is insufficient information, we need to go back and find out A. are we calculating household income?, if so what does the husband make? or B. did she qualify for EITC? Great job everyone.

Leigh: We are going to move on to a second scenario. Here we have Tiffany, she is a 16 year old high schooler and she wants to open an IDA to save for college. Now Tiffany doesn't have a formal job but she does babysitting gigs on the weekend. She lives with her 8 year old brother and mother who earns $32,000 a year. Their net worth is $8,000. We'll mention that 200% of the federal poverty line of a family of three is $38,180. So the question is, can Tiffany open an IDA?

So we will go ahead and show you the potential answers you can choose from. So the first option is "No, she is not yet 18," the second option is "No, she doesn't have earned income." The third option is "Maybe, we need more information" or the fourth option is "Yes, the household income and assets are below AFI guidelines." So take a minute and give it your best guess and then we'll turn it over to Amy to walk us through the answer.

We are closing the poll so put your best guess in now. Let's show the responses. Ok, so it's a mixed bag here. So Amy I think we gave them a tough question.

Amy: Good job everybody thinking about this. Actually, the fourth option, D, is correct and I will tell you why. There are a couple reasons: First, remember this is a five year grant so Tiffany wants to use this for post-secondary education so there are a couple ways she could qualify, one is if she deposits the earned income from her babysitting jobs on the weekends into her IDA. That would of course count as earned income. She could open an account in her name and then when she is ready to graduate from high school and go to post-secondary education, the savings and the match can be used for college. That's the first scenario; the second scenario is that a transfer to a dependent is an allowable use in AFI. So Tiffany's mother could open the IDA, she qualifies, the household income is less than the poverty guideline at 200% or less and the mother could transfer the savings and the match on behalf of Tiffany to a post-secondary educational institution when Tiffany graduates from high school. So there are a couple of ways that IDA can be opened and D, the fourth choice, is the correct answer. Thank you for being so thoughtful on that one.

Leigh: We have a question; what if Tiffany's babysitting income puts them over the $38,000 threshold? That's a possibility, if she's babysitting an awful lot. Amy, do you want to talk about documenting informal income?

Amy: So here we have a gap of $6,180 between what her mother earns and what the poverty threshold for a family of three is. So here we have a lot of documentation for informal income, so what we would want to do is get with Tiffany and maybe even talk to Tiffany's client. Maybe she babysits for a family, the same family or a group of families on the weekend and we would want to do a little calculation for the year as to what Tiffany projects she will make from babysitting. And you're absolutely right, if Tiffany's income puts them over the threshold for poverty then the household is not eligible to participate for a post-secondary education IDA for Tiffany. However, the chance that she makes over $6,000 babysitting on weekends is probably pretty slim. It's pretty hard to get that kind of money for the year. The other thing is, did her mother file for EITC? She has two dependents and it's very possible that they may be eligible because of the mother's filing for EITC.

Leigh: That's great. One other thing to clarify; although Tiffany is not 18 years old yet, by the time she would hope to use her funds, she could be 18 so you do need to be 18 to be able to use those AFI IDA funds but again, remember the AFI project is a 5 year project, so if Tiffany were to start at age 16 she could be saving for multiple years and then use her funds once she reaches age 18. So it is possible to use AFI funds for older use.

Amy: We are seeing a lot of very creative work and partnerships with high schools now; targeting high school students that are from low wealth families so that those kids that want to go to vocational school, technical school, community college, etc., they get to go if that's what they want to do. If there is a financial barrier, then that's not the reason they don't get to go to post-secondary education. So a lot of beautiful partnerships with high schools these days to do just what we're doing here for Tiffany to ensure she can afford to go to college and not have the kind of student loan debt that so many of us are burdened with these days.

Leigh: We have one more scenario in this eligibility section which is always one that generates a lot of questions. If we don't get to questions, we will do our best to cover them during the Question and Answer section. The next scenario is Ronald; he makes $35,000 a year and supports his daughter who is his qualifying child. 200% of federal poverty is $32,260. Ronald claims his daughter on his taxes and gets EITC. His net worth is $6,000. Does Ronal qualify for the IDA program?

The answers are: Option A, "No, his income exceeds the federal guidelines." Option B, "Yes, he qualifies for the EITC." Option C, "Yes, his net worth is below $10,000." Option D, "Yes, both B and C." Ok, we are going to close the poll and show the responses.

So it looks like we have some diversity of responses but a large majority are saying "Yes both B and C"; that he qualifies for EITC and his net worth is below $10,000, Amy?

Amy: Yes, that's the right answer. As you know, for a family of 4 this year qualifying for EITC was just under $50,000. So again, for all of those of you who did all that work at tax season, you have a really good feeder there with all those folks that received EITC as potential applicants for your AFI IDA program.

Leigh: Well done everybody. Now we are moving on to the next section on financial procedures.

Amy: Again, we have a lot of questions about this and what we really strongly recommend is that you have a structured memorandum of understanding (MOU) with your partner or financial institution partner. So it really ensures that the financial institution has in writing what it is going to provide to you and to the participant and its very important that you tell the financial institution partner what you're providing to the participant as well. We strongly recommend that, it's not legislated but we do find that it really does help with the flow of things and the structure of the IDA program that you have a good MOU and we have documents that you can use. There are templates you can modify at idaresources.org. The legislation does say that the individual development account needs to be a trust or a custodial account that is jointly owned by usually the grantee organization as well as the participant. And this is largely because we then receive the data every month on the savings activity and we are in close contact with the participant to ensure that the participant continues the saving. If something happens, we call the participant to make sure they stay on track. It also ensures that they are not making withdrawals form this account as you might in an emergency savings account. This is really their dream account that they want to keep saving for at least the 6 months and up to the 2 or 3 years they are in the program. For those of you that have had an Office of Refugee Resettlement IDA program, they do not require nor encourage custodial accounts because they are mainstreaming the refugees and they want them to have a regular savings account. That's the difference between those two programs. We recommend that once you receive your grant award that you go ahead and set up the Project Reserve Fund. This is a segregated bank account, usually a money market savings account with the financial institution partner that you negotiated to hold this account and in this account you deposit both your nonfederal funds, and once that cash amount of your nonfederal funds is deposited you draw down the federal funds. So it's important early on to set up this bank account. It is not to be intermingled with your general funds. It's a segregated account. Each grant that you get should have its own Project Reserve Fund.

In this account, you want to follow the 85-15 rule and this is in the legislation. It means that no more than 15% of what is in this Project Reserve Fund (PRF), and again its nonfederal and federal dollars, no more that 15 % are to be used for project administration, operation, financial education, data collection and reporting so that, at least 85% of what's in there goes directly to match your participants' dollars. When you get a grant award you get some paperwork that gives you very clear instructions on how to set up the PRF and how to draw down federal funds. We strongly encourage you that, once you set up the PRF and you put any nonfederal match in there, you immediately draw down the corresponding federal dollars. Best practice here is that you ensure that what is in that PRF covers your obligated matches to your cohort of participants. So best practice here is that, if you enroll 20 participants and you are obligating $4,000 matches for each of those 20, that you have at least this $80,000 (20 participants times 44,000 match) you have that $80,000 sitting in this Project Reserve Fund earning interest and waiting for the people in 6 months, a year or 2 to be successful. This is best practice and we strongly encourage you to do this rather than enrolling participants for whom you don't have the money sitting in the bank because then it means you have to play catch up and unfortunately sometimes our nonfederal commitments fall through and now you have people that are doing their side of the bargain; they are saving and all of a sudden you are not sure whether you are going to raise that nonfederal money for them to draw down the federal dollars. So that's best practice. If you want to talk to us further please don't hesitate to contact the AFI Resource Center or your AFI program specialist if you're a grantee.

Leigh: Next we are going to move onto another scenario to talk about some of this stuff. I should mention that in a couple minutes we will get more into the details of the Project Reserve Fund and how the federal and nonfederal matches work so standby for that. We will start with a scenario with regards to financial institution partnerships. So the scenario is that an AFI grantee has just signed a MOU with a bank that is conveniently located in the middle of the target neighborhood of the grantee. The bank has said they will offer a no fee savings account and that they will give account holder an ATM card so the participants can make deposits and withdrawals from their account anytime they want. The bank will provide monthly reporting to the AFI grantee and the bank will hold the Project Reserve Fund. So the question is: Is there anything the AFI grantee should change about the arrangement with the financial institution?

It's an easy one: "Yes or No." Does anything about this arrangement need to change? We will give you a couple seconds to think about it and then we will share the results.

So let's show the answers here. Ok, a whopping 91% of you think that there is something about this arrangement that should change. Amy, do you want to tell us what that might be?

Amy: Very good. Basically this is not the kind of account that we want easy ATM withdrawal access to. For those of you who are really doing best practice, to be honest with you, we want folks to open another savings account, say an emergency savings account or to at least start to save for emergencies so that this isn't hit for those emergencies. So that this can really go to the dreams they are saving for. We don't want ATM withdrawal access. However easy we can make it for them to deposit, whether it is in the grocery store, at the ATM machine, and you can get a card for deposits only, that's what we're looking for with the structure.

Leigh: Thank you everyone and Amy. Let's move on to a conversation about the Project Reverse Fund.

Amy: This comes up a lot. I want to apply for a $50,000 AFI grant, does that mean that I need to raise $25,000 for a $50,000 AFI grant? So the answer is No. If you apply for a $50,000 AFI grant, then you need to raise $50,000 in nonfederal funds. Not all of those nonfederal funds have to be available when you apply, or even in the first year of the grant. You need to show AFI that over the five years of the grant $50,000 is committed and that it is going to be deposited into your PRF and when that money is deposited that is when you get to draw down the corresponding dollar for dollar federal match.

This talks about match amounts. This is also different from the office or refugee resettlement program. The carrot is a bit sweeter here. We can match participant's savings from a 1 to 1 match to an 8 to 1 match. So this can be confusing. Read the legislation so you can really see what the total match is for the participant. When you match the participant's savings, a $4,000 withdrawal from your PRF can be made. That's the maximum that can be made. Now that $4,000 match is equally shared by the nonfederal $2,000 and $2,000 of federal. Now a household, you may have a couple folks in a household, say it's a mother and an adult daughter and they both want to open IDAs and they want to jointly purchase a house together. Well, you could match $4,000 from the PRF to the mother, $4,000 to the daughter so that $8,000 dollars goes as the match to their savings for the down payment and closing cost assistance for the house they can jointly own. And that's just an example. You could have a person saving for a post-secondary education in the household and a person saving for microenterprise development or housing. The key here is that not more than $8,000 from the PRF can go to the household which means that not more than $4,000 federal dollars go to the household. For the participant, not more than $4,000 goes to the household and not more than $2,000 of that total is federal. When you read the legislation, you'll see the $2,000 federal and $4,000 federal, and that you're doubling that because of the nonfederal contribution. Just remember that that's what's possible.

Leigh: That's great. If we look at the participant's level for example, the way you split up that $4,000 dollars can vary as Amy has shared. The match rates range from 1 to 1 up to 8 to 1. So for a single participant in a 1 to 1 match, they would save $4,000 dollars and you would match them with $4,000. If you want to offer at 2 to 1 match, then you tell the participant they can save $2,000 and you would match them again with that maximum of $4,000 all the way up to the 8 to 1 scenario. In that scenario they save $500 and are matched with $4,000. The match rate can change but the maximum match cannot.

Amy: Thank you. The other thing to note is that as you can increase the match rate. The participant's savings and the match lessen so what you need to look at is how much does that asset cost in your market. How much can people realistically save within the time frame you're offering them and then come up with the match rate that both makes it easier for them to save their portion but also contributes to an amount that really does allow them to purchase one of those three assets. Frankly, during this recession, I've been doing a lot of technical assistance and recommending that folks up their match rate so they don't lose participants who are having difficulty saving as long as that combined dollar amount can contribute to what they're saving for.

Leigh: We are going to move now to another scenario for everyone on the call and this has to do with the Project Reserve Fund. Here's the scenario: a grantee receives a $100,000 grant from AFI on July 1st. Over the next few months the grantee enrolls 30 IDA participants. In October, the grantee places $10,000 of nonfederal funds that they've raise into the Project Reserve Fund thereby drawing down $10,000 in federal match for a total of $20,000 in the Project Reserve Fund. So the question for our group today is: is there anything wrong with this scenario?

So your options are first, "A. No, this grantee has done everything right." Second option is, "B. Yes, there is not enough money in the PRF." Your third option is "C. Yes, the grantee should have deposited funds in the PRF first before enrolling participants." Finally, the fourth option, "D. Yes, both B and C." Please go ahead and submit your responses.

Let's share the responses. So again, there is some diversity of response but most folks think "Yes, both B and C." Amy?

Amy: Yes, that is the correct answer. So let's do the math together. If the grantee enrolls 30 IDA participants, then before they do that enrollment of the 30, if they're providing $4,000 matches to each of those 30, then $120,000 should be sitting in that Project Reserve Fund waiting for those 30 to be successful. So that is how you basically structure your recruitment schedule. If the money is in the bank, divide it by the maximum match you're providing and only recruit that number and maybe a couple more because you will have some attrition. $20,000 in the PRF is $100,000 short of what they are obligating to these 30 participants. Very good.

Leigh: Well done. We are moving on to another topic and that's about what the AFI matching funds can be used for.

Amy: This is in the legislation. The eligible uses are post-secondary educational expenses, which must all be made through an eligible educational institution and this is not terribly well spelled out in the legislation. This means that if you have folks that now need computers and that computer is a required supply for their class, that computer has to be purchased through the post-secondary educational institution. So that's number 1, tuition, fees and supplies at the educational institution.

Then you can use match for first time homebuyers; there has to have been no homeownership for the previous three years to participate. Third, you can use match funds for small business capitalization or expansion; this can be for working capital. It can be an existing business if they are eligible and want to grow their business. Or they want to start up a new business and here you would need a business plan and things like that as the legislation spells out. And finally, you can open an account to transfer to a spouse or dependent. Those are the only four uses.

Leigh: So we want to ask all of you. Which of the following is not an eligible use of AFI funds based on what Amy has just shared? Closing costs for a home, fall semester tuition and fees at a cosmetology school, a laptop for school purchased at a computer school, signs and business card for a new graphic design business or none, these are all eligible uses. So let's open the poll.

Ok so we are going to show you the responses. Alright, Amy folks are listening.

Amy: You all are a smart bunch of folks and we love you for doing this beautiful work. You're absolutely right. The laptop needs to be purchased at the school and not at a computer store so no Comp USA, Best Buys, things like that. I will tell you that there have been grantees that have worked out a relationship with the school so that it is purchased through the school and then the school may purchase the computer from a local store. But the savings and the match have got to go to the post-secondary educational institution. The thing about the cosmetology school, remember this is post-secondary education. So we are assuming the participant got a GED or graduated high school to go here. It is post-secondary but it is for technical professional schools, those kinds of things are all just fine. Good job.

Leigh: Amy, we have one question that just came in; can a small business saver use funds to buy investment property.

Amy: That's a really great question. I shouldn't be telling you that I'm thinking of JP Morgan Chase now with the hedge bet they just made but I am and the reason I'm thinking of that is if you find a scenario like this where you're not really qualified, first of all, you never provide matching funds to a small business participant for whom there is no approved business plan. So the very first answer is, in the approved business plan that was done by the SBDC partner or whoever is doing the improving of the business plan, are they agreeing that a purchase investment property is essential to the growth of this business and that the reward outweighs the risk? That's the first thing. It has to be in an approved business plan. Second, even if it's an approved business plan, this would be one where I would encourage you to call your AFI program specialist because the government is going to need to take a look at this because it is an unusual scenario, one that hasn't come up very often and they'll probably want to make a statement on that. Those would be my two answers.

Leigh: Excellent. This is a good segue into the next section which is about other information that the federal AFI office needs and has to do with reporting requirements.

Amy: So remember everyone, you are receiving a 5 year grant and even if you graduate all of your participants by year 3, you still need to do reporting through the end of the grant period which is 5 years. There are two semiannual reports for the newer grants made after 2007. Some of you may have had grants prior to that that required annual reporting. But post 2007 we have semiannual program progress reports and standard forms, 425 financial reports. All of that information is at idaresources.org. We are going to show you the link in a second.

The third report is an annual report to Congress and basically if you're using AFI squared or some other day to day system and you are putting in the applications, demographic information, we then talk to you in the Fall about providing that data to our team so that all of that gets uploaded for Congress. This is a Congressional legislation and it needs to be approved every year. So we do this annual report, and it is not highly cumbersome if you put in your database mechanism and if you've been doing the reporting all along. I would highly encourage you not to wait to do your data capturing and reporting after you've already been enrolling people because then catch up needs to happen and its crazy. Those are the reporting requirements for AFI. I recommend that whoever is going to do the reporting, go ahead, once you get your grant award date it will lay out your due dates for the life of the grant. Put them on a calendar so you can plan for putting together the reporting, submitting the reports on time and not having to get a call from AFI asking you where the reports are.

Leigh: The other reason to make sure you're capturing data, really from the very beginning of their participation, is so that you know how they are doing in the program so as a program manager you can track which participants are saving, which are struggling, which ones need support and which ones are the rising stars who you need to think about getting ready to make the asset purchase with.

We've got some information here about where to get more guidance on managing your AFI grant.

Amy: You have a lot of support for this grant and if you are an existing grantee and you don't know who your AFI program specialist is please contact the IDA Resource Center. Here is the website and toll free number and everything. In terms of managing your project and for those of you that are looking to apply and I happen to know several of you are looking to apply, go to this part of the website, this will help you. On the idaresources.org website you're going to see Topics and Tools and you want to click on Managing your Grant. And then for those of you that I was talking to about changing match rates, you can change your match rates in the course of your program here. If you have a 2:1 match rate and you want to bump it to a 4 to 1, the people don't have to save quite as much and still have enough for asset purchases. You would click on Making Changes to your AFI Project and there is a template to request a program design change and typically allowable ones are changes in the match rate and changing savings goals. Say you were really ambitious and, even though you were a homeownership counseling firm, you wanted to offer post-secondary education but to be honest your core population all want to save for homeownership, you can just put in a program design change to say this is going to be a homeownership program. That's cool. Those always get accepted. Also, you can use this if you have a change in partners. Some financial institutions get acquired or merge with other ones and you need to change the financial institution partner or a partner in the community. Say a community college partner or what not. Those are all allowable and this is where you would go to make that change. Now it's not typically allowable to say "I'm in Biloxi Mississippi and I want to recruit participants in Lansing Michigan." That kind of geography change is not allowable. So you will probably get a no on that although I would contact your AFI program specialist to find out.

Also we have just been made aware of the fact that grant transfers are not allowable any longer. So if you have another organization in your community that you want to transfer your grant too, please talk to AFI. I think what's going to be happening is that you'll close this grant and the new organization will need to apply for the grant.

Leigh: Thanks Amy. So we've asked a few questions through the course of the webinar but this takes us to the dedicated time for questions. So let's go back to the ones that came in about participant eligibility. The first was, does a 401k or other retirement accounts or life insurance count towards net worth?

Amy: To be honest, you should call your AFI program specialist on this one. I am going to stop there. Frankly, the bottom line is these are not terribly liquid savings accounts. There are penalties and we don't expect you guys to be accountants so typically this isn't going to be something you will be looking at. On the other hand, when you look at that pay stub, if you see $100,000 of a low wage worker in a 401k, it's a red flag for you to do some extra due diligence with your AFI program specialist to ensure the participant is eligible.

Leigh: Thanks Amy, we had one more question about informal employment; what documents should practitioners use to prove informal income?

Amy: That's a great question and the legislation does not specify what you use to document it, so I have seen everything. I've seen anything from a hand written calculation of what, let's say, Tiffany earns on a weekly basis and then we multiply that by the 30 weekends a year that Tiffany babysits. Then, I've seen that the grantee organization and Tiffany has the employer, like the babysitter client, sign a letter stating that this is in fact the case. It's a balancing act, we want to trust the people to report accurately but also, if people are, I used to be a waitress; you will have cash income so work with the people to give you what they make on a typical night and work with them to see what that would amount to over the course of a year. The really important thing here is that whatever it is that you do, put it in that participant's file. If you do get a monitoring site visit from AFI they will look for the documentation. They are not going to know how you calculated the eligibility so it has to be in the participant's file.

Leigh: Can an IDA program that is funded by a private foundation operate concurrently with an AFI IDA?

Amy: Absolutely, I say go for it. Layer, layer, layer. Vehicles! Everyone needs a vehicle in rural America. You could have a privately funded vehicle IDA program and then the people could be in that program and they could be in your AFI one if they're eligible. Remember, with that, your capacity is an issue here. If you're understaffed and you're running a whole bunch of different programs, just realize that you're going to need to build your capacity to manage it properly. In terms of AFI eligibility, I've seen people have an AFI grant and participate in an ORR program while participating in a private program. I also want to mention that this $4,000 maximum per person per Project Reserve Fund is per grant. So I highly encourage you, if you can secure those nonfederal resources, when you do it you can always apply for another grant and once the person has maxed out of one grant and they're still eligible, they can participate in another one.

Leigh: You've offered a nice segue to another question. This has to do when you're working with a student who has earned income. Their family is over income but the student using just his or her own income, is not. Does that student qualify?

Amy: If the student is a dependent on the tax return of the family, then that family's household income has got to be calculated. No way around it. If however, the student is filing his or her own taxes or is aging out of foster care and there isn't a family unit to consider, then you just calculate the student's income. Good question.

Leigh: It's a great question. Wave had a ton of questions coming in but we will not be able to get to all of them on this call. We do want to point you towards some places where you can get some more information. If you have general questions about the AFI program, please visit idaresources.org. Amy and Leigh's contact information is here but we also want to point you to your central resource here which is the AFI Resource Center. The folks at the AFI Resource center can answer your questions. There is a toll free number and an e-mail address. You can also ask your AFI program specialists. Also, if you are a grantee and you don't know who your program specialist is, the AFI Resource Center can certainly tell you. We really appreciate all the questions that came in, they were excellent. We appreciate the participation of everyone on the call. Before we have you leave today, we're going to ask you to respond to one last instapoll, a quick evaluation question which will show up on your screen. It will help us assess the quality of the webinar for you. Please taker a minute to submit that feedback before you sign off.

I'd like to thank Amy for her fantastic information. You're just a wealth of knowledge and we really appreciate you joining us and thank you everyone on the call for your commitment to wealth building for low income families across the country.

Amy: Thanks everyone!