

Developing a Strong NABI Application

Thursday, May 30, 2013

Coordinator: Welcome everyone and thank you for standing by. All parties will remain on listen-only lines for the duration of today's call until the question-and-answer portion. At that time please make sure that your phone line is not muted, press star 1 and record just your name at the prompt to be placed into the queue.

This call is being recorded so if you do have any objections, please disconnect at this time and I'd like to turn the meeting over to Ms. Christy Finsel. You may begin.

Christy Finsel: Thank you. Welcome to this webinar about the Native Asset-Building Initiative. My name is Christy Finsel. I am an enrolled member of the Osage Nation of Oklahoma. I am representing the AFI Resource Center today as a consultant hired to provide technical assistance.

The AFI Resource Center is a source of technical assistance for IDA projects. We are joined by Heather Wiley of Assets for Independence and Christina Clark of the Administration for Native Americans. Both are working on this joint initiative.

We have a lot of material to move through, thus, we will answer questions towards the end of our time together today. If you do have questions during the webinar, we ask for you to please type them into the webinar Q&A tab. We will also take verbal questions towards the end as well.

AFI and ANA reps will answer as many of your questions today as possible and then post those answers, and answers to the questions they don't get to, on idaresources.org after the webinar.

In the e-mail you received this morning with the call-in information, there was a link that will allow you to download this weeks and last weeks presentation slides, as well as, the activity workbook and steps for project planning.

Just to note, ANA will hold a Sustainable Employment and Economic Development Strategies or SEEDS Webinar after this NABI webinar today. For more information, go to the ANA website.

We are thankful you have joined us today and we acknowledge your expertise in delivering Native asset-building programs. We will have a few slides that are repeats from last week because we have some individuals who did not join last week. Several of the repeat slides are general overview slides. We will also go into a lot of other new information today.

So we'll begin. What is asset-building? Asset-building is an anti-poverty strategy that can help low-income people move towards greater self-sufficiency by accumulating savings and purchasing long-term assets.

A comprehensive asset-building approach includes strategies such as financial education, credit and debt repair, federal benefits maximization, outreach on Earned Income Tax Credits and other federal tax benefits, getting the unbanked to bank, and encouraging savings in Individual Development Accounts, also known as IDAs.

In terms of Native asset-building, we also recognize that many Native communities understand assets very broadly, and not just as money. There are ways that you can design your programs to include these understandings of assets.

In terms of some asset-building tools, there are a variety of tools we can use to build assets, and they can help us build a number of assets at the same time. This is an interesting way of doing integrated asset-building.

In terms of some examples of asset-building tools, we have Earned Income Tax Credits, which can be claimed with assistance at Voluntary Income Tax Assistance sites, or VITA sites.

Also, financial education can be a tool to help with asset-building, as well as, job training and job creation, internships, child savings accounts, retirement plans, education, land purchase, small business development, our Native language programs, and IDAs.

So we know that a number of you on the call are very familiar with IDAs but there are some that probably are still growing in their understanding about them. Thus, if it is helpful, IDAs are matched savings accounts. They are held by individuals with low-income for designated purposes.

With an IDA, you have savers that regularly save earned income and put the income into their IDA. Their funds are later matched by private and public sources.

By rewarding individuals for saving, IDA programs encourage people to continue to develop savings habits, to manage their savings wisely, and acquire economic assets that will appreciate over time such as to purchase a home, engage in post-secondary education, or start a business.

In terms of what specifically is the Native Asset-Building Initiative - the focus of the call today - this is a joint funding opportunity offered through a partnership between the Office of Community Services OCS, Assets for Independence (AFi) and ANA's Social and Economic Development Strategies, or SEDS program.

The initiative's goal is to build capacity for Native communities to offer financial literacy, asset-building, and related services to more families. The essential piece for any project that's submitted under the NABI funding opportunity announcement

must be an IDA program. This is an AFI-funded IDA program with the AFI requirements that individuals must deposit earned income and then they receive match funds.

So for every dollar that a participant saves in their account, they're matched anywhere from \$1 to \$8 in match funds. Those match funds come from AFI funding and non-federal funding.

According to AFI legislation, participants can receive matched funds up to \$2000 per individual or \$4000 per household from an AFI grant award and at least an equal amount from non-federal funds.

After saving earned income in the IDA for at least six months, participants can then use their IDA savings and match funds to purchase a first-time home, start or expand a business, or pursue post-secondary education.

The other really exciting piece about NABI is that it helps to fund additional asset development services- this is getting back to that comprehensive asset development framework. Thus, you can use the ANA SEDS funds to help cover some of the other costs of delivering financial education, credit building, and credit repair services.

NABI funds can also be used as support for earned income- so that's workforce development and job placement services, entrepreneurial education, and VITA. NABI funds may also be used for homeownership assistance such as homebuyer and homeownership education classes, as well as, secondary education assistance- to help those students that haven't ever filled-out a FAFSA before. With this funding, you can help with that FAFSA process so the participants can apply for financial aid. Finally, NABI funds may be used for program support, to be able to cover the cost of administering an AFI project, such as with staff training and certification and also curriculum adaptation and development.

In terms of the benefits to community, NABI can help individuals save for and purchase assets much more quickly than if they were just going to save on their own for an asset purchase, such as for a home. With the matched funds, it moves them towards an asset purchase. The participants can continue to develop their savings habits and increase their financial literacy. Also, NABI increases financial stability for families in community. NABI funds cover the administration of an IDA project and costs for other comprehensive asset-building strategies.

Just a note, if you are applying for NABI, it's recommended that you ask for an award that you can realistically draw-down as you do not want to return unused ANA or AFI funds if you can help it.

Also NABI grantees, like AFI grantees, must have firm commitments of cash support from non-federal sources prior to applying for the grants and, if awarded, must deposit these nonfederal funds in a Project Reserve Fund for the duration of the grant award. If you are following the slides, an example is found below.

There's a visual of a Project Reserve Account with a federal grant . The federal and non-federal funds are both held in this Project Reserve Account.

In terms of what you can help your participants to save for in an AFI-funded IDA, they can purchase a home or repair a home that has been recently purchased to get it to code. In terms of how AFI designates a first-time homebuyer, it's someone that hasn't owned a home within the last three years. You can also use AFI funds to start a small business and pay for equipment, supplies, and other costs or pay for post-secondary education and training, including any necessary equipment such as books and computers.

Just a note, you can't put AFI IDA funds into a 529 state college savings plan but you can definitely pay for many education expenses. In addition, AFI allows transfer of

funds to enable a spouse or a child to purchase any of the economic assets listed above.

Here's an example of the funds to administer an AFI project:

AFI awards leverage non-federal funds dollar for dollar. In this particular example, if you have an AFI award of \$142,500 in Federal AFI funds, you would also have the same amount in Non-Federal funds. The total funding secured would be \$285,000. Of those funds that you've just secured, 85% would be for matching of funding sources and 15% would be for operations.

In terms of the SEDS funds, you will want to determine what is needed to make the IDA program successful in your community. You could use these funds to cover staff and staff training, curricula, supplies, advertising, office space, and utilities.

Here's an example of a SEDS budget. In this particular example, you have Federal Funds of \$200,000 and a non-federal share of \$50,000. You can see these are the kind of budget line items that you could include under each, such things as an IDA administrator, benefits for your staff, financial literacy curricula, some kind of staff training, or some money to cover youth IDAs.

And then on the other side, for example, administrative assistants, their benefits, office space, and credit builder training. These are examples. These are the kinds of things that you can cover with a SEDS budget.

So who can apply for a NABI grant?

1. Federally-recognized tribal governments or Alaska Native Villages as defined in the Alaska Native Claim Settlement Act, that are joint applicants with a 501(c)(3) Native non-profit organization.
2. Native 501(c)(3) non-profits serving Native Americans.
3. A Native non-profit organization designated by the Secretary of Treasury as a Community Development Financial Institution, or CDFI, or a Native non-profit credit

union designated as low-income credit union by the National Credit Union Administration.

In terms of who can apply, just a note. If your tribe has a 501(c)(3) in the community, you would not have to partner with a 501(c)3 external to your community. You may have a nonprofit that already exists in the Nation. An example of this is when the Choctaw Nation, located in Durant, Oklahoma, partnered with an existing 501(c)(3) in their Nation. In this case, the Choctaw Nation was the direct grantee.

Also just to note, there are some Native communities that are interested in partnering with a network or consortium to access AFI funds. In such an instance, these networks or consortiums may be willing to be flexible when signing a Memorandum of Understanding with a sovereign nation.

If you are interested in trying to speak specifically with some AFI network projects that might be more open to working with Native nations, you're welcome to be in touch.

In terms of examples of those who might apply for NABI, tribal colleges may be great applicants. You could use your current sources of funding for scholarships as the match for a NABI application. Also, Native Community Development Financial Institutions, Native housing authorities, and Native non-profits all would be excellent applicants.

Regarding the savings match, the participants receive these matched funds for the money they deposit into their IDA . The match amounts range anywhere from \$1 to \$8 for each \$1 of earned income saved.

Nationally, about 3/4 of the programs offer \$2 to \$3 in matching funds for each \$1 saved in an IDA. But, you could go higher depending upon how long you want your

participants to save for, how much they can afford to save on a monthly basis, and which assets you have them saving for.

A maximum amount of \$2000 in Federal AFI funds may be used to match participant's IDA savings. Federal funds provided to match participant savings must be combined with an equal amount of nonfederal funds (referring back to the AFI legislation).

When you're designing an IDA project, you will definitely want to have an arrangement with a financial institution. AFI requires that participant IDA accounts must be maintained in one or more Federally-insured financial institutions (where one is not available, a state-insured institution is suitable).

For your application you'll need a signed agreement with a financial institution. Thus, you might want to think about which financial institution you are already banking with, if they might be a good partner, and if they might be willing to work with you to develop an IDA project.

In terms of some account features and arrangements with the financial institution, you'll definitely want to think about the account ownership feature. AFI requires that AFI-funded IDA accounts must be custodial or trust accounts. With such accounts, the IDA program manager has control over withdrawals.

When working with a financial institution, It is recommended that you try to have the account statements delivered to the participants, and perhaps also to you, as the administrator, so that you will be able to have online banking privileges. With such a feature, you can monitor the savings patterns.

Also, a note to think about deposits...

Will you want to require electronic funds transfer or would you want to allow for deposits at branches and ATMs? You can design your program in a way that you think would best meet the needs of your local community members.

In terms of managing the Project Reserve Fund for an AFI project. As we mentioned before, this fund holds the Federal grant funds plus at least an equal amount of non-federal funds that are committed to the AFI project.

This fund has a separate account that only holds your IDA project funds. All funds - federal and non-federal funds - that are deposited into this account are subject to the Office of Community Service rules for the AFI program.

These rules state that not less than 85% of non-federal and federal funds in the Project Reserve Funds must be available to match participant IDA savings and the remaining 15% must be used for project support. Of the remaining 15 percent, up to 13% may be used for administrative purposes and up to 2% for data collection and evaluation.

It's recommended that you use a no-risk investment strategy for these funds such as a CD or high-interest savings account.

In terms of what to do about the interest that's earned in the Project Reserve Account, the interest earned on the 85% of match funds can go to the participants. There are various ways to calculate the interest. You could do it in real-time based on what the participants saved or you could divide it uniformly and distribute it at the time when the participants are purchasing their asset.

In terms of the interest earned on the 15%, it can be used for your program-related activities. AFI does not ask you to breakdown how you'll distribute the interest but they do ask you to track and report the interest.

Financial institutions can be important partners. They can setup the interest-bearing custodial or trust savings accounts for your IDA participants.

When working with a financial institution, you can ask for no monthly fees, no minimum balance, etc . We also want to establish the Reserve Accounts to hold both the nonfederal cash contribution and the Federal funds in the name of the sponsoring organization.

It'd be nice if the financial institution could give monthly account statements, or at least quarterly ones, to participants and also be able to offer other banking services to participants such as information about checking accounts or mortgages or loans or other kind of investment accounts. For the IDA accounts, we want the fee-free banking options for our participants and community members.

Thus, it's advised that you look around and try to get the best deal you can with a financial institution to make sure that our participants are well-served.

Financial institutions can be helpful as they can sometimes teach your financial education classes, if you feel comfortable with them doing so, As you arrange for your participants to go into a branch, to either open their accounts or make deposits, you could ask that there would be one teller there designated to greet your IDA participants. That way, for those that are new to banking, they'd have a familiar face.

In terms of NABI participant eligibility, this is how you would determine if someone could participate in this project...if they're TANF-eligible in their state or meet both of the following two criteria: income twice the poverty guidelines or EITC-eligible, and have a net worth of a maximum of \$10,000. When you're determining net worth, you deduct their most expensive vehicle and their residence. You may also choose to apply additional eligibility rules- but you do not have to do so.

When we sent out the call-in information for today, there was an attachment with a handout. That handout may help you when you're thinking about your project planning. It takes you step-by-step through some of the decisions that you'll need to make when you're designing your project and also some of the things that you'll need to think about as you put together your application .

For the NABI application, you will need to complete a community and organizational assessment. With this assessment, you'll want to know what the community needs in terms of asset-building and what asset purchases the community is really interested in making.

This can be determined with some focus groups or surveys, as well as, having conversations with your community members. Also, you can explore what resources you already have that you could bring to the project . You do not have to start this program from scratch.

You might have staff with availability to do some of this work. You might have those in the community experienced with an IDA project or perhaps some community partners that are eager to offer financial education to your participants. You do not have to do this by yourself. You can work with a number of partners to deliver this program.

It's also helpful to think about what your organizational capacity is to administer an IDA program. When you're signing participants up, or when you're helping them make purchases at the end, it can be administratively heavy. Thus, you will want to think about your capacity to administer the program.

The great thing with NABI is that there are some additional funds from SEDS to help you build that capacity-such as to bring on staff that you might need to work with your clients.

When conducting your assessment, you can explore who your potential partners may be. For example, is there already a Voluntary Income Tax Assistance site in your area where you could have your participants go and claim the tax credits that they're eligible for? Sometimes, some VITA sites will offer financial education.

The VITA sites could have some flyers available about your IDA program. When developing your IDA project, there are a number of components to determine and while this may also seem a bit overwhelming, it's also exciting to think about how to best serve your community.

There are a number of components to determine when designing an IDA program (target market, eligibility requirements, savings goals, match rate, and the savings period).

When developing your IDA project, you may ask the following: besides financial education, what other comprehensive asset-building strategies would you like to offer your participants? You may wish to assist your participants with FAFSA completion, job placement services, or with credit repair.

Why may you have to provide credit repair assistance? It may be that some of the community members are not ready to purchase a home yet because their credit has been damaged. Thus, they may need to work on their credit for awhile and then they would be in a position to participate in your program. How do you build a pipeline to get them prepared to participate in the program in a way that will help them to be successful?

When you're determining your roles and responsibilities, you can determine your IDA partners. You can think about who's going to do what and their capacity to participate in the project.

To note, depending upon how big your project is, you can have a variety of people responsible for different tasks. They can communicate with each other about their tasks. Or, you may also only have one or two people responsible for the tasks. That is a fine option as well.

In terms of securing sources of non-federal funds for a NABI application, such funding could come from financial institutions and their foundations; state and local governments; tribal governments; United Ways; or foundations at local, regional, or national levels. Also, you may be able to utilize state and local tax credits or special needs funding opportunities. There might be some places of worship that may be interested in putting some money together to help you to deliver this kind of project, as well as, locally-based corporations.

In terms of raising the non-federal funds, here are some examples from Native AFI projects. Nationally, we queried several of them a few years ago and they were getting money from national financial institutions, private/local financial institutions, Community Development Financial Institutions, and credit unions.

Some were also getting funding from state funds, the Alaska Mental Health Trust Fund (as in the case of the Cook Inlet Lending Center), tribal contributions, and foundations such as Citi Foundation, Bush Foundation, Scott Evans Foundation, and the Northwest Area Foundation.

Also, there are additional approved funding sources for NABI applications. These include the Indian Community Development Block Grant Program, Native American Housing Assistance and Self-Determination Act, and Public Law 638 (the Indian Self-Determination and Education Assistance Act). All of those are allowed for use as non-federal match.

From AFI, here are additional suggestions for sources of non-federal funds... If you have a tribal college, you could leverage some of the scholarships or foundation

funds that you have and use those for your NABI application. Also tribal leaders forming Microenterprise Development Organizations and leveraging appropriate related funding sources could apply. Additionally, you might be able to leverage NAHASDA's Indian Housing Block Grant and the Title VI Loan Guarantee and work with some other partners, like Habitat for Humanity, to increase new housing opportunities.

For your application you would need to determine your outputs and outcomes. Outputs are the direct products of the program's activities. They must be described in measurable or quantifiable terms that can be used to monitor and assess the proposed project's progress. Here are some examples of outputs:

- The number of participants enrolled in a project
- The number of participants who establish IDAs
- The number of participants who complete their financial literacy training.

You'll also want to determine the outcomes. These are the benefits/results/change. These are measurable. We are looking at kind of the benefits for the community members. This is about changing conditions that are results of the project operation. Some examples might be an increase in household income, an increase in families in affordable and uncrowded housing, or a decrease in unemployment rates.

You'll also need to develop the budget and budget justification. This is one of the last components of the project development. You'll want to make sure that your costs included in the budget are reasonable, realistic, and relevant to the work plan and that these proposed expenditures comply with AFI and ANA SEDS requirements.

Just a few notes about proposal content weaknesses...

Some examples might include:

1. little or no evidence of community involvement in defining the problems that will be addressed by the project, that the community was not involved in the design of the project and evaluation of project benefits.
2. Little or no community-specific information or adequate description of and documentation regarding problems that are impacting communities that the project will address.
3. Project outcomes that are written in broad descriptive terms with no measureable results and unclear timeframes for the completion of the activities.
4. Incomplete documentation on critical issues (no discussion of contingency plans, for example)
5. No firm commitment of leveraged resources to the project for its implementation or to sustain it after the end of the project funding or a detailed description of how the project will be sustained.

In summary, NABI is an exciting opportunity because it combined complementary funding streams from two ACF offices, OCS AFI and ANA SEDS to fund a single project that implements a comprehensive asset-building strategy.

As the focus needs to include the IDA component, you can wrap other services around to address workforce development, tax services, credit repair, etc. The great thing is that these SEDS funds can be used to fund the additional asset-building strategies, as well as, to cover the cost for administering a program.

This was the reason why NABI was introduced –as historically there were some challenges with Native communities not always having the funding to administer an AFI-funded project. These SEDS funds help take care of that challenge.

In terms of the NABI funding opportunity announcement, the FOA has not yet been released but will be soon. The 2013 FOA will be posted on Grants.gov. To see the 2012 FOA, we included a link in the slides that were sent to you. You are welcome to access that information at that site.

Also a few notes regarding submitting a NABI application. These are some things you'll want to think about so that you don't spend all this time getting a project together and then at the end have trouble submitting it electronically.

ACF requires electronic submission of applications at Grants.gov. Those that do not have an Internet connection or sufficient computing capacity to upload large documents can contact ACF for an exemption. For more information, you can go to Section IV.2. Application Submission Options.

To apply, all applicants must have a DUNS number and be registered with the System for Award Management. You must maintain an active SAM registration until the application process is complete, and should a grant be made, throughout the life of the award.

So you'd want to make sure to finalize a new or renew an existing registration at least two weeks before the application deadline. For more information, you're welcome to see the link provided.

For those that weren't aware of this yet, this fiscal year ACF has implemented a new application upload requirement. Each applicant applying electronically via www.grants.gov is required to upload only two electronic files, excluding Standard Forms and OMB- approved forms. For more information, please see Section IV.2 Content and Form of Application Submission for detailed information on this requirement.

If your community is interested and ready to learn more about the Native Asset-Building Initiative, here are some further resources. There is technical assistance available through ANA and AFI. For further information about the ANA TA, we included a link.

For TA from AFI, please contact Heather Wiley. We included her contact information. Also some NABI grantees have hired Native asset-building consultants to provide them with TA.

Additionally there are several Native asset-building coalitions that are providing free training and TA to Native communities designing and implementing IDAs. If you'd like some more information about those, please be in touch.

There are also some loose peer networks of Native IDA practitioners nationally who are willing to share sample documents. You can learn from other projects to see what worked and what did not work.

Here are some helpful contacts for how to reach the AFI Resource Center and the ANA Help Desk. For NABI-specific contacts, we included contact information for Christina Clark and Heather Wiley.

In a minute, I'll turn it over to the operator (Lisa) so that she can tell you how to proceed with asking questions. We will invite Heather Wiley of AFI and Christina Clark of ANA - the two program specialists responsible for working with NABI grantees - to address your questions. We really appreciate you joining today. (Lisa)?

Coordinator: Thank you and again for those of you that do have a question or comment, please make sure that your phone line is not muted and press star 1 and record just your name at the prompt to be placed into the queue. Again that's star 1 and if you'd like to be removed from the queue, you can press star 2 and we'll give it just a moment and I'm showing no questions.

Christina Clark: Hi, this is Christina Clark from ANA and I just want to encourage anyone that's on the line that may potentially have questions to feel free to reach out to either myself or to Heather Wiley. She's here as well. If questions come up while you're looking at the announcement, once it's published, or if you're thinking about or planning your project, please feel free to reach out to us via e-mail or telephone and we'd be more than happy to help you find answers.

Coordinator: And I'm still showing no questions.

Christy Finsel: Okay. We'll give it a minute more after that and we thank everyone for your participation today. Thank you.

Coordinator: That concludes today's conference. Thank you for participating. Please disconnect your lines at this time. Thank you.

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