



Prospective Grantee Webinar 1: Understanding the AFI Program

AFI Resource Center

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During this Webinar

- ▶ The webinar is being recorded and will be available on our website along with the presentation
- ▶ All participants have been muted to ensure sound quality
- ▶ If you have any questions before/ during Q&A:
 1. Go to the Q&A panel on the right-hand side
 2. Type in your question
 3. Click “Send”
- ▶ To request a copy of the slides, contact the AFI Resource Center: info@IDAresources.org or call 1-866-778-6037



Assets for Independence (AFI) Program

- ▶ Assets for Independence (AFI) is a discretionary grant program administered by the Office of Community Services (OCS) in the Administration for Children and Families (ACF).
- ▶ Administration for Children and Families (ACF)
 - Part of the US Department of Health & Human Services.
 - One of the key *human services* agencies within HHS.
 - Promotes the economic and social well-being of families, children, individuals and communities.
 - Responsible for funding many programs and services, including Head Start, child care, child welfare, child support, LIHEAP, family violence prevention, TANF, CSBG, and refugee services.

Assets for Independence (AFI) Program

- ▶ AFI was created by Congress in 1998 to demonstrate and support an assets-based approach for increasing the economic self-sufficiency of low-income individuals and families.
- ▶ What is asset building?
Supporting the acquisition of assets (both tangible, such as a home, and intangible, such as education) that can increase opportunities, build wealth, and increase economic stability.
 - Income-support strategies, such as cash assistance and SNAP (food stamps), act as a safety net.
 - Asset-building strategies act as a ladder.



Assets for Independence (AFI) Program

- ▶ AFI funds projects that provide Individual Development Accounts (IDAs) and related services to low-income people.
 - IDAs are matched savings accounts with a specific goal: purchasing an asset.
 - AFI IDAs may be used for:
 - To purchase a first home,
 - To capitalize a business, or
 - To fund post-secondary education or training.

Which entities are eligible for AFI grants?

- ▶ AFI is authorized to award grants to the following entities:
 - Non-profit entities with 501(c)(3) status;
 - State or local government agencies, or tribal governments, applying jointly with a non-profit with 501(c)(3) status;
 - Financial institutions that are federally certified as either a Low-Income Credit Union or a Community Development Financial Institution and that demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty.
 - Entities deemed eligible under Section 405(g) of the AFI Act [the grandfather clause], specifically state agencies in Indiana and Pennsylvania.

AFI Award Information

- ▶ AFI is a discretionary grant program.
 - Competitively awarded; typically more than one competition per fiscal year.
 - Program is implemented by grantees.
 - Organizations can have more than one AFI grant at a time.
- ▶ In FY 2014, AFI was appropriated \$19 million.
 - Approximately \$10 million was awarded as grants.
 - Total of 44 grant awards were made.
- ▶ General grant information:
 - Maximum award: \$1,000,000.
 - Minimum award: \$10,000.
 - Grants have a 5 year period.
 - Full funding is available upon award.

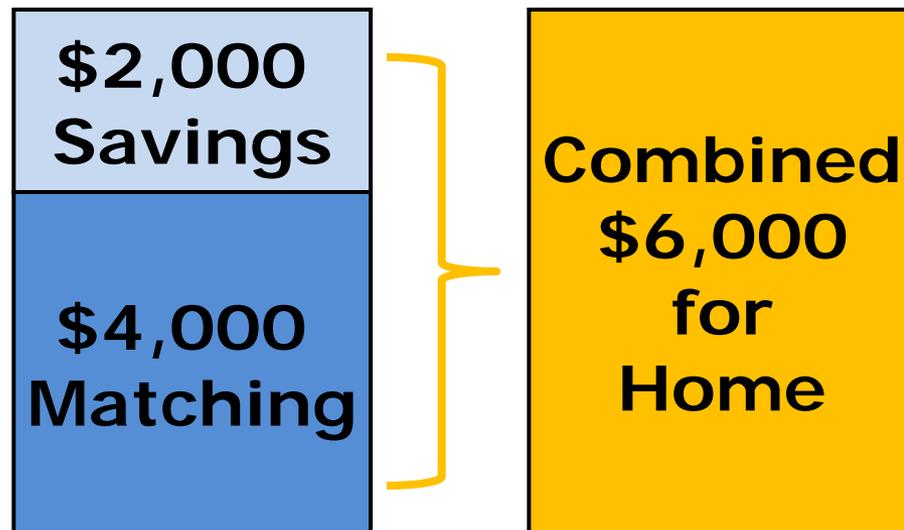


AFI

How AFI Works

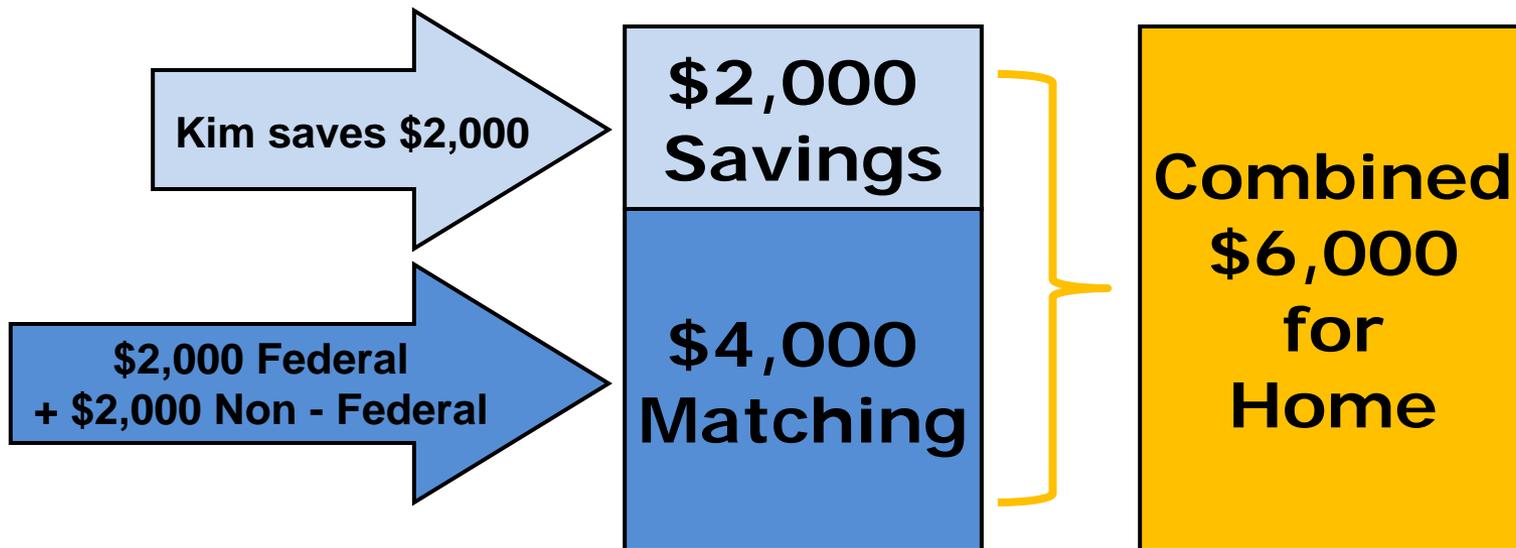
How AFI Works: A Participant's Perspective

- ▶ Kim would like to purchase her first home.
- ▶ An AFI grantee in her community determines that she is eligible and Kim opens her IDA.
- ▶ The AFI grantee matches Kim's savings at a rate of \$2 for every \$1.



How AFI Works: A Participant's Perspective

- ▶ For 3 years, Kim saves \$55 per month of her earned income, working towards a goal of \$2,000 in her IDA.
- ▶ During this time, she receives tax prep assistance, financial education, and homeownership preparation from the AFI grantee and its partners.
- ▶ Kim saves \$2,000 and purchases her home using her savings plus \$4,000 from the AFI grantee (\$2,000 federal/\$2,000 non-federal).



Who can participate in an AFI project?

1. Any individual who is a member of a household that is eligible for assistance under their state's Temporary Assistance for Needy Families (TANF) program.

OR

2. Any individual who is a member of a household that meets both of the following requirements:
 - Income Test - Adjusted gross income of the household is equal to or less than 200 percent of the federal poverty guidelines or the earned income tax credit limits.
 - Net Worth Test - Net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed \$10,000 (excluding value of the primary residence and one vehicle).

How AFI Works: A Grantee's Perspective

▶ Project start-up:

- Activate partnership with financial institution(s) and other partners
- Establish project Reserve Fund, deposit non-federal cash contribution, and draw down federal AFI funds
- Develop program policies and procedures and train staff
- Develop program outreach and marketing materials
- Set up data management system and other record-keeping

▶ Behind the scenes:

- Submit required reports
- Conduct periodic internal reviews
- Perform project close-out

How AFI Works: A Grantee's Perspective

▶ Engage and support savers:

- Perform outreach and recruitment
- **Determine eligibility of applicants and ability to participate**
- Establish savings plan agreements and **open IDAs**
- Support participant savings progress
- **Periodically match participant savings**
- Develop system for participant **business plan review and approval** (if offering business as an asset)
- **Assist participants in obtaining skills and information necessary to achieve economic self-sufficiency**
- Offer activities and strategies for retaining participants
- **Approve and process qualified expenses and emergency withdrawals**



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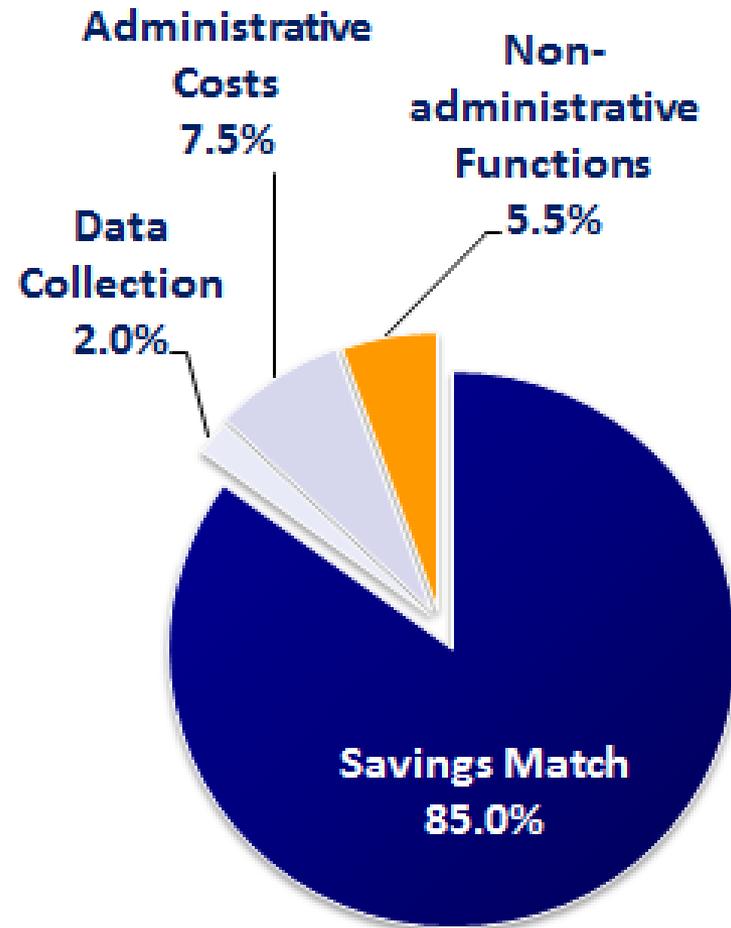
Key AFI Requirements

Key AFI Requirement: Cost Sharing

- ▶ Per the AFI Act, grantees are required to finance their projects with a combination of the federal AFI grant **and** cash from one or more non-federal source(s).
 - Total project budget= federal AFI grant + non-federal cash
- ▶ The federal AFI grant must comprise no more than 50% of the total project budget.
 - Example: \$600,000 project budget = \$300,000 AFI grant + \$300,000 non-federal cash
- ▶ Federal funds can be used to meet the AFI cash requirement only if those federal funds have specific statutory authority to be used to meet matching requirements of other federal programs.
- ▶ Applicants must have firm commitments of cash support from nonfederal sources at the time of application
- ▶ In-kind is not counted against the cost sharing requirement.

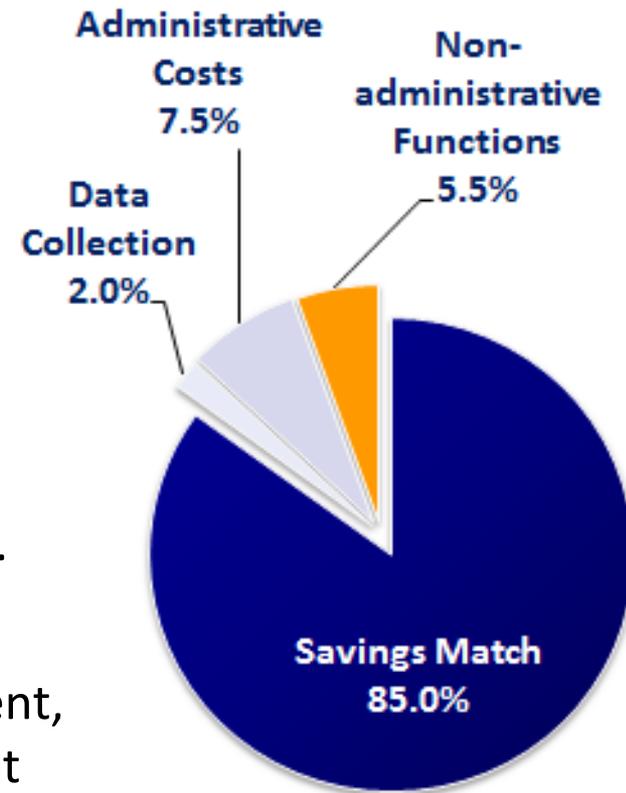
Key AFI Requirement: Limitation on Uses of Funds

- ▶ **At least 85%** of project funds (both the federal AFI grant funds and the required non-federal funds) must be used to **match participant IDA savings**.
- ▶ **Remaining 15%**
 - Specific restrictions on the federal grant (next slide).
 - Non-federal funds can be used for any of the four uses in the AFI Act: participant match, data collection, non-administrative, and/or administrative.



Key AFI Requirement: Limitation on Uses of Funds

- ▶ **Not less than 2%** of the federal AFI grant funds shall be used for the **collection of data** and other information required for evaluation.
- ▶ **Up to 5.5%** of federal AFI grant funds may be used for **non-administrative functions**, including assisting participants with case management, budgeting, economic literacy, and credit counseling.
- ▶ **Administrative costs**, including program management, reporting requirements, recruitment and enrollment of individuals, and monitoring, may be **up to 7.5%** of AFI grant funds.
 - If non-administrative function costs are less than 5.5%, the excess may be used for administrative costs, provided that the combined administrative and non-administrative expenditures do not exceed 13% of the project funds.



Key AFI Requirement: Matching Participant Savings

- ▶ Grantees must match participants' earned income IDA deposits with the combined federal and non-federal project funds.
 - Grantees may set the match rate within the following range: \$1-\$8 of project funds for each dollar of participant savings.
 - No more than \$2,000 from one AFI grant may be provided to one individual, and no more than \$4,000 to one household.
 - Not less than once every 3 months, grantees must deposit these matching contributions in the participant's IDA or into a parallel account maintained by the grantee.

Key AFI Requirement: Economic Self-Sufficiency Skills

- ▶ AFI grantees must assist participants in obtaining the skills and information necessary to achieve economic self-sufficiency.
 - Grantees are encouraged to tailor the strategies and services they offer to the needs of their project participants and the opportunities in their community.
 - Examples of activities in this area include:
 - financial education,
 - financial coaching,
 - credit-building services,
 - credit/debt counseling,
 - assistance with tax credits and tax preparation, and
 - asset-specific training.

Key AFI Requirement: Rules for Withdrawals

- ▶ Grantees must approve withdrawal requests in writing.
- ▶ Participants may not withdraw funds from their IDA earlier than 6 months after the initial IDA deposit.
- ▶ Withdrawals must be for qualified expenses (asset purchases) or emergency withdrawals.
- ▶ Requirements for withdrawals are outlined in Sections 404 and 410 of the AFI Act, including requirements for reimbursing the AFI IDA after an emergency withdrawal.

Qualified Expense: First Home Purchase

- ▶ IDA and match funds may be used for costs of acquiring a principal residence, including reasonable settlement, financing, or other closing costs.
- ▶ Expenses are paid directly to the persons to whom the amounts are due.
- ▶ Must be first home: no ownership interest by the participant (and, if married, the individual's spouse) for 3 years prior to contract for sale.
- ▶ Sale price may not exceed 120 percent of average area price.

Qualified Expense: Post-secondary Education and Training

- ▶ IDA and match funds may be used for tuition and fees, books, supplies, and equipment required to attend or for courses at an eligible educational institution.
- ▶ Funds must be paid directly to an eligible educational institution.
- ▶ Eligible Educational Institution – Per Section 404(8)(A)(ii) of the AFI Act, either:
 - an institution of higher education described in section 101 or 102 of the [Higher Education Act of 1965](#) or
 - a post-secondary vocational education school that is an area vocational education school as defined in the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4)).
- ▶ Department of Education Database of Accredited Postsecondary Institutions and Programs: <http://ope.ed.gov/accreditation/index.aspx>

Qualified Expense: Business Capitalization

- ▶ Expenses must be part of an approved business plan.
- ▶ Must have business plan approved by:
 - a financial institution,
 - a microenterprise development organization, or
 - a nonprofit loan fund having demonstrated fiduciary integrity.
- ▶ Business plan must include description of services or goods to be sold, marketing plan, and projected financial statements.
- ▶ Expenses are paid to a business capitalization account that is restricted to use solely for qualified business capitalization expenses.
- ▶ Business must be legal.

About the AFI IDAs

- ▶ Held at insured financial institutions (one or more).
- ▶ Need to be set up in such a way that participants cannot withdraw funds without written permission of the grantee.
- ▶ Grantees need to have access to account balance/transaction information at least quarterly in order to make matching deposits.
- ▶ If they leave the program without making an asset purchase, participants get their savings back but forfeit the matching funds.

How's the Fit?

- ▶ For your organization:
 - Experience in administering AFI projects or similar programs helping low-income people pursue the goals of homeownership, post-secondary education, or business development?
 - Capacity to implement project (including partners)?
 - Resources available for project?
 - Accounting/financial records systems?

- ▶ For your service area and target population:
 - Eligibility and demand for allowable asset purchases?
 - Viability of the proposed project with regard to the asset purchases included in the design?

AFI Funding Opportunity

▶ Funding Opportunity Announcement (FOA)

- Available at <https://www.acf.hhs.gov/grants/open/foa/index.cfm?switch=foa&fon=HHS-2015-ACF-OCS-EI-1005> or through the link at <http://www.IDAresources.acf.hhs.gov/Apply>
- Upcoming application due dates: **October 13, 2015** and **April 4, 2016**, pending funding availability.
 - There are also application due dates expected in October 2016 and April 2017.



Next Steps

1. Share AFI information with agency leadership, partners, and staff
2. Contact the AFI Resource Center for a copy of the AFI Application Kit and to join the mailing list
3. Learn from other Prospective Grantee Webinars:
 - Introduction to the 2015 FOA
 - Recording posted at www.IDAresources.acf.hhs.gov/Apply
 - Developing Resources and Partners
 - Recording posted at www.IDAresources.acf.hhs.gov/Apply
 - Preparing & Submitting an AFI Application
 - Coming soon!

AFI Resource Center

- ▶ The AFI Resource Center is the access point for AFI program technical assistance.
- ▶ Website: idaresources.acf.hhs.gov
 - Includes information for potential applicants
 - Grantee Locator:
<http://idaresources.acf.hhs.gov/afigrantees>
- ▶ Help Desk:
 - **Phone:** 1-866-778-6037
 - **Email:** info@idaresources.org

Building Financial Capability: A Planning Guide for Integrated Services

- **What is it?**
 - An interactive guide to help organizations develop a comprehensive plan for **integrating financial capability services** into their existing programs (e.g. TANF, housing, job training)
 - Prepared by CFED for the Administration for Children and Families

- **Who should use it?**
 - Any organization (public or private), whose mission includes serving low-income communities or providing social services
 - E.g. human services agencies, community colleges, faith-based organizations
 - Program managers & directors at these organizations

- **Why integration?**
 - Integrated approach meets clients where they are and simultaneously addresses multiple interrelated challenges
 - Adding financial capability services can help enhance the outcomes of an organization's core programs

Building Financial Capability: **Overview of Contents**

13 field-tested, practical tools walk organizations step-by-step through the integration planning process including:

- Understanding clients' financial issues and identifying financial capability services to meet their needs
- Assessing the resources (in-house and in the community) available for integrating financial capability services
- Determining how to provide these services (refer, partner, or do-it-yourself)
- Developing in-house capacity to provide services, if appropriate
- Creating successful partnerships or referral systems with other service providers, if appropriate
- Making the case for integration to internal and external stakeholders

Building Financial Capability



BUILDING FINANCIAL CAPABILITY | A Planning Guide for Integrated Services | MENU

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Available for download at: <http://1.usa.gov/1FxrLnE>