



*"Tools for Success" webinars for Assets for Independence grantees:*

**IDAs for Small Businesses: Crafting the best program for your clients**

Friday, November 16, 2012  
12:30 – 1:30 p.m. PST / 3:30 – 4:30 p.m. EST

**Yehwroe Sinyan:** Good afternoon everyone and happy Friday. Welcome to today's webinar on IDAs for small businesses and crafting the best program for clients. My name is Yehwroe Sinyan and I'm with the AFI Resource Center. 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. We have lots of wonderful information today that will be presented by our three dynamic speakers, all of whom are at different stages in their small business IDA programs. We also have a wonderful moderator who comes with a whole source of information. We are looking forward to sharing all this great knowledge.

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 in 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 PowerPoint file as an attachment so that you can follow along. The e-mail address is [webinars@cfed.org](mailto: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. Our call today will last for one hour.

With that, I am going to hand it over to today's moderator, Amy Shir, who is an AFI Regional Consultant.

**Amy Shir:** Hi everybody. Thanks for joining us. This is such a good topic right now. In this recession all of us have seen a shift from homeownership in many places to both microenterprise and post-secondary education IDAs. Microenterprise we don't talk about quite as much as we do for housing. We have some really good folks in the field to share their experience with you. Our first guest speaker is going to be Leah Murray, who is the Program Coordinator at Lane MicroBusiness. Lane MicroBusiness serves low income individuals wanting to start or grow a small business or microbusiness. They offer classes, counseling and access to capital in the form of IDAs and SBA microloans. I am really looking

forward to hearing from Leah. Next, we have Karen Heisler who is the Director of Asset Development at Rural Dynamics. These folks will tell you where they are because that has a lot to do with their target population and the strategies they use. Rural Dynamics has a mission to provide programs and develop partnerships that help youth, individuals and families achieve economic independence. This will be really interesting to hear about this track. Lastly, we have Amber Miller, who is the Project Director for Wisconsin Women's Business Initiative Corporation and their mission is to promote economic development through microenterprise by providing access to capital including direct lending, one on one, individualized business assistance, business education and asset building financial awareness education with an emphasis on women, people of color and people of lower wealth. And that is me, that is my happy face there and I have been working with the AFI Resource Center for 13 years providing technical assistance and what not. I am really look forward to this conversation. And, we also have Yehwroe Sinyan, she will be helping us as well.

The objectives of this session are to learn about the benefits and challenges of beginning or expanding a small business IDA program and we've got a mix of you on the call today so hopefully you'll look at where you are today and be sure to ask us questions at the end that'll help meet your needs. Our next objectives are to assess and address the needs of microenterprise IDA clients and to help predict your level of readiness before adding a small business IDA program to your portfolio. Some of you are probably housed within small business agencies and some of you want to add this IDA program as a part of your toolkit and you'll be looking to partner with those small business experts in your communities. So, with that, let's go on to Leah and Leah, I cannot wait to hear about Lane MicroBusiness.

**Leah Murray:** Thank you very much Amy. My name is Leah. I am a Program Coordinator for Lane MicroBusiness. We are located in Eugene, Oregon. Lane MicroBusiness started as a collaboration between 3 partner agencies in our area. We became a 501(c)(3) nonprofit in 2003 and originally started offering IDAs through a collaborative program here in Oregon through our IDA initiative. We decided to branch out on our own and begin on our program in 2008. So we became a fiduciary organization and since 2008 we have graduated 94 IDA participants. We have had 14 terminations, so I am very proud of that number. 68% of our participants are women and the average age is 39 and falls really heavily in the older category. We don't see the 18-20 somethings very much and I think part of that is because we have a diversity of higher education available in our area; the University of Oregon, OSU, the Christian college are all here so we don't see a lot of the youth as much as some other programs which also leads to our highly educated clients. Almost all our clients have some sort of college education. We don't work with a population that has no high school diploma or a GED, we have a few but they are more of the outliers than the rule.

We have a really basic model as far as our IDA program. It is built into our total offerings. It is a tool we offer. Our classes and our counseling fits in, everyone goes through those. The IDA participants are required to do a certain amount as they're going through their process. As far as applicants, we have a pre-savings. They put in \$25 a month for 3 months into a savings account to get them used to putting money into an account and not taking it back

out. I've seen it take almost a year for people to be able to save and function. It really helps after they get into the program to not default on their savings. They get the idea that you put money in and don't take it back out so they can work on that. I believe that works towards our low termination rate. All participants are required to do 30 hours of classes and counseling and this is in addition to the financial literacy requirement. Those 30 hours are specifically geared around their business and what they do. So the core classes include a class called feasibility which I often describe as business research. It is to test your assumptions; you go out there and talk to potential customers and suppliers to see if it is feasible. Then they move into how to write a business plan, basic bookkeeping, the role of marketing, and a lot of people don't understand how marketing fits in. Then we have specialty classes depending on everyone's skill level. We have a couple versions of QuickBooks classes and bookkeeping around those and introductions to that, how to use social media, which is one of my classes and this is a whole series around how to use Facebook, twitter and whether that's the right tool for you to use and how to use that impactfully. Another class I started recently is on how to manage your business time effectively. We have a lot of people who are really good at planning and all that stuff but are not using their time wisely and are getting behind between family and school, starting a business, doing our classes, writing a business plan. This is a really popular class; using your time effectively.

The largest source of clients is from client referrals. It's from other people going out to the community and saying "hey, you have to check this out, you've gotta take these classes." Probably 80% to 90% of our clients walk in the door and say "so and so told me..." We do almost no actual marketing ourselves. I'm not saying we shouldn't, but our clients tell other people. We do have some partner agencies. We are housed in the same building as the local small business development center. We work together on several projects and refer clients back and forth. Also the vocational and rehabilitation centers; we work with them very closely to help people with disabilities start businesses. And of course, the financial self-sufficiency program, we work with them to help their participants.

Identifying and engaging clients; we expect our clients to prove the feasibility of their idea before they apply to the IDA program. We want them to prove that they have clients, that they can make this product or service be profitable and that they will have enough demand. This happens during the research phase after we've talked to clients or they have already made sales. That has been the key process to our program is people proving their idea isn't just a dream that it's actually feasible. We've also found that small business owners need to be supported before they get into the business, during the development of their business and after the IDA or after they get launched. It is not just a "here's your money now go away." Stuff happens in between so we have a really long time that we work with participants. I have some clients I've been working with for 6 to 7 years. I've also gone through a second IDA program where we take our previous graduates and move them to the next level. What I would say to new or potential organizations looking to start a small business IDA or working with business owners at any level is you have to be flexible. You have to be willing to spend more time with them. It is about being creative with the organization's funding sources. You can't expect the IDA program to pay for itself. You can't expect all participants

to be able to pay for a lot of things. So, you have to be able to bring other sources in. We use CDBG funds a lot and foundation funding and that really supports and builds up our program around the IDA.

**Amy:** Leah, I have a quick couple questions. First, what kind of businesses are you seeing being successful right now in your community and two, do you have a mix of existing micro entrepreneurs who need capital to grow their business and those who just have dreams of starting up business? I'm wondering what percentage of existing microenterprise you're helping with the IDA vs. folks that are new to microenterprise.

**Leah:** We are seeing a lot more existing microenterprises. We have steered our program away from the start ups and towards existing businesses because we are seeing so many, probably 80% vs. 20%. We have clients who have been in business 10, 20, 30 years and we do still see the startups but they aren't coming in as much and we think that's because of the economy and the struggle. It is harder. As far as the type of participants, our area is really health conscious so we see a lot of healthcare providers mostly in the natural healing arts like massage therapists, reiki, acupuncture, lots of that. We have seen a lot of food industry workers and a lot of artists. We help expand their reach beyond just the local markets and small stores. We've been seeing significant moves in that direction.

**Amy:** That's really helpful and for those of you that know Eugene, it's a college town, it's very progressive, it's in Oregon. So these types of businesses make a lot of sense in this market. Let's move on to Karen, who works in a very different geography and perhaps, with different kind of businesses.

**Karen Heisler:** It is probably the exact opposite in Montana. We are not quite as innovative in some areas and certainly don't have some of the advantages that are in Oregon. My name is Karen Heisler and I am the Director of Asset Development for Rural Dynamics, Inc. which is a nonprofit originally started as a consumer credit counseling service. Our mission is to provide programs and develop partnerships to help youth, individuals and families achieve economic independence. And our small business IDA program services people all over the state of Montana and to give you an idea of how large the geography is we serve, driving across the state of Montana is the same distance as driving from Chicago to Washington, DC. It is a very large geographic region and yet there are less than a million people within the region. We also see a low income in Montana. Our household income is around \$28,000 per household. We serve clients not only in the rural and urban communities in Montana, but also our seven reservation communities. We have a pretty wide reach.

We are a very new program compared to the program you just heard about. We haven't even enrolled our first clients. We just set up interviews this week for our first enrollment of participants. What we started seeing when we were looking around and looking at our communities and what was needed, we had programs providing educational IDAs and they were doing a great job. We have programs where we do housing IDAs and they were doing a great job but there wasn't anyone focused on small business. According to CFED's Assets and Opportunity Scorecard, Montana is number one and number two in small businesses

and microenterprise. Part of the reason I believe this is is that Montana has the distinction of having the most people that are working two jobs to make ends meet. A lot of times that second job might be a small business. They might be selling pies or jams at the farmers market. They might be providing some daycare after they get home from their jobs. A lot of them are doing a fulltime job and also doing a small business to make ends meet. So we've started looking at the small business arena and through Tax Help Montana which is a VITA program, we got involved with CFED's SETI program which is the Self Employment Tax Initiative and that was to be able to provide volunteer tax assistance to the self-employed, the low income self-employed. We weren't going after real hard returns but we were going after helping people with small businesses, might be a day care center, it might be a taxi driver, it might be a beautician that is doing a booth rental and we were able to help them do their taxes and through that program we saw a lot of little small business owners that told us stories about how they had to finance their businesses basically on personal credit. They were not able to go out and get any kind of small business loan. They were doing it on credit cards or maybe a second mortgage. But, really there was a lack of small business or microlending so we decided we were going to start a small business IDA program.

In our program, they can save up to \$1,000 and we will match it with \$2,000 so they will have a total of \$3,000 towards their small business. We are trying to focus on small businesses that are already in existence and helping them to grow and expand. It is not that we are not taking people that have business ideas but I think that, as you know if you're thinking about or already have an AFI program, the administration cost is fairly high and the grants don't cover a lot of administration so when you're thinking about your program make sure you think about how you will cover the costs, or what markets might be a little more efficient to go after than other markets that might take a lot more time and continued involvement. I would say that the rural communities require some different innovations in service delivery and matching fund requirements. We don't have a lot of big banks and the big banks we do have aren't investing a lot of money in Montana because we don't have the reach. They can go and invest the money in a large urban area and reach a million people in 20 square miles. Montana is a huge geographical region to reach the same amount of people. I think that in rural communities you have to think about service delivery in a different way. Part of what we did before we applied for the grant is we went out to organizations that were already providing small business assistance. They might be doing classes on how to write a business plan or determine whether your business is feasible or how to do marketing, they were already working with small businesses and we said "do you think if we had an IDA program you could work it into what you're already doing?" Our model is utilizing the collaboration that is already out there doing this work and providing the IDA service along with their services that they are already providing. I loved Leah's idea of doing the pre-savings, which is something we might think about as we're going back. I'm glad she brought that up and I'm already learning through this webinar.

Identifying and engaging clients is something we are just working on and again, in rural communities, it is a little more difficult. I would say the biggest, most positive thing you can do for a program is go out there and have a collaboration of partners and work together in engaging the clients. You can do so much more together than you can by yourself. If you

have organizations that are helping you get the word out, it is going to cut down on some of those administrative costs and will be a lot more successful in the long run. I talked a little bit about SETI, so coming through our tax sites during tax season are small businesses. Those small businesses are getting free tax preparation and, at the same time we are giving them information about the IDA. So if they come in and we help them prepare a Schedule C, we talk to them about the IDA program and how they might be able to use the program to expand or help their business grow. Partners are vitally important whether its partners doing the small business classes or something else. If someone is already out there doing it, partner with them. It is the better way to go; there is no reason to duplicate services. That just costs money that we don't have. The more you can partner, the better.

We utilize our credit counseling side of things and all of our IDA participants go through credit counseling. They are all going through their budgets and dealing with their credit issues even with a small business IDA. We look at their credit issues and help them get back on track at the same time that they are saving so that next time, or even as they complete their IDAs, maybe that \$3,000 is used for a down payment on a larger loan they need for a piece of equipment. So the credit counseling is an important piece. The use of technology and social media in rural communities is something we are really playing with because we are located in Great Falls but that's 3 hours from Billings and, again, there isn't a lot of administrative money in the grants so we have to look at how we do outreach and provide the training to all these people. In some communities, it might be a highline community by the Canadian border that is 4 or 5 hours away from us with limited service and not a lot of partners in that community, using technology is vital. Having a YouTube channel with videos on specific topics, like on marketing or how to use QuickBooks, that's something that we are really looking at, is creating this YouTube Channel to distribute information and classes and then using social media and how that would work to create a peer mentoring system within the IDA program. That's something we're also looking into doing.

As for obstacles, if you're thinking you might want to start an IDA program and you're just looking into it, the one thing I would say is about the matching requirements. We had a soft commitment of \$50,000 when we applied for the grant and the commitment fell through after we were awarded the grant, which was a third of our total grant. So we had part of it raised and when that commitment fell through, it makes it really difficult if you're trying to run and start a program and try to get match funds at the same time. The more that you can have of your match funds already raised, in a bank or going to the bank, the better off you are before you apply for the grant. If something does fall through, it does make it difficult to raise funds and do the programming at the same time. The other thing I would say is that if you're just starting a program, it is a little harder to get match funds because, as most of you know in the nonprofit world, success begets success but as you're starting out you don't have those outcome numbers. It is harder to get funding from the start but hopefully will become a little easier once you have evaluations and outcomes to show funders.

Engaging clients at a distance; I talked a little bit about that. The important part is the collaboration, having partners in local communities. Whether it is at the library or tribal colleges or the community colleges, having those partners be able to really market the

program for you and get people headed your way. And then, embedding IDAs in systems that are already there is critical. The more you can make this part of other people's work and something their talking about in their own system, the more successful and more efficient the program becomes. So if you have economic development programs or a small business program that is already out there doing the work and you can have them embed this as part of their deal and their offerings, I think that is a huge win if you can do that. That would be all for me.

**Amy:** Karen, I have a couple questions for you. One is, as a network project, where you are trying to extend your reach to micro entrepreneurs across a very large geographic area, could you tell us a little bit about how you engage your partners on the ground; do you share some of your 15% administration with them? Do they help with raising some non-federal match in their own communities? Can you tell us about how the network works?

**Karen:** We do not share the 15% administration with the partners. Within some of our collaborations, like the VITA program, they may be getting some funding from us but it is not out of the AFI funds because, as you all know, the AFI funds are limited. There is not a whole lot there to share. What was the second part of the question?

**Amy:** Non-federal funding among the partner sites?

**Karen:** Right, the question was about whether they help getting non-federal money. We have a few organizations that were able to help us raise money specifically in their area so we went out and said "look, we have \$150,000 of federal match, if you can come up with any part of the non-federal match that we need, we will commit that part to your community." If a community came up with \$10,000 and we actually had another source that would match it so we had \$20,000, then we would match that with the federal funding which would give them \$40,000 and they could then enroll 20 participants in their community. So we did go out and ask them to help us because, as you know, in some communities they may have a little pot of money whether its CDBG funds or economic development funds, they may have some funds they can draw on. That was helpful to say to them "hey, just so you know, not that we will stop you from enrolling if you don't come up with money, but if you do we will commit that to your community."

**Amy:** Great. Now could you tell us a little bit about how the enrollments are going to work; are they going to do paper work, are enrollments going to happen on the ground in each of these communities?

**Karen:** The enrollments will happen through the RDI office. We have a caser manager that will be enrolling the participants, making sure we have the surveys and the outcomes. Then working with whoever it is at the community organization to make sure their going through the educational classes and things they need. They will all have a case manager at the RDI office.

**Amy:** Ok, and you'll be managing all the data to report to AFI?

**Karen:** Yes.

**Amy:** Alright, thanks Karen. Now on to Amber, who has a different model. We've seen an urban model where small business is the focus of the organization and now we've seen a rural statewide model where business was added because of the need. So Amber, tell us about you guys.

**Amber Miller:** Sure. So just to introduce myself, my name is Amber Miller and I am the Project Director of the Wisconsin Women's Business Initiative Corporation and we are a statewide economic development corporation that provides quality business education and financing to Wisconsin's entrepreneurs and small businesses. This is our 25<sup>th</sup> year. We are also a women's business center and that represents a national network of about 100 educational centers designed to assist women to start and grow their business. I do want to point out that even though we are called Wisconsin's Women Business Initiative, we do assist men. Women make up about 70% of our clientele. A little bit about our model, WWBIC does the AFI design model. So we use AFI match dollars and grants along with local match to leverage the most for our clients. Our main source of match funds is through the city of Milwaukee housing authority. We have a 2 to 1 match. The client saves \$2,000 over 2 years and it is matched with \$4,000, so they have \$6,000 to purchase a home, start a business or go back to school.

Homeownership is our number one asset and number two would be small businesses. We are also a SBA microlender, we do small business loans from \$1,000 to \$100,000 so this is another resource we can offer our IDA clients looking for additional funding. We have some special small business loans for minorities that are what we would call a step loan or a seed loan so it would be to a start up business for under \$5,000. We have about 240 WWBIC volunteers that are willing to meet our clients one-on-one. We do take into consideration that people work and they can't come to our classes so we not only meet with them in person but we do this via telephone and email. We use small business owners, also WWBIC clients, from the community to meet with the clients one-on-one. They also do some mentoring and we also combine them as guest speakers with any small business class that we have. This really gives the IDA client a feel for how it is to be a small business owner. In regards to no cost WWBIC classes, there are numerous classes we offer to soon to be entrepreneurs at no cost. All IDA clients get their classes for free. Our classes relate to entrepreneurs at any level; we have pre-entrepreneurship classes or whether its 2 years down the road and they're still looking for assistance, we can help them with that. In regards to local partners, it is a great resource to connect with your IDA clients. You might want to check out your local chapters and SBDCs.

I kind of just wanted to give a client success story. This is one of my favorite IDA ones. Her name is Pamela Graham and she attended our make your money talk budgeting series. That's 12 hours of financial awareness and then proceeded with the business planning class to start the process of writing her business plan. While attending the class she worked one-on-one with WWBIC volunteers and other resources within the community and launched

her home based business in 2010. Later last year, she launched her online business and hopefully next year, she will be doing a retail store. Because of her hard work and diligence by taking classes and being here, she was able to create one full time job and one part time job. So you can see a picture of her, she creates her own jewelry and purses.

With regards to what we do here at WWBIC for identifying and engaging clients; we've had our IDA program for almost 10 years now so we are well known in the community. Engaging a small business IDA client is no different than a non-IDA client. Communication is the key. At WWBIC, we funnel the students into a pre-entrepreneurship class titled "exploring entrepreneurship: do you have what it takes?" It's a 1 and half hour class with a WWBIC teacher and a guest speaker from a local small business and it really gets you thinking. Are you ready to start a business, to not have health insurance, make no money for six months and work 80 hours a week? This is an entry level class to get them thinking about entrepreneurship and if it's right for them. What we have found to be the most engaging part is what we would call "overloading" them with as many resources as you can give them in the class. Whether it is handouts, stories, articles, websites, give them as much information as you can whether in the class so when they go home they can do some research on their own. After they take the first level class, we recommend them to take our next level training called "start smart business planning." It is a 14 week class that either meets once a week or twice a week for 7 weeks. It's about 40 hours' worth of business planning class. We also do the one-on-one counseling anytime that they need us whether it's via phone or email or in person and, as they stated before, use your local partners for extra support for the students along with the one-on-one counseling. If your client is getting into a business but does not have the experience, you might want to connect them with a mentor or even talk about a volunteer position. A volunteer position has worked well in the Milwaukee area because the unemployment rate is at 7% so we really try to push the clients to get a volunteer position within the industry you want to operate.

Lastly, with regards to new programs related to matched savings accounts, you always should be on the lookout for anyone that has money, but really look into the local colleges, churches, foundations and housing authorities. The housing authority of city of Milwaukee is our biggest one. I also wanted to give you examples of thinking outside the box. A college here in Wisconsin came to us and wanted to do a non-federal AFI grant. So pretty much it's a matched savings account but with the same model as AFI. The participants of this particular one had to have self-identified disabilities. There were 10 spots open, the match was 8 to 1 so the participants saved \$500, it was match \$4,000 through a Medicare infrastructure grant through the state of Wisconsin and each participant was able to choose their asset but it had to be something that would make them less reliant on government assistance. It could be a vehicle, because if they had that they could go to a job, it could be to pay down debt, for technology, for business. So that's another way to think outside the box; see if there are local grants. The pilot we started 3 months ago with la Casa de Esperanza and they're partly funded through United Way so once again they came to us and stated, you "guys do such great work, we would like to have 10 participants also do an IDA," and this was through AFI. A local foundation stepped up with the match. That would be for the normal AFI assets which include homes, businesses, schools and dependents.

**Amy:** Great, thank you so much.

**Yehwroe:** Thank you again. We are going to start with a question from the audience that is for all of you. The question is; what is your attrition rate and have you developed any successful retention strategies? So we will start with Leah then go to Karen and then Amber.

**Leah:** That's a tough question because I don't make them an IDA participant until they have actually completed the application, completed their savings and proven the feasibility. Our termination rate is really low. If I had to put a percentage on it, it would probably be 1.5% per year. That doesn't mean I don't have people who ask to be in the program but aren't successful in pre-savings and then sort of fade away for one reason or another. As far as retention, it's about giving extra attention and being flexible. I have one client right now who is making \$5 deposits because that's what she can afford. Our minimum is \$25 but we sat down and figured things out, \$5 was what she could do and that's what she will do. She still attends classes and does counseling and is a really strong participant but her finances are such that she needs a little bit more flexibility. That's what has been the key to our retention, is just sitting down with them and asking them what we need to do together.

**Yehwroe:** Thank you. Karen?

**Karen:** Our program being so new, we have 100% retention because we are just signing people up. I really like Leah's suggestion of having that pre-savings program because by then the client has some buy-in and that leads to a low attrition rate during your program because you are setting them up to succeed and be dedicated to the program.

**Yehwroe:** Great, Amber?

**Amber:** Are you talking about retention of just the IDA program or just small business IDAs?

**Yehwroe:** Small Business IDAs.

**Amber:** For engaging them, we do the free classes so that brings them here to our office. They get free one-on-one counseling and mentoring. We also do monthly reminder text messages to make sure they remembered their deposit. Lastly, we send them inspirational e-mails and I know it sounds corny but it works. That also engages them because sometimes we are their only support system and I think a lot of AFI grantees need to keep that in mind. The more that we can do for them on a level where they need us really engages them and keeps them going.

**Yehwroe:** We've got another question here for Karen. How do you link Earned Income Tax Credit with the small business IDA and how do you get your client to use their EITC in their IDAs?

**Karen:** People get excited about EITC and the opportunity that comes with that around IDAs because a lot of clients are getting 3, 4, 5, 6 thousand dollars in this one point in time and that is an opportunity for them to fill their IDA program. I think you have to realize that a lot of these clients have already spent a majority of that money by the time they come in to get their taxes done. What we have been trying to do is put seeds in people's minds as we've been doing the VITA program and EITC outreach for a few years. If you're talking to them at the tax site it is usually too late to talk to them about putting \$500 or \$1,000 into an IDA program. So they've already come into the tax site with a preconceived notion of where that money is going so you really have to get behind the eight ball and do outreach about what they can do with the EITC in regards to connecting it to an IDA program prior to the tax season or even a tax season before so that they already know \$500 will go to an IDA. We certainly encourage them to use it but we have not been real successful for getting people at the tax site who are just learning about an IDA program to put in a large sum of money.

**Yehwroe:** We've got a question here for Leah. Leah, you talked about the pre-savings aspect of your program, can you provide more information about that?

**Leah:** It really is just the way it sounds. The participant who wants to get into the IDA program has to have 3 months where they have a savings account. Most people have a savings account but they don't use it. A lot of people don't really use it or they put very little in every month because the bank encourages them to do that. So I will say "hey, you have this savings account you don't use often, put \$25 in there for three months without taking that money back out. When you make your third deposit, print out a statement online or at the branch that shows those deposits and no withdrawals and then fill out your application." That is a key piece along with their finances and application and business feasibility and that becomes a requirement. I won't process your IDA without your application and that 3 months of pre-savings.

**Yehwroe:** Thank you. We have a question here for Amber. Amber, are there any fees charged to your participants, say for textbooks or anything like that?

**Amber:** All the classes are free. If they do take the business planning class they have to purchase the book which we sell to them at our cost. But they are allowed to use their IDA matched dollars for that but every class for our IDA participants is free.

**Yehwroe:** We have a question here for Karen. What documentation do you require from your participants who already have a small business to show that their net worth is less than \$10,000?

**Karen:** When we do our credit counseling, we make them go through credit counseling with a financial counselor and they do a balance sheet that shows their assets and their liabilities. They assist them in doing a balance sheet and that's what we use.

**Amy:** Let me ask you a question on that. Do you guys look at the business tax returns as a form of documentation when you're enrolling existing small businesses to the IDA program?

**Amber:** This is Amber. We do that. We take into consider small business taxes but since I've been here there has only been one participant who has already been in business, most of them are startups. About 90% of our clientele are startups and 10% are already established.

**Yehwroe:** We've got a question again for all of you. Can IDAs be used by undocumented immigrants? We can start with Amber, then Karen, then Leah.

**Amber:** Per AFI model, I believe they have to be legal residents of the U.S.

**Amy:** That is not in the legislation.

**Amber:** Ok, we have not run into that yet.

**Karen:** We just don't have that issue in Montana. We haven't run into it either.

**Leah:** Our initiative has talked about this a lot because it is an issue here in Oregon. Our response is that, if the person has a tax ID or an EIN, which is a way for them to pay taxes on the money that they earn, then we'll enroll them.

**Amy:** From a logistics point of view, it's an issue because you're having to open up the IDA account with a financial institution, so Leah's strategy there is important because you'll want to make sure that the IDA participant can open the IDA at the financial institution and many of your business clients also have them open a business checking account so that if you're going to provide working capital to them as part of their asset purchase you can then provide matching funds into a business checking account and you'll have to know what's required of the financial institution in terms of residency documentation.

**Yehwroe:** Our last question is for all of you again. What is your staff capacity? How many dedicated staff do you have administering the small business IDA program?

**Amber:** This is Amber from WWBIC. We currently have one IDA specialist and then I also do some on the side. We have 45 staff members that are also willing to help us. For the one-on-one counseling, emergency withdrawals and deposits, we have one and a half staff members.

**Karen:** We have one staff member doing the coordination, evaluation, outreach and then we have credit counselors who are already part of our organization and financial educators as part of the organization so they spend a percentage of their time doing it but it's already services they're providing. So it is mainly one person.

**Leah:** eDev has four people total and I am the only person that services the IDA, the applications and the withdrawals. Although, people will meet with other staff for counseling and class and so on. In our general program, we have an administrative assistant that helps

people with applications. I would say that I process around 40 applications a year and graduate somewhere around 20 or 30 a year so I would say that's almost my capacity.

**Yehwroe:** Thank you very much for those answers. On the screen you have all of the speakers contact information and you have mine and Amy Shir's contact information, so feel free to reach out to them if you need any further clarity on any of the things that were discussed today.

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](http://www.idaresources.org)

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

The **Prospective Grantee Webinar: Preparing a successful application** will take place on Tuesday December 4th, 2:00 – 2:45 p.m. EDT and, again, you can register at [www.idaresources.org](http://www.idaresources.org).

Thank you everyone for your participation and we want to remind you that we have a final evaluation question that will be on your screen. It will only take a few moments so please fill that out so we can assess the quality of this webinar. Thanks again.