

Catalyst Webinar Series

November 29, 2012



Webinar Logistics

- 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 and during Q&A:
 1. Go to the Q&A panel on the right-hand side
 2. Type in your question
 3. Click “Send”

AEO Initiatives



1 in 3 Alliance



Catalyst Initiative



AEO500



Policy

More information: www.aeoworks.org

AFI and Small Businesses: Helping Entrepreneurs Build Assets

Thursday, November 29, 2012

1:00-2:00 PM ET

Emily Appel-Newby, Assets for Independence Resource Center

Maria Coto, Partners for Self-Employment (an AFI Grantee)



Assets for Independence

Special federally funded 5-year grants to organizations that enable accountholders to ...

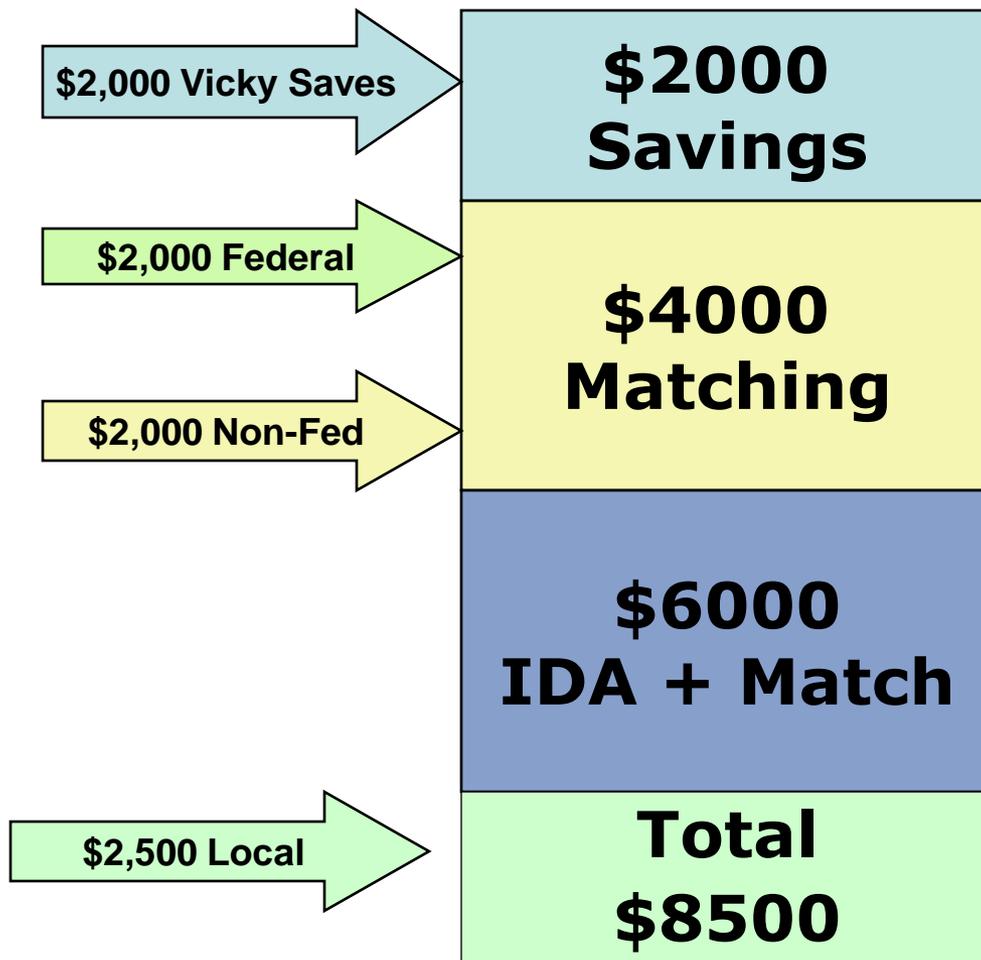
- **Learn** about financial and consumer issues
- **Save** in Individual Development Accounts

In order to ...

- Become more self-sufficient and plan for the future
- Invest in an asset

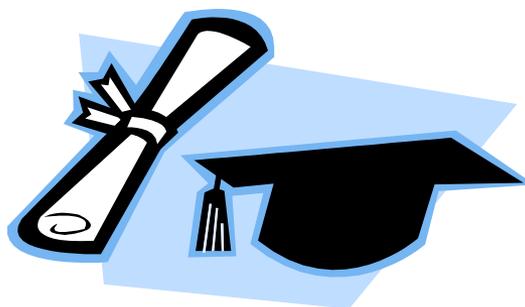
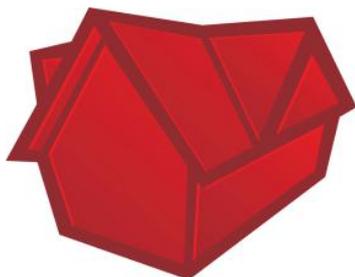
Small Business IDA Example

- Vicky, a single mother, dreams of starting her own business
- Match rate is \$2 for every \$1 saved in her IDA
- Vicky saves \$2,000: \$55/month over 3 years
- AFI grantee provides financial counseling and business planning classes
- Partner provides free tax preparation assistance so she can claim the EITC
- Vicky receives additional \$2,500 from other microenterprise loan resources



Common in all AFI IDA programs

- Financial education & asset-specific training
- Save earned income
- Purchase an asset (first home, higher education or training, **small business**)
- Partners!



Benefits of partnering with AFI

- Connect entrepreneurs with an immediate source of capital to grow their businesses
- Help clients strengthen money management skills and establish long-term financial security
- Increase the effectiveness of microenterprise programs/ Improve chances of success for entrepreneurs

Working with Assets for Independence

1) Act as referral partner to an AFI project

- Refer low-income entrepreneurs to local AFI projects
- Provide education and training to local AFI program participants around business plans, financial issues, business management, and personal finance
- Grant loans to low-income entrepreneurs participating in an AFI IDA program

AFI Projects

- More than 350 projects throughout the nation
 - 501(c)(3) non-profits
 - State, local, and tribal government agencies
 - Community Development Financial Institutions
 - Low-income designated credit unions
 - Consortia of organizations and agencies that target multiple service areas (network projects)
- Locate a project near you:
www.IDAresources.org/AFIgrantees



2) Operate your own AFI project

- Responsibilities include:
 - Designing the project and applying for AFI funding
 - Administering the federal AFI grant
 - Developing the required non-federal cash contribution
 - Managing the project finances
 - Reporting to OCS and other funders
 - Providing data for the AFI program evaluation
 - Working with financial partners to hold the Project Reserve Fund and IDAs

2) Operate your own AFI project (cont'd)

- Responsibilities include:
 - Publicizing the AFI project and present orientations
 - Screening and enrolling participants
 - Providing (or find a partner to provide) financial education and the training to prepare participants to purchase their assets - homebuyer classes, business plan development, and/or college prep
 - Assisting participants with opening the AFI IDAs and monitor their savings and withdrawals

2) Operate your own AFI project (cont'd)

- Responsibilities include:
 - Providing participants with case management and connect them to other asset building services like free tax preparation
 - Assisting participants with asset purchase
 - Assisting those who make emergency withdrawals or drop out of the project
 - Raising funds to support the project

Current Microenterprise focused AFI Projects

<u>Grantee</u>	<u>Location</u>	<u>Grant Amount</u>
Renaissance Entrepreneurship Center	San Francisco, CA	\$287,500
Partners for Self-Employment	Miami, FL	\$996,500
Lane MicroBusiness	Eugene, OR	\$162,700
New Hampshire Community Loan Fund	Concord, NH	\$2,238,825
Four Bands Community Fund, Inc.	Eagle Butte, SD	\$238,676

...and many more!

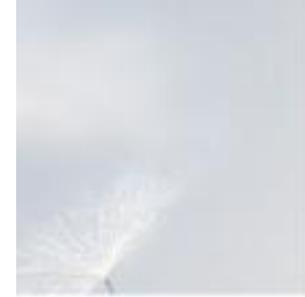
Strategies for Integrating IDAs and Microenterprise Programs

- Provide free business technical assistance for individuals who have completed savings in their IDAs
- Link access to IDA funds to completion of at least 10 hours of business counseling and a business plan following the completion of 16 hours of economic literacy training
- Base qualification for a microloan on completion of financial education and six months of deposits in an IDA

Strategies for Integrating IDAs and Microenterprise Programs

(cont'd.)

- Institute a loan review process that features more favorable consideration of the account holder's financial situation when there is stability demonstrated by IDA participation
- Enhance microcredit loan terms, such as interest rates, based on IDA participation, such as regular saving for a minimum of six months in the IDA
- Pre-qualify IDA savers for a microloan up to the saved amount
- Reduce interest on microloans for account holders based on the amount saved in the IDA



Empowering South Florida Through Asset Building

AFI Grantee Representative

Partners For Self Employment, Inc.

Maria Coto, Executive Director

Miami, FL



Who We Are:

PSE started operations in 1993 to address the needs of businesses in Miami after hurricane Andrew and is a:

- Community Development Financial Institution (CDFI),
- Microloan Intermediary for the SBA
- Individual Development Account program



Who We Are (cont'd) :

In our 19 years of service to the South Florida area PSE has:

- Served 7,186 businesses with training, technical assistance, loans, and IDAs
- Expanded its target market to include low and moderate income businesses and individuals from Palm Beach to the Southern most tip of Miami Dade County



Why AFI?

In 2003 PSE started looking for the next logical progression in its programming that would allow for:

- Organizational growth
- Increased sources of funding
- Benefits to the existing clientele
- Recruiting additional clients
- Further the organization's mission of promoting financial self sufficiency



Why AFI? (cont'd)

An AFI funded IDA program was the logical answer to our needs. The project provides for:

- Matching and administrative funds
- Allows our business owners to save towards an asset purchase that will allow them to expand their business without the liability of a loan
- There is enough of a waiting period so that the business owner can plan for the appropriate use of the funds



IDAs at PSE

Like most projects IDAs require consistent monitoring and managing including:

- Client management
 - Following up on missed deposits
 - Following up on missed classes
 - Monitoring client advancement through the timeline
- Conducting financial literacy trainings
- Conducting asset specific training
- Closing out accounts for purchases



IDAs at PSE (cont'd)

Since late 2003 PSE has:

- Graduated 397 IDA accounts
- Provided 3,920 hours of Financial Literacy and Asset Specific training
- Assisted 412 clients with referrals to other specialized serves (such as credit services)

PSE currently has 240 savers working towards an asset purchase.



IDAs at PSE (cont'd)

The clients that have successfully participated in the IDA program share some characteristics that assist in recruiting:

- 100% low income
- 73% Female head of Household
- Live within 12 miles of one of the offices
- Average education levels are high school graduate or some college
- Underemployed



IDAs at PSE (cont'd)

PSE partners with:

- Local non profits that provide complimentary services to our target market such as:
 - Several of the Local CDCs
 - Other Micro-Lenders
 - Parent Groups
 - Section 8 (low income housing)
- Professionals that provide training and technical assistance to the clients
- Banks



IDAs at PSE (cont'd)

IDAs at PSE are funded by:

- Banks
 - Citibank
 - City National Bank
- Department of Health & Human Services
- Local Government
 - Miami Dade County
 - City of Miami



Lessons Learned

Benefits of having an IDA program:

- Increased option for our clients to increase assets
- Increased funding for the organization
- Recruitment tool
 - Clients
 - volunteers



Lessons Learned (cont'd)

Biggest challenges:

- Determining how much monitoring clients require
- Educating funders / partners on what IDAs are and their benefits to their constituents
- Weeding out the clients that can't or won't complete the program.



Lessons Learned (cont'd)

What to plan for when starting an IDA program:

- Having at least 20 hours a week of staff / volunteer time to devote to the project
- Having staff and or volunteers trained to deliver the program (including asset specific training) and administrate it
- Having a data tracking system that can hold and report data per client



Maria Coto, Executive Director

Partners for Self Employment

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Skype: MariaVCoto

Facebook: Partners for Self Employment, Inc



AFI Resource Center

- Web site: www.IDAresources.org
 - Resources for current grantees, prospective grantees, project partners, and others interested in asset-building
- AFI outreach workshops and webinars
- Customized technical assistance
- AFI e-newsletter – *IDAResources.org Update*
- *AFI Project Builder: A Guide to Planning an Assets for Independence Project*



[About AFI Resource Center](#)

[About AFI](#)

[Success Stories](#)

[Locate a Project Near You](#)

[Apply for an AFI Grant](#)

[e-Newsletter](#)

Welcome to the Assets for Independence Resource Center.

The AFI Resource Center is your one-stop source for information on the Assets for Independence program and Individual Development Accounts (IDAs). Here you can quickly learn about the AFI program and IDAs, how to apply for an AFI grant, and how to administer an AFI project. Come here for tips and to learn about best practices for providing and using IDAs and related services.

> Announcements

[AFI Grant Application Orientation Webinars](#) ▶

The AFI Resource Center is offering a spring webinar series for prospective grantees and project partners. [Register online now](#) to participate in these interactive calls to learn more about AFI application requirements and procedures.

[AFI Now Accepting Applications for Funding](#) ▶

The Office of Community Services is accepting applications for funding new AFI projects now! The **34** deadline for the next application cycle is March 31, 2011. [Read more...](#)

> Topics & Tools

General Information

Managing Your AFI Project
Guidance and forms for grantees

Financial Education
Deliver effective financial training

Populations

Domestic Violence Survivors
Helping Domestic Violence Survivors Build Assets

Fundraising

The AFI System

Building Assets

Next steps:

1. Connect with existing AFI projects in your area
2. Set up a call with the AFI Resource Center
3. Sign up for upcoming webinars

Applicant Webinar Series

Webinar 1: Planning an AFI Project	Webinar 2: Preparing a Successful Application	Webinar 3: Developing Resources and Partners
	December 4, 2012	January 9, 2013
January 29, 2013	February, 2013	March, 2013

Each webinar will be held at 2 p.m. EST.

For more information and to register:

<http://IDAresources.org/Calendar>

Recordings of previous applicant webinars are available here:

<http://www.IDAresources.org/Apply>

AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: info@IDAresources.org

Web: <http://IDAresources.org>
<http://www.acf.hhs.gov/assetbuilding/>

Mark your calendar now to join us in the beautiful gateway city of St. Louis for the

2013 AEO NATIONAL CONFERENCE

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May 5-8, 2013 • St. Louis, Missouri • The Chase Park Plaza



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SAVE THE DATE:
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