

# AFI PROJECT BUILDER: GUIDE TO DESIGNING AN AFI IDA PROJECT

*"[Buying my home] could not have happened without the IDA Program. Throughout the savings period, I became disciplined and took responsibility for my future."*



Candice Weather, IDA Graduate and Homeowner  
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# Introduction

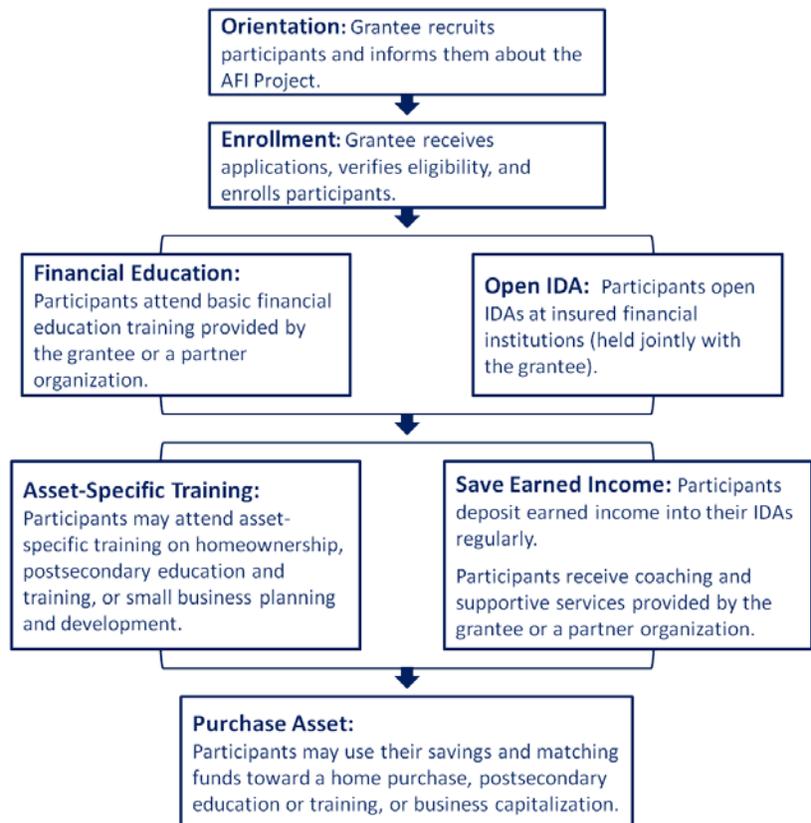
Asset building means change. It offers new tools to reduce poverty. Matched savings, financial education, asset attainment – all change behavior and diversify the resources needed to handle life’s emergencies for low-income families. Through more than 600 Assets for Independence (AFI) projects over more than a decade, more than 100,000 families have had an opportunity to lay a firm foundation on which to build assets and move beyond coping with financial crisis to financial stability and upward progress.

These families accessed this opportunity through the Assets for Independence Demonstration Program sponsored by the U.S. Department of Health and Human Services (HHS), Office of Community Services. The AFI program awards grants to organizations seeking to improve the lives of low-income communities through accumulation of assets using a matched savings program, provision of financial education, and other asset-building services.

AFI grantees enter into special partnerships and assemble a diverse set of tools and resources to support their families’ financial progress. This *Project Builder* outlines the types and uses of these partnerships, tools, and resources to help you design a matched savings program that meets the criteria set forth in the AFI Funding Opportunity Announcement, which can be accessed at [www.IDAresources.acf.hhs.gov/Apply](http://www.IDAresources.acf.hhs.gov/Apply).

The *Project Builder* is a practical, comprehensive reference. The advice and examples presented here come first-hand from community organizations, key partners, and evaluators engaged in individual development accounts (IDAs) in recent years. With this information, AFI applicants benefit from the learning of early AFI IDA projects, thereby reducing the time and expense of building and operating a project from scratch.

The *Project Builder* serves both those new to IDAs who want to prepare a proposal to request an AFI award and



those current AFI project staff who are planning a new request for AFI funding.

On the previous page is a quick graphic summary of an AFI IDA project that may help prepare you for the many steps to follow.

## How to Use this Guide

Each of the following chapters takes you through a key step in planning an AFI IDA project. While there are various forms of IDAs with different features and requirements, AFI IDA features are determined by the AFI Act. In this guide, of course, we focus only on AFI IDAs. The earlier chapters focus on groundwork for project design, while later chapters address specific operational concerns.

One or more tools accompany each chapter to assist you in applying the information in the *Project Builder* to your own organization, community, and context. The tools include worksheets to guide you through account and project design, templates for key project documents, and instructions for standard application forms to complete according to AFI guidelines. All of the tools are collected in an online Toolkit that can be found at [www.IDAresources.acf.hhs.gov/Apply](http://www.IDAresources.acf.hhs.gov/Apply). Throughout the *Project Builder* you will see “folder” icons such as the one at the right to indicate references to worksheets and templates that can be found in the online Toolkit. Additionally, the “mouse” icon will be used to indicate that additional resources such as data or research can be found online.



## The Project Builder at a Glance

We recommend that you work through these chapters in sequence as you develop your AFI proposal.

### 1) AFI IDAs: Why and What..... 6

Chapter 1 briefly reviews the history and framework for asset building as a poverty reduction strategy. It defines IDAs, provides an overview of promising practices in IDA operations, and lays out the fundamental components of an AFI IDA project.

### 2) An AFI IDA Project: How Does It Fit? ..... 12

Chapter 2 asks, “How’s the fit?” It provides a straightforward way to examine all of the parts of an AFI IDA project and compile key information about your organization, the target population, and the community context to get the answer. With the related tools, you can inform your initial concept for an AFI IDA project with critical “on the ground” information.

### 3) A Focus on Results..... 22

Chapter 3 builds from the information related to the “fit” and provides a process to establish the core outcomes for your AFI IDA project, as well as indicators that will be evidence of the results.



**4) The Basics of the Accounts..... 25**

Chapter 4 takes you through a first sketch of the core financial components in an AFI project—the Individual Development Account and the Project Reserve Fund. The chapter offers step-by-step guidance for choosing key features of the Individual Development Account. It alerts you to basic guidelines for the Project Reserve Fund that, in turn, determine some aspects of your project design.

**5) Financial Institutions: Key Partners for AFI IDAs ..... 40**

Chapter 5 focuses on the unique partnership every AFI IDA project needs with a financial institution that meets the AFI guidelines. It provides key strategies and insights into selecting a financial institution partner that will do what is needed for an effective IDA structure.

**6) Other Partners: A Critical Part of the AFI IDA..... 48**

Chapter 6 guides you through examining what other partnerships might be needed to fill out and supplement AFI IDA project operations. It also addresses key matters related to fundraising for AFI IDA projects.

**7) Approach, Part 1: Participant-Oriented Components..... 61**

Chapter 7 helps you think through how an AFI IDA project actually operates, from outreach to asset purchase, for your participants. This chapter guides you through the details of service delivery and core responsibilities of grantees, partners, and participants.

**8) Approach, Part 2: Your Organizational Capacity and Management Procedures ..... 76**

Chapter 8 helps you think through topics such as data management, reporting, staffing, the budget, and the work plan that pulls it all together. It emphasizes use of intermediary targets to manage your way to final outcomes. This discussion is based on a lifecycle view of AFI IDA projects—startup, full operation, and close out.

**9) Checking It Off..... 91**

Chapter 9, the conclusion of the *Project Builder*, synthesizes all of the information cultivated from the previous pages, provides a final checklist of the application narrative requirements, describes the project abstract, and refers you to additional support for your proposal development.

Review the information and approach in each chapter. Use the related tools to compile information specific to you. You can then cut and paste materials from these working documents into your actual proposal, smooth out the narrative, collect your completed standard forms, and be ready for a final read-through before submission.

Remember: We welcome your calls and questions as you develop your response to the Funding Opportunity Announcement (FOA). Email us at [info@IDAresources.org](mailto:info@IDAresources.org) or call us at 1-866-778-6037.



**Lakota Funds, Inc.: The Lakota *Tiwahe* IDA Program**

Kyle, South Dakota

The Lakota *Tiwahe* (family savings) IDA program began in 2001 as the first native IDA program in South Dakota. Diana is one of many successful savers in the program. She is using her IDA to help her earn her degree in business. In addition to the financial education literacy courses and college success workshops, Diana attended monthly support meetings to discuss her progress. ([www.lakotafunds.org](http://www.lakotafunds.org))



# Chapter 1

## AFI IDAs: Why and What

This chapter provides a brief introduction to the origins and tools for an asset-building approach to mitigating poverty. It includes some key learnings from the earliest IDA projects and outlines the basic components of AFI projects that you will think through as you design your own project.

Fundamentally, the asset-building approach to reducing poverty focuses on changing behavior through incentives. It does not abandon the concept of income supports, if needed, but goes further. As the “father of asset building,” Michael Sherraden, has said, “Incomes fill people’s stomachs; assets change their heads.”

As an IDA participant put it, “Assets means there’s something left over. There’s something to put aside for the rainy day, the emergency, or the dream.”

In AFI IDA projects, participating families engage in long-term saving and investment behavior to increase economic independence. Improved financial stability for many low- and moderate-income individuals and families depends on both supporting their capacity to earn income and providing opportunities for them to build assets. But it’s the latter that means a family is in a different place next year compared to where it is today.

### **What are Individual Development Accounts?**

IDAs are matched savings accounts. Participating account holders use their individual savings and the matching funds to purchase an asset. The accounts are special financial products, and savers in these accounts also participate in financial education and receive a range of services that support savings, provide resources to assist in securing the asset, and create links with other asset-building activities such as credit counseling or getting banked that support improving their long-term financial prospects.

The U.S. Department of Health and Human Services, Office of Community Services’ (OCS) Assets for Independence program supports IDA projects that target low-income individuals and families and assist them in saving in the matched IDAs for the purchase of a first home, postsecondary education or training, or small business. IDAs supported by other sources may offer additional asset options, such as retirement accounts, vehicle purchase, assistive devices, or home repair. Through AFI grants, grantees use Federal dollars and an equal amount of non-Federal dollars to match participants’ savings from earned income—and to pay for project implementation.

## History of IDAs and AFI

With support from major foundations, the private sector introduced IDAs in the 1990s as a tool to complement other asset-building approaches to alleviating poverty, such as homeownership counseling, down-payment assistance programs, and microenterprise training and financing. IDAs added a new element—the specialized account linked to match money to provide incentive for low-income individuals and families to save and to accumulate a sum sufficient to purchase an asset.

In combination with anti-poverty efforts to increase employment and income for individuals and families, IDAs—and asset-building strategies broadly—have yielded important results. Research on the effects of saving and asset ownership over the last 20 years points to these outcomes:

- Assets not only help households sustain themselves during difficult economic times, they also orient people to the future and provide a stake in society.
- Asset ownership decreases economic strain, marital dissolution, and risk of intergenerational poverty.
- At the neighborhood and community level, asset ownership increases property values, property maintenance, health and satisfaction, and local civic involvement.
- Asset ownership by parents improves the opportunities for their children, as evidenced by improved grades, more consistent attendance at school, and greater likelihood of postsecondary enrollment.
- Assets can be passed on to future generations to increase their opportunities.

Based on the success demonstrated by early IDA projects, Congress established the Assets for Independence Demonstration Program with the Assets for Independence Act in title IV of the Community Opportunities, Accountability, and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285.<sup>1</sup> The Office of Community Services (OCS), within the Administration for Children and Families (ACF), at the U.S. Department of Health and Human Services (HHS) has administered the AFI program since 1999.

Through FY 2009, grants have been awarded to 352 organizations that have implemented 590 AFI projects. Of this number, a total of 548 projects were still active at the end of FY 2009. The Department also awarded grants to the States of Indiana and Pennsylvania to implement two special State AFI projects. More information about the status and outcomes of the AFI Program can be found in the annual AFI Report to Congress, available at <http://www.acf.hhs.gov/programs/ocs/resource/afi-reports-to-congress>.



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<sup>1</sup> For full text of the legislation, see <http://www.acf.hhs.gov/programs/ocs/afi/afialaw2000.html>

## Key Lessons from IDA Demonstrations

A wide range of community organizations, public agencies, and other entities have applied this anti-poverty strategy in the United States. The asset-building field today benefits from demonstrations and research projects undertaken over nearly two decades.

Here are some key lessons that have shaped the operations of numerous successful IDA projects. They may be of assistance to you.<sup>2</sup>

❖ *Poor people can save.*

Research findings indicate that even those with the lowest incomes in the earliest demonstrations saved. In fact, as a percentage of their incomes, those participants earning below Federal poverty thresholds saved the most. Participants find money to deposit in the IDA by reducing their spending, while a sizeable number increase their income in order to save.

❖ *Offering match funds and support services encourages saving.*

Participants save more as a result of match. Financial education boosts savings as well: receiving 8-10 hours of financial education positively impacts monthly deposits. Further, monthly savings targets themselves motivate and focus participant efforts. Budget counseling and workforce development also help participants identify the best strategy for themselves.

❖ *Existing services and opportunities complement and increase savings.*

Connecting participants to what's already available can boost your results. Many IDA projects encourage participants to take advantage of services, such as direct deposit and other automatic deposit services, offered by employers or a financial institution. Timing is also important: tax refunds have a positive impact on saving in March and April. Many IDA projects create formal links to free tax preparation and Earned Income Tax Credit (EITC) awareness campaigns to ensure savers maximize the size of their refunds and potential savings.

For more research about the impact of IDAs on individuals, families, and communities, visit the following websites:

- New America Foundation: <http://www.AssetBuilding.org>
- Center for Social Development: <http://gwbweb.wustl.edu/csd>
- CFED: <http://idanetwork.org>



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<sup>2</sup> Michael Sherraden, *Individual Development Accounts: Summary of Research*, Center for Social Development, September 2002. Gregory Mills, Ken Lam, Donna DeMarco, Christopher Rodger, and Bulbul Kaul, *Assets for Independence Act Evaluation: Impact Study*, Abt Associates, February, 2008.



## The Components of an AFI IDA

The list below encompasses processes and activities that are essential to AFI IDA projects, from the perspective of the AFI participant. Each component is briefly defined so that you will be familiar with these terms as you develop your AFI IDA project. The order of these steps occasionally varies, but the list represents the basics for every AFI IDA project.

- **Outreach and Recruitment:** Strategies and activities that spread the word about the AFI IDA project to the targeted population and provide key information to generate interest.
- **Enrollment:** Review of applications, eligibility determination, and acceptance of applicants. This process incorporates AFI eligibility guidelines, as well as your own requirements.
- **Opening IDAs:** Participants open their savings accounts with the financial institution partner.
- **Savings Period:** Minimum and maximum period of time during which participants can save in their IDA. A participant may not receive matching funds less than 6 months from the date the IDA is opened.
- **Financial Education:** Training on key financial management tools and concepts that will assist participants with saving and asset purchase—even long after they graduate from the AFI project.
- **Asset-Specific Training:** Workshops, classes, online seminars, and other means to provide specific information on an asset goal. Its key aim is to prepare participants to find, purchase, and maintain their assets.
- **Case Management:** Individualized participant support by project staff (or partners) with appropriate skills and experience. Often focuses on savings support, debt counseling, credit improvement, or asset purchase preparation, but also includes intervention, if needed, for employment, health, legal, or other matters that may impede the saver's progress toward the asset goal.
- **Asset Purchase:** Process, policies, and procedures by which the IDA holder applies savings and the AFI project applies accumulated match funds to purchase all or a portion of an asset.

In addition to these outward, client-oriented activities, your agency will need to commit to the project and grant management of operating an AFI project. This includes oversight and leadership for all of the components of the project and the key unifying task of monitoring all elements to ensure progress toward overall project outcomes. Project leadership is responsible for proper use of the grant, including ensuring adherence to rules and policies, as well as meeting reporting and other standards on time. The following elements receive special attention:

- **Account Management and Oversight:** IDAs involve two types of accounts: the Project Reserve Fund, where non-Federal cash and parallel Federal funds drawn down are held, and the Individual Development Accounts, where participants save their monies to be matched.

The IDAs involve regular deposits, interest earnings, and one or more withdrawals of participants' savings for asset purchase. The Reserve Fund transactions include deposits of large sums (from the Federal award and non-Federal funders), interest payments to savers, and disbursement of Federal and non-Federal sums to third parties on behalf of individual participants (the match to their savings in the IDA), or to the grantee for allowable operating costs.

At the end of the project period, you will provide a final accounting of the funds spent or remaining.

- **Partnerships:** Unless you are a qualified financial institution, you will need at least one partner to hold the IDAs and the Project Reserve Fund. In addition, you may find other partners necessary to provide the full suite of participant services and supports described above, such as credit counseling and financial education workshops, or to assist with recruitment, for example. You will also want to coordinate with others that serve your target population, including other Federal or state agencies.
- **Data Collection and Management:** AFI IDA projects use key numbers to understand participant and project progress, for example:
  - number of individuals who participate in outreach activities
  - number of IDAs opened
  - dollars saved that participants use to purchase assets
  - number of participants completing financial education or other training
  - number, type, and value of asset purchases
  - non-Federal and Federal funds deposited to and disbursed from the Reserve Fund

This information must be collected in a data management system of some kind and reported to AFI, to your non-Federal funders, and to other stakeholders. Equally important, projects actively use data, or performance indicators, to know whether participants and project are progressing to realization of stated project outcomes.

In later sections of the *Project Builder*, you will see where and how to describe these key components in your proposal for Assets for Independence funding.



**City of Oakland: Oakland Families Building Wealth IDA Program**  
Oakland, California

The Oakland Families Building Wealth IDA Program works with a network of seven organizations. An AFI grantee since 2007, Oakland hopes to provide financial education to 250 individuals and open IDAs for 106 participants. To recruit participants, each subgrantee organization distributes convenient program information cards to interested individuals and families. ([www.oaklandhumanservices.org](http://www.oaklandhumanservices.org))

## Chapter 2

### An AFI IDA Project: How Does It Fit?

This chapter will explore:

- How does an AFI IDA project fit with your organization’s mission and current programs?
- What experience and capacity does your organization have in place to administer a successful AFI IDA project, and what does it need from partnerships?
- Are your target population and your community ready for savings and asset ownership?
- What are your community needs and opportunities related to asset building?

This chapter helps you prepare your AFI application by:

- Explaining your role in the AFI IDA project
- Examining how your organization’s history and expertise applies to implementing an AFI IDA project
- Analyzing your target population as it relates to asset opportunities
- Inventorying community resources to tap for your project

The first step in embarking on an AFI IDA project is to understand how this work will complement your mission and services and who in your community would be strong partners. You will want to be able to demonstrate your capacity, describe the population you plan serve, and explain how your new project will build on or be a natural complement to other available strategies for enabling families to make financial progress.

#### How Can AFI Advance Your Mission?

How well do asset-building strategies mesh with your organization? If your mission is to reduce poverty and to help low-income households become more self-sufficient, then adding this asset-building opportunity to your services can advance your existing mission. If you already use tools such as personal counseling, housing assistance, training and employment, food or energy assistance, and the like, asset building may enable you to lift your participants to a higher level. If you already provide other asset-building opportunities such as credit counseling or tax filing assistance, adding the matched savings presents an opportunity for your participants to apply what they learn from you to leverage resources such as tax refunds for investing in an appreciating asset.

Organizations running AFI IDA projects share a focus on low-income, low-wealth families and communities. Through financial programs, participants gain stronger financial management skills and a first asset, setting them on the path to long-term financial security.

Additional resources to help you achieve the goals of your AFI IDA project are diverse—from community action agencies operating education, housing, and other key services to community

development credit unions offering low-cost membership and affordable credit and savings products. What matters is the common interest in low-income individuals and families and providing services or products that create opportunities in these communities.

### Organizational Consistency and Capacity

Review the list of AFI IDA project operations in Chapter 1. Your organization no doubt engages in similar activities—outreach, enrollment, various direct services, and case management, as well as overall project management, fiscal management, and much more. What is your experience in these areas? When you envision what is needed for an IDA project, think about how your organization’s current activities, expertise, and capacity could enable it to succeed.

**Tip:** A successful AFI proposal does not require previous IDA experience, only the interest and ability to transfer your relevant management skills and experience to this kind of project.

For example, a community-based credit union might offer IDAs as a special product and provide support for asset-specific training but might lack experience in recruitment and enrollment. A nonprofit home buyer education program might be comfortable with managing the match because it is similar to their down payment assistance program but might know very little about small business or education supports. A community-based financial education provider or a tax coalition might demonstrate great success in serving low-income families but might have limited staff capacity for the long-term data and account management essential for an IDA project.

Your organization’s strengths lie in your proven experience, your existing networks, and your resources—people, money, space, programs, equipment, and reputation. Review the key components of an AFI IDA project and connect your resources to these tasks. Use the Toolkit worksheet “AFI Activities, Our Capacity, and Potential Community Partners” to map internal and external resources against the components.



### Population(s) Served

Whom do you serve? Examining your current—or projected—population through an asset-building lens is another starting point for an AFI IDA project. Your population’s characteristics and circumstances will determine whether they can be ready for the IDA opportunity and the specific route they might take to asset ownership. It is helpful to review these factors and create a picture of what asset building would look like for your population. Usually, matched savings complements other asset-building tools, such as financial education, tax assistance, mainstream banking access, credit counseling, employment services, and the like.

AFI IDA projects are most effective when they serve populations with a need for asset-building supports and a reasonable likelihood of long-term success as asset owners. This process helps in managing the balance between need and opportunity, between those who are eligible and those who are ready.

There are three critical questions to answer (FOA page 14):

1. What's the need for asset building in my community or among those I plan to serve?
2. What's the level of interest? How open is your population to the opportunity?
3. What's the potential for that population to participate, complete the process, and purchase an asset?

### Defining Your Population

AFI provides baseline parameters for defining your target population through threshold eligibility criteria. Individuals and families may participate in an AFI IDA project if:

1. They are eligible for the Temporary Assistance for Needy Families (TANF) program at the time of application.<sup>3</sup>

**OR**

2. They meet **both** of the following two sub-criteria:

- Their household adjusted gross income is either less than twice the Federal poverty line at the time of application or within Federal Earned Income Tax Credit (EITC) limits.
- Their household net worth is less than \$10,000 at the end of the calendar year that precedes the time of their application (excluding the value of a first home and one vehicle).

**Tip:** HHS Poverty Guidelines are listed at <http://aspe.hhs.gov/poverty/index.shtml>. EITC income guidelines are listed at [www.irs.gov/eitc](http://www.irs.gov/eitc).



In addition, AFI IDA participants must have a source of earned income during the savings period. Participants may deposit only earned income in their IDAs, reflecting the program's philosophy that work is central to success in achieving financial stability.

These criteria alone will likely encompass far more individuals than your AFI project could effectively serve. Successful AFI IDA projects often refine their definition of who they will serve to focus their project's design and limited resources most efficiently.

To be more focused and realistic in your project design, look for common characteristics that might define smaller groups within the larger population of eligible individuals and families. Planning outreach, services, and account management procedures that take into account these

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<sup>3</sup> TANF eligibility varies from state to state and encompasses a range of services well beyond cash assistance that can include transportation or child care assistance, employment training, etc.

common characteristics allows you to lay out a project that will maximize the access and minimize the obstacles for the population. Some AFI IDA projects serve more than one target population, based on the overlaps they see within the larger pool, especially if they have a neighborhood focus; some serve a narrowly defined group, such as youth transitioning from foster care or adults with disabilities.

Even if your existing service population is AFI-eligible and you plan to focus your efforts there, you still must consider many factors in your program design in order to maximize your outcomes. Below are a few points to consider. As you go through this section, use the second part of the Toolkit worksheet “Assessment of Target Populations” to capture key background data to refine your understanding of how AFI IDAs may support your target population.



### ❖ *Demographic Information*

Are you working with distinct ethnic or racial groups? A particular age group? Is there a preponderance of one type of household (for example, single female heads of household, single fathers with children or noncustodial parents, Head Start parents, married couples, high school students)? What are the general employment opportunities and educational patterns for your potential target population?

"I almost can't imagine starting an IDA if I didn't have a clear understanding of the needs of low-income people in the area being served. If you don't know that, you're going to have a very steep learning curve."

- An official of a statewide AFI network

### ❖ *Savings Capacity*

What is a typical budget for essential living expenses in the community? Given the average incomes in the area and of your families, would your participants have money to save in the IDA after they meet basic expenses? About how much could they reasonably save in an IDA each month? If you are working with youth or people with disabilities, what sources of earned income are possible? You need to plan for some earnings, at least as much as they will save.

### ❖ *Asset Ownership and Interest*

What are the rates of homeownership, small-business ownership, and postsecondary education among your population? How could you gauge the demand for these asset goals among your population? Are there other resources to support achieving their asset goals? For example, could your participants also work with a homeownership program managed by a partner organization? Could they coordinate with a microenterprise development initiative managed by the local community development corporation?

### ❖ *Credit and Debt Management*

What are the trends in debt and credit history among members of your target population? Are participants likely to need credit counseling and debt repayment support, or will they need help establishing a credit history? This topic is especially important if the asset goal is homeownership or business capitalization.

### ❖ *Banking History*

How many among your population already have a relationship with a mainstream banking institution? What type of access to basic banking services does your population have? What services would they want? What is their typical use of alternative financial services, such as check-cashing establishments or payday lenders?

### ❖ *Additional Barriers*

What other challenges does your population typically face outside of income and asset considerations? Barriers such as low literacy, lack of access to child care, unstable employment, limited job skills, medical or domestic issues, or other challenges may affect an individual's readiness to participate in an AFI project. Any community resources that you can access to help measure and mitigate these needs will be important for your organization's program design.

**Tips for Data Gathering:** Information on poverty and unemployment rates in your community can be found on several government Web sites such as the U.S. Census Bureau ([www.census.gov](http://www.census.gov)) and the U.S. Department of Labor ([www.dol.gov](http://www.dol.gov)). Other methods of describing poverty include identifying the rate of TANF receipt ([www.acf.hhs.gov/programs/ofa/data-reports/index.htm](http://www.acf.hhs.gov/programs/ofa/data-reports/index.htm)) or describing the underemployment experience in the community. Another indicator is the eligibility and use figures for the EITC, which the IRS can provide by state and zip code. Local jurisdictions, the United Way, or your own organization may also have current or specially focused data. You can also use focus groups, surveys, and similar tools to gather direct data on these points from members of the group you wish to serve. Other asset-building initiatives, such as Bank On and CASH campaigns, may have relevant information for their targeted communities. Finally, a number of private foundations and research organizations collect and report information on poverty or asset poverty, even at the level of Congressional districts or local jurisdictions.



## **Community Financial Context**

Understanding your target population includes learning about the community within which participants will be saving and purchasing assets. First, you will want to know if there are other asset-building opportunities or services already available.

Then you will want to explore financial resources and possible funding sources. Finally, you will want to ask the critical questions related to whether the assets in your area are affordable for

the participants to purchase with their savings, your matching funds, and other resources, such as local down payment assistance for a home.

#### ❖ *Existing Asset Building Opportunities*

Are organizations in your community already offering IDAs to low-income people? If so, it means there is already some level of knowledge about asset building in place. There are many communities with more than one AFI IDA project. Offering IDAs to a population not yet served, such as the people with disabilities, youth, or a particular ethnic group, extends the opportunity. Are there other asset-building services already in place, such as free tax preparation or financial education, with which you might partner or coordinate services? There is no single source for this kind of information: check with local United Ways, municipal or county government economic or community development divisions, community action agencies, or other organizations that interact with a broad range of low-income families.

**Tip:** Visit the AFI Project Locator at [www.IDAresources.acf.hhs.gov/map](http://www.IDAresources.acf.hhs.gov/map) to search for AFI grantees in your area. Most will be happy to share their experience with you.



#### ❖ *Financial Services*

Are there financial institutions that offer—or are willing to offer—affordable savings accounts with convenient access for deposits? Are there affordable loan products for mortgages, school loans, and small-business loans? At a minimum, you will need a financial institution to hold the Project Reserve Fund and the Individual Development Accounts.

#### ❖ *Asset Access in Your Community*

- **Homeownership:** Historically a majority of AFI participants have made homeownership their asset goal, but the present unsettled market now calls for especially careful planning by grantees, as well as participants. Will the savings and match provided with the IDA be sufficient for a down payment and closing costs for a home purchase? Is the typical monthly mortgage payment for a home in your community within the range of your population's incomes? Is there a reasonable supply of housing that is affordable to your target population? Are there other sources of down payment assistance that you could count on using at the time of purchase? Do you have expertise or potential partners who could prepare participants for the home purchase process?
- **Small Business:** New and existing small businesses (also known as microenterprises) can be income-generating for the participant and his or her family. They can either be pursued as full-time work or part-time work that supplements another job. But to succeed, they have to be well planned with regard to the local market. Are there reasonable opportunities for a microenterprise to thrive in your community? Are there complementary support programs to help people succeed as small business owners? Are there flexible loan products for microentrepreneurs accessible to your population?

Do you have the expertise to help develop, review, and approve a sound business plan on which to base asset purchases, or can you work with an experienced partner, such as a microenterprise lender or a small business development center?

- **Education:** Education—either postsecondary or in a training program—is a stepping stone to higher wages, job security, self-sufficiency, and future asset building. AFI IDA participants have to consider what jobs the education they want to pursue would qualify them for and what educational institution or training source would be the best value to get them there. Is there a diversity of two- and four-year degree programs as well as vocational training options in your community for your target population? What portion of the total cost of these programs will the savings and match from the IDA cover? Will these students be able to access other loans and grants to pay for the rest of the program? Can you or a partner bring strong career planning to educational asset purchases?

Many clients see an IDA as a way to reach the American dream— to make a down payment on their own home. AFI projects typically assess housing affordability by looking at the "community context" to make sure an IDA is a practical tool for reaching the homeownership goal. In some high-cost housing areas, AFI projects have found that homeownership in the local market was beyond the reach of prospective participants. In these markets, AFI projects may encourage clients to choose another asset goal (small business or education) by explaining that building assets through a business or increasing skills can be a bigger step toward future financial security, including a home purchase down the road.

However, keep in mind that homeownership may still be an option even in the most expensive markets. AFI projects have been able to assist some clients with purchasing their own homes, largely by helping clients "layer" other homeownership resources on top of the IDA funding.

## How's the Fit?

You have now examined your capacity and commitment to AFI IDAs, detailed your population's asset-building profile, and inventoried community resources and opportunities. These provide the foundation on which to build your specific AFI IDA project; you've stitched them together for the first time. So how's the fit?

Fundamentally, what's the capacity and interest—within your organization, target population, and community—for the savings, match, and asset ownership opportunities of the AFI IDA project? As you laid out the various details about your context in the worksheets you've completed, what opportunities and obstacles do you see?

The nips, tucks, and adjustments that an AFI grantee may make are difficult to generalize. The following tips offer insights from current AFI grantees as they tailored their own projects:

### ❖ *Involve Others*

AFI IDA projects all need at least one partner—for most, it’s a financial institution to hold the IDAs and Project Reserve Fund. Adding more partners may mean adding capacity, reaching a particular population, or getting help with a tough asset market.

**Tip:** Developing partnerships —both with financial institutions and others — to support your AFI project is covered in Chapters 5 and 6 of the *Project Builder*.

### ❖ *Go Into Business with Others: Networks*

The most intense—and widely used—partnerships are AFI Network projects. In this case, the partnership is among multiple entities, usually three or more community-based organizations. Each network member shares responsibility for the overall AFI IDA project.

Networks are different from project partnerships in that network members each commit their own resources and assume individual accountability for the broader project or for specific aspects of implementation; there are several different models of Network projects.

**Tip:** Network projects are discussed further in Chapter 6 of the *Project Builder*, and the AFI Resource Center provides in-depth materials for planning, developing, and managing network projects. To learn more about various ways in which AFI networks organize their work, visit <http://IDAresources.acf.hhs.gov/Networks>.

### ❖ *Offer Multiple IDA “Tracks” to Accommodate Different Targets*

Some AFI IDA projects offer multiple tracks of services that meet the different needs of their target populations. They may offer a “fast track” with a shortened savings period and fewer requirements related to counseling for a segment of the population that is ready for asset purchase. Conversely, some projects offer a pre-IDA program that helps individuals and families address financial or other obstacles that would inhibit their ability to succeed in an AFI IDA, given the project’s timeline: participants may graduate from a preparatory stage to opening an IDA and completing the journey to asset purchase.

**Tip:** Chapter 7 of the *Project Builder* will help you think through how to design the participant-oriented components of your AFI project to maximize saver success.

❖ *Establish an Advisory Team to Assist in Project Development and Startup*

Convening an array of community organizations that are interested in asset building and IDAs can be a great way to spark engagement by potential funders, partners, and other supporters whose involvement is crucial to the success of the project over the long term. Include individuals who are knowledgeable about home purchase, business prospects, career opportunities, credit counseling, and the like to help you develop sound policies and procedures, as well as bring public and private resources to your project. Use AFI IDA project participant success stories from the IDA Resource Center Web site and the AFI newsletter to pique their interest.

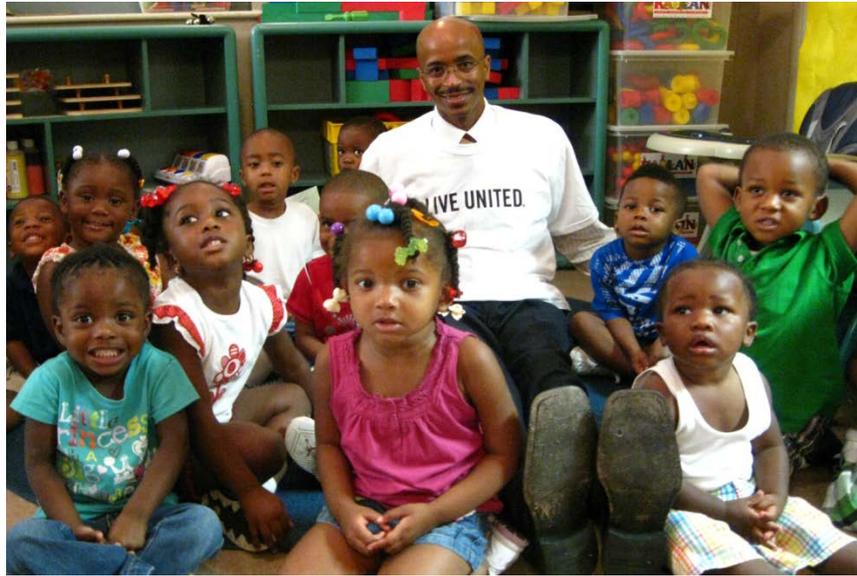
### **Conclusion**

Deciding to embark on an AFI IDA project requires thoughtful examination of key factors including organizational capacity, population readiness, and community context.

The fit between these factors and the AFI IDA project model often will require adjustments to existing programs and processes at the grantee organization. Ideally, when the adjustments are made and this powerful new anti-poverty tool is implemented, all of the organization's outcomes are enhanced. It's the adjustments that often give projects opportunities for innovation and fresh approaches to addressing poverty through asset building.

Your initial assessment not only organizes the key information needed for a successful AFI application but also is a solid foundation for a successful, effective project.

Now it is time to turn attention to the results or outcomes of an AFI IDA project—the core reason to embark on this work in the first place.



**United Way for the Greater New Orleans Area IDA Program**  
New Orleans, Louisiana

Hurricane Katrina caused 131 child care centers to close in New Orleans, creating challenges for families trying to get back to work and rebuild their communities. United Way is working to fill this gap by emphasizing home-based child care businesses with its IDA participants. ([www.unitedwaynola.org](http://www.unitedwaynola.org))

## Chapter 3

### A Focus on Results

This chapter will explore:

- How to develop outcome targets for an AFI IDA project
- The ties between activities and results in an AFI IDA project

This chapter helps you prepare your AFI application by:

- Establishing a clear list of outcomes that you will achieve
- Correlating these outcomes with the targets and indicators established in AFI's Performance Management framework

Outcomes are changes that your families experience as a result of their participation in your AFI IDA project. Outcomes of AFI projects include participants who become homeowners, acquire postsecondary education, or create or expand small businesses; families taking control of their spending; and communities that are strengthened by their investments—and yours.

### Outcomes for AFI

The cumulative results that AFI seeks, over all funded projects, include the following:

- Increase in the amount of annual AFI IDA savings participants use for an asset purchase.
- Increase in the number of participants who withdraw funds for an asset purchase.
- The degree to which participants improve their economic situation, measured by income, net worth, and asset retention at 2 and 5 years after the asset purchase.
- Increase in the ratio of AFI IDA savings to cost of project services supported with AFI grant funds at the end of the first and fifth years of the project.

#### **AFI Performance Management Initiative**

OCS and a group of leading AFI grantees collaborated to establish a set of expected outcomes and a series of performance indicators for AFI. These performance measures can be useful tools for every grantee. Grantees can use the statements of expected outcomes and the performance indicators to tell the AFI story and monitor day-to-day project management. OCS can use them to identify best practices, spot areas for improvement, and focus training and technical assistance. To learn the details of the entire Performance Management Framework, visit <http://archive.acf.hhs.gov/programs/ocs/afi/afihome.html>.



AFI program staff in the Office of Community Services and grantees both have roles and responsibilities in achieving these results. The grantee particularly influences the first two

outcomes—an increase in savings used for asset purchase and an increase in participants who make withdrawals for asset purchases.

The Toolkit contains a worksheet called “The Participant Funnel” that will help you calculate how many successful graduates (those who purchase assets) your project can expect, based on the number who complete the intermediary steps of attending an IDA orientation, opening an account, completing the financial education training, and completing the asset-specific training. The figures used in the worksheet are based on more than 10 years of outcomes from the AFI projects nationwide.



## Evaluation and Management

At its most basic level, ongoing performance management looks at effort (what you did) and effect (what happened as a result of that effort). Information may be used to track project activities, to understand the effect of the project on clients, to make sure that high-quality services are delivered, to identify areas for needed change, and to identify models for service delivery.

AFI encourages grantees to use performance management and to build data collection and analysis into their program design. Project-level program management or quality control activities help grantees track progress in achieving their goals and objectives and determine when to consider changes in program design or delivery. It is required to track the number of accounts opened, savings accumulated, financial education and asset training offered, and assets purchased on an annual basis for the data report to AFI, but reviewing this information on a monthly or quarterly basis will allow you to make mid-course corrections. Your work plan would reflect intermediary benchmarks for these and other activities (FOA page 13-14). You’ll also need to monitor the ongoing savings activity of your participants so you can make sure they are on track to reach their savings goals and so you can convey how much match money they’ve earned. This information is a strong motivator for regular deposits. You will also need to know how much match they are accruing as they save so you can predict when the funds in your match pool will need to be accessed. Keeping track of these numbers is thus at the heart of good management and essential for day-to-day program operations.

In addition to tracking key information about participant progress, your project may also use tools such as surveys, interviews, and focus groups to assess its effectiveness. Surveys can occur at the end of training or other workshop sessions, upon program entrance and exit, or after 6 months or longer in the program. In addition to using these data to make project improvements, innovative projects also mine the information for fundraising and marketing purposes. For example, this information can be used to develop testimonials to insert in press releases or program brochures.

**Tip:** Integrating data collection with day-to-day program activities like enrollment is discussed in Chapter 7 of the *Project Builder*.



**Umpqua Community Development Corporation: DreamSavers**  
Roseburg, Oregon

DreamSavers has well over 500 graduates and current savers—a dramatic turnaround from just nine participants in 2003 when Umpqua took over a then-fledgling IDA project from another agency. Aggressive outreach made it happen—DreamSavers flyers in utility bills, notices to parents in children’s report cards, and more. Their rural, remote, and diverse 11-county target audience includes various Native American tribes. In 2009, Oregon awarded Umpqua one-third of all the State’s IDA tax credits, which allows those donating to the IDA program to take a 75 percent credit against their State income tax for each dollar contributed. ([www.umpquacdc.org](http://www.umpquacdc.org))

# Chapter 4

## The Basics of the Accounts

This chapter will explore:

- The components of an AFI Individual Development Account and the related Project Reserve Fund
- Specific AFI guidelines that affect the design and operation of these accounts
- Common questions and issues to address when selecting the features of your AFI IDA

This chapter helps you prepare your AFI application by:

- Reviewing the components of the IDA design, including match rates and other basic parameters
- Walking you through designing your account structure in a way that will work best for your participants
- Clarifying how to establish and manage the Project Reserve Fund

This chapter will focus on the two types of accounts that are at the core of the project:

| Individual Development Account   | Project Reserve Fund  |
|--|---|
| Owned by the individual participants in the project, this account is where they save for a specific asset goal; there is one account per individual. | Owned by the grantee, this account is where all Federal and non-Federal funds dedicated to the project are held; the Project Reserve Fund may encompass multiple subaccounts, depending on your project’s design. |

As you sketch these basics, keep in mind that details of your project design may change as you learn more about providing these services and preparing your proposal. Other stakeholders you engage, such as funders, partners, and members of your population, will recommend changes, and you’ll learn new information that will enhance and refine these basics. Soliciting advice from these stakeholders will strengthen your project. It also strengthens the level of your partners’ involvement and commitment to the project.

This chapter lays out some basics and then provides guidance on where you can innovate and build the project to work for your community.



## The IDA in Focus

IDAs are specialized accounts, held at federally insured financial institutions and dedicated to accumulating savings to qualify for a match and make an asset purchase before the end of the 5-year project period. These accounts become a major focus for AFI IDA project participants because it is home to their savings and because their savings progress is a major factor in their success in buying the asset.

The design of the IDA, therefore, is critical to participants' success. It is also critical to your success. There are a number of factors to consider in its set-up and operation. Here's a list of key features, their definitions, and basic information on their role in the design of your IDA accounts.

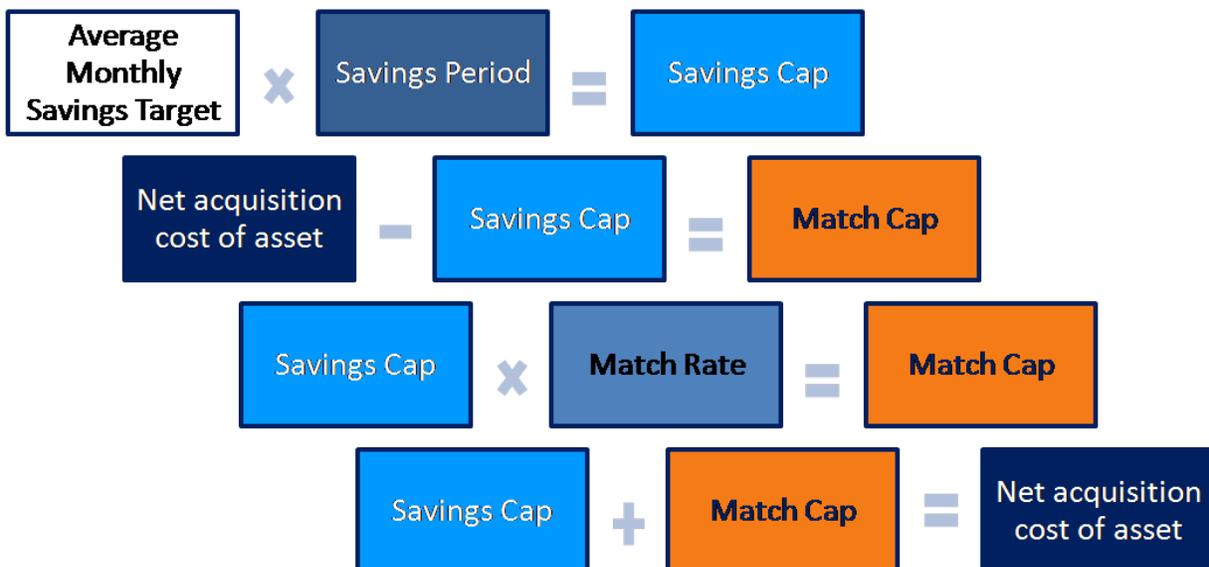
| Design Element      | Explanation   |
|---------------------|---|
| Eligible Asset Uses | <p>What assets will your target population want that will support the outcomes you want to achieve for the project? The eligible asset purchases for AFI IDA projects are:</p> <ul style="list-style-type: none"><li>▪ Small business development</li><li>▪ Postsecondary education or vocational training</li><li>▪ Homeownership</li></ul> <p>You can offer one, two, or all of these as asset goals for your project.</p>                          |
| Saving Cap          | <p>Maximum savings to be matched per IDA. This figure is the maximum amount of participant deposits into the IDA for which the AFI project will provide a match.</p> <p>Typical range: \$500 to \$2,000<br/>Most common cap: \$1,000</p> <p>You may have different caps for different asset goals: for example, a lower cap for education than for business. Participants may also save beyond the cap, but amounts over the cap are not matched.</p> |

|   |  |
|---|--|
| <p>Match Cap</p>                                | <p>The maximum dollar amount of match funds participants may receive for asset purchase, if they save the maximum amount in the IDA account. The only way to accrue match dollars is through saving.</p> <p>Typical range: \$500 to \$4,000<br/>Most common maximum: \$4,000</p> <p>Match dollars are always split 50/50 between Federal and non-Federal funds.<br/>Example: a \$4,000 match is \$2,000 Federal and \$2,000 non-Federal.</p>   |
| <p>Match Rate</p>                               | <p>The rate at which match funds accrue for every \$1 of earned income a participant deposits in the IDA account. The rate is expressed as a ratio: \$X:\$1 (where X equals the total match dollars offered per dollar of participant savings).</p> <p>Allowable range: \$1:\$1 up to \$8:\$1<br/>Most common ratio: \$4:\$1</p> <p>Example: With a Savings Cap of \$1,000 and a Match Cap of \$4,000, a project has a match rate of \$4:\$1 (\$4 in match accrued for every \$1 saved; or \$2 Federal and \$2 non-Federal for every \$1 saved).</p> |
| <p>Total Funds Available for Asset Purchase</p> | <p>Sum of savings and match accrued (Savings Cap + Match Cap)</p> <p>Typical range: \$750 to \$9,000<br/>Most common sum: \$5,000</p>  |
| <p>Deposit Schedule</p>                         | <p>The frequency with which the participant makes deposits into the IDA.</p> <p>Range: Biweekly to quarterly<br/>Most common: monthly</p>  |

|                                      |   |
|--------------------------------------|---|
| <p><b>Savings Period</b></p>         | <p>The maximum period of time during which participants can save while in the project.</p> <p>Typical range: 6 months to 4 years<br/>Most common range: 18 months to 2 years</p> <p>Note: Participants must save for a minimum of 6 months from the date of opening their IDA to be eligible for any match.</p>   |
| <p><b>Average Savings Target</b></p> | <p>The average dollar amount of savings that participants are expected to deposit into the IDA regularly in order to reach the savings goal within the project savings period. Usually expressed as a range with a minimum and maximum.</p> <p>Typical monthly range: \$10 to \$150</p> <p>Note: Does not include allowable lump sum deposits, such as proceeds of tax refunds.</p> |

### The Master Equation: Caps, Rates, Targets, and Assets

To develop the right account structure for your project, combine the information you developed in Chapter 2 with the IDA elements described above. Then use the following four steps to arrive at the formula most favorable both to you and to the participants achieving their project goals.



Remember that these elements are interdependent, so you will want to consider several combinations of savings and match limits, rates, average deposits, and time to work your way to a final design. Before applying any formula, however, you need to know whether it will be sufficient for participants to actually make the asset purchases they choose.

### Step 1: How Much Does the Asset Cost in My Community?

For each asset goal, identify the estimated amount of money a participant will need to purchase the asset. This can vary a great deal by asset type, by population, and by local conditions. If you don't have local rules of thumb, you can use the general parameters presented below. Remember that there is a difference between the total cost of the asset (a \$115,000 home, for example), and the costs incurred at asset purchase (i.e., \$12,000 for a down payment and closing costs). For the sake of determining your Savings and Match Caps, focus on what the target population would need in cash at the time of purchase. Use the Toolkit worksheet "Determining the Cost of Assets in your Community" to capture your preliminary figures.



- **Homeownership:** The asset purchase value should equal the down payment and closing costs for an average home price in your area. Assume a 5 to 10 percent down payment and assume that the closing costs will be an additional 3 to 6 percent of the average home price. You could also ask local realtors and lenders about common practice in your community.
- **Education:** Determine the cost of full-time and part-time coursework for one semester, and assume an additional amount for fees and books. There can be a lot of variation among vocational programs, 2-year degree programs, 4-year degree programs, and individual course or credit costs, so take that into consideration when estimating.
- **Small Business:** Business capitalization expenses vary tremendously by business sector and operating model. Consider discussing this topic with local microenterprise or small business lenders or small business development center staff. Learn what they believe is feasible for startup or expansion capital for common types of businesses.

As a final tip, remember that in many cases, your AFI IDA participants will be making their asset purchase 1 to 4 years after you establish your IDA formula. So the actual cost of the asset will probably have changed in the interim: school tuition and other fees rise nearly every year, and housing costs shift often. Factoring a cost increase into your formula may help your participants avoid a price obstacle in the future.

### Step 2: How Much and for How Long Can Your Population Afford to Save?

This step asks two questions in tandem:

1. What's the most you think your participants could save? This figure will be your project's Savings Cap.

2. How long will it take them to amass that amount? The answer will be your participants' maximum Savings Period.

The profile you developed of your target population in Chapter 2 provides a lot of valuable information on its saving potential.

Using the Toolkit worksheet “Determining the Savings Cap and Match Cap,” you can refine your equation to determine a regular deposit amount that seems realistic for your group. Use your data to shape what you think is the least, average, and greatest amount a member of your population is likely to be able to put aside regularly during the project. Then calculate the resulting total savings after a year or more in the program. This step yields the savings cap and savings period.



**Tip:** Longer is not necessarily better. Your maximum savings period must be less than 5 years from the time you begin your project and can open IDAs, because otherwise it would extend beyond the life of your AFI award. No more than 4 years is recommended, in order to provide some buffer time between your startup and close-out phases, when participant activity will be limited. Further, experience shows that savings periods longer than 2 to 3 years rarely result in more asset purchases, though major changes in the local and national economy affect actual experience.

AFI IDA projects have a 5-year timeline—*all* of the saving, matching, asset purchases, and other activities must be done by the end of those 5 years. So a savings period that takes into account time for startup and training and then gives participants time to navigate the asset withdrawals, *after* they've reached the Savings Cap, is important. More on planning for these components of the participant's IDA experience is covered in Chapter 7.

### **Step 3: Determine your Match Cap by Subtracting your Saving Cap from the Costs of Asset Purchases.**

The match funds fill in the gap between what your participant can afford to save and the initial cost of the chosen asset. Establishing the Match Cap is therefore a simple calculation: asset purchase cost minus Savings Cap.

*Here is an example:*

Assume that a home in a community in the Midwest costs \$60,000 to purchase. The IDA participant therefore needs a \$3,000 down payment (5 percent down based on sales price) and another \$2,000 for additional closing costs (about 3 percent of the sales price). She therefore needs a total of \$5,000 for the asset purchase: the remainder will be financed with a fixed rate mortgage.



Based on your knowledge of your population, you believe that participants could save \$1,000 over 2 years, about \$42 a month, the average savings target.

The Match Cap for this purchase is \$4,000 – \$5,000 in initial asset cost minus \$1,000 in savings.

This example results in a match rate of \$4:1 for homeownership.

#### **Step 4: Consider Whether to Set Minimum or Maximum Deposit Requirements for Periodic Savings.**

In Step 2, you considered the least, average, and greatest amount of savings your target population is likely to deposit on a monthly basis. This final step sets your minimum and maximum savings targets for participants in your project.

One essential outcome of AFI IDA projects is to support the target population in building a habit of saving. The use of targeted periodic savings deposits not only supports ongoing progress toward the Savings Cap (essential for asset purchase) but also encourages repeated savings behavior—a hallmark activity for building a habit.

The key to setting the target or range is to set a minimum figure for savings so that, if participants were to deposit that amount consistently, they could reach that goal. The minimum should not be so high, however, that they cannot make the minimum saving deposit consistently or they may become discouraged and drop out. The target or range should also take into account that participants may need to use some earnings for credit repair or to develop a cushion for emergencies—both positive behavior changes as well.

Participants may deposit only earned income into the IDA. This is another reason to consider a maximum periodic target—to ensure that the savings come from such income and not from another source such as a loan from a family member.

There is one exception to the practice of limiting large lump sum deposits—savings from tax refunds. If the participant receives a tax refund, you may offer exceptions for such deposits into the IDA. Many projects successfully support this annual opportunity for their participants by partnering with free tax filing and EITC initiatives in their communities. Projects determine how much of the total savings goal may come from such deposits, as well as the minimum number of regular deposits, to qualify for the match funds.

**Tip:** To learn more about using tax credits and tax filing assistance to boost savings and other positive financial behaviors, go to the AFI Resource Center at [www.IDAresources.acf.hhs.gov](http://www.IDAresources.acf.hhs.gov) and click on the “EITC and Tax Assistance” icon. Note that IDA savings are already accounted for in tax liability because they come from earned income, and AFI IDA match funds are also not taxable to the participant according to IRS



### What if it doesn't add up?

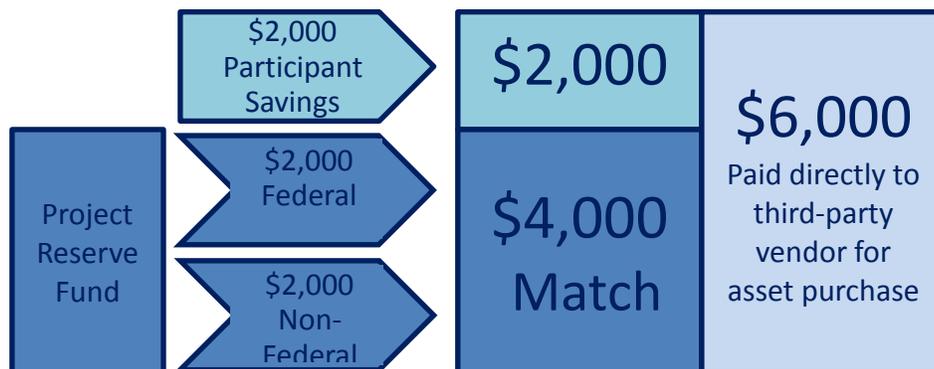
Sometimes asset costs, savings, and Match Cap amount just do not balance, even with the maximum possible amounts. If you anticipate this situation, explore a common strategy of layering the AFI IDA—savings and match—with other resources available to your target population. IDA savings and match layered with a second source of down payment assistance funds may be the magic combination needed to reach a home purchase. The IDA value plus grants, loans, and scholarships are commonly used to cover the cost of college and vocational training. Microenterprise loans and small business grants can be used to help support the startup or expansion costs of a business.

Coordinating all of these layers takes a bit of extra effort. Do your homework before you write your proposal to learn the details of how they work, or find a partner with this expertise to help you. And make sure your project benchmarks include the participants completing the requirements necessary to access these additional resource layers before they are ready for asset purchase.

### Other Key Features of the AFI IDA Account

The other key rules of an IDA account are:

- The grantee or trust accounts should be custodial, with the grantee organization or financial institution serving as trustee. The participant is the other named party on the account.
- The accounts must be held at a federally insured financial institution (or a state-insured institution if no Federal institution is available).
- The project's matching funds are held in a separate account from the participant savings.
- The account may or may not be interest-bearing, depending on your agreement with your financial partners. If the IDAs are interest-bearing, participants are, of course, entitled to interest on the money they deposit into the IDAs.
- Reports of account activity (monthly or quarterly, paper or electronic) from the financial institution are essential to track and manage participant progress.
- Emergency withdrawals are limited to preventing eviction or foreclosure, to cover expenses in the event of job loss, or for medical expenses for participants or family



members. Emergency withdrawals are never matched and must be reimbursed within a year to maintain eligibility for match funds. Other withdrawals lead to termination from the project.

- IDA withdrawals for asset purchase are paid directly to a third party, such as home mortgage lender, eligible educational institution, business vendor, or business capitalization account. Match funds are also paid directly to the third party, never to the participant.
- Both savings and equal Federal and non-Federal match funds are disbursed in each matched withdrawal for asset purchase (in proportion to the match rate of the project).
- A participant may have multiple matched withdrawals for asset purchases, up to the limits of your project. This is most common with education or business asset goals.

### The Savings Plan Agreement

The Savings Plan Agreement is the key document that sets out your requirements for participants to receive match funds for asset purchase, as well as your obligations to the participant. A Savings Plan Agreement most likely will include the following information:

- The amount of the Savings Cap and the schedule of savings deposits by the participant from earned income, which must be for a period of at least 6 months from the date of the first deposit.
- The proposed asset type (first home, education, microenterprise) and a procedure for changing asset goals.
- The length of time allotted to the participant to achieve their savings and asset acquisition goals.
- The rate at which participant IDA savings will be matched (ranging between \$1 and \$8 of Federal and non-Federal match (combined) for each dollar in earnings the participant deposits).
- Financial education summary, where the AFI grantee agrees to provide training and the participant agrees to attend as a requirement to receive matching funds.
- Any additional training or education related to the asset purchase that the AFI project agrees to provide (or may require) and that the participant agrees to take.
- The process the grantee will use to notify a participant in the event that the participant exceeds or fails to meet projected savings goals. The process may include schedules and contingency plans.
- An explanation of withdrawal procedures and limitations, including the consequences of unauthorized withdrawals from the participant's IDA.
- An explanation of the conditions under which the project may ask a participant to withdraw personal savings and leave the program, such as failure to attend or complete trainings or a pattern of missed deposits. Include the AFI project's responsibility for working with the participant to avoid the need to withdraw.
- A description of how and to whom the grantee will disburse funds from the IDA in the event of the participant's death.

- A provision for amendment of the agreement with the concurrence of both AFI project and participant.

The Toolkit includes a sample Savings Plan Agreement that you can adapt to the specifics of your project design.



## The AFI Project Reserve Fund

Let's begin with the specifics of AFI guidelines for the Project Reserve Fund and then explore where you need to make some design decisions for your project.

The Project Reserve Fund is a bank account or savings account where the grantee holds the Federal grant funds, plus an equal amount of non-Federal funds that are committed to the AFI project.

All dollars--Federal and non-Federal--that are deposited into the Project Reserve Fund are subject to the following AFI guidelines:

- The Project Reserve Fund must be held at a federally insured financial institution or federally recognized credit union.
- The Project Reserve Fund must be owned by the grantee.
- At least 85 percent of funds (both Federal and non-Federal) from the total Reserve Fund deposits must be disbursed to match participant IDA savings in asset purchase.
- Of the remaining 15 percent, up to 13 percent may be used for administrative purposes (including financial education activities) and up to 2 percent for data collection and evaluation.

**Tip:** Further details on the required allocations for the Program Reserve Fund and guidance on planning the 5-year budget for your AFI project can be found in the "AFI Project Budgets" section of Chapter 8 of the *Project Builder*.

- Federal funds will be deposited to this account after non-Federal funds are deposited.
- Federal funds released will be equal to the non-Federal funds in the account (that is, you may not draw down more Federal funds than non-Federal funds to the Project Reserve Fund).
- Federal funds will be transferred into this account electronically.
- Once non-Federal and then Federal dollars have been deposited to the Project Reserve Fund, some or all of the dollars may be transferred to subaccounts, to accounts in other banks, or invested, provided the funds are federally insured, are available when participants are ready for asset purchase, and are fully accounted for in regular financial reports.
- The Project Reserve Fund may or may not earn interest income. If interest is earned on the Reserve Fund, you must have a system to distribute to participants interest derived from dollars set aside to match participant savings. Interest on the remaining 15 percent of funds may be used for any reasonable project purpose.

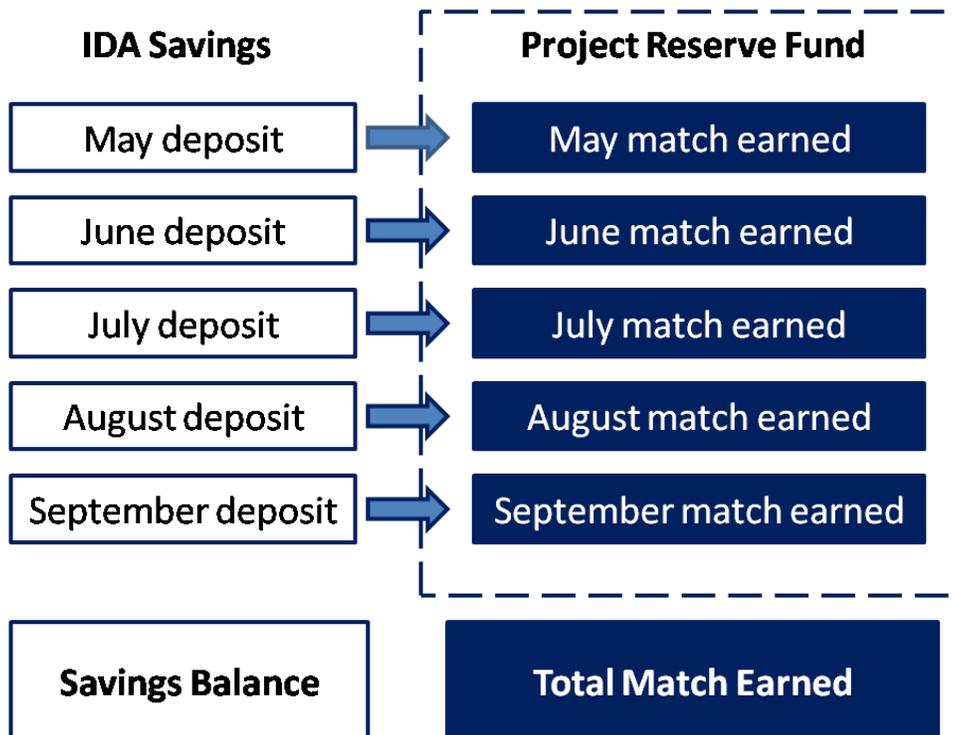
- Unspent Federal funds are returned to the Office of Community Services at the end of the grant period. Disposition of unspent non-Federal funds depends on your agreement with the funder(s).

**Tip:** Remember these money flow rules when you discuss access to the non-Federal cash contribution with your non-Federal grant funders because some funders like to hold onto their money. IDAs require that you pool funds for use as match over a long period of time, often years. For some funders, this is an unorthodox practice. You may need to strategize about how to accommodate their preference that funds are not held for too long with the AFI rule that non-Federal funds must be in the account first before Federal funds are drawn down. You also need to plan to have enough Federal and non-Federal money in the Reserve Fund to cover the match agreements you make with participants when they open their IDAs. Receiving and holding Federal funds for a long period may also not be familiar to your fiscal staff, who will be accustomed to drawing down funds to reimburse expenditures.

### Project Reserve Fund Tracks Participant Savings

As you open IDAs and participants begin saving, portions of your Project Reserve Fund are obligated for each participant deposit. The amount is determined by your match rate.

As your participants open accounts and begin saving, you are setting aside match funds *each time* they deposit savings in an amount set by your match rate. For example, if a participant saves \$25 each month and you have a \$2:\$1 match rate, you are “setting aside” \$50 for that participant *each month*.

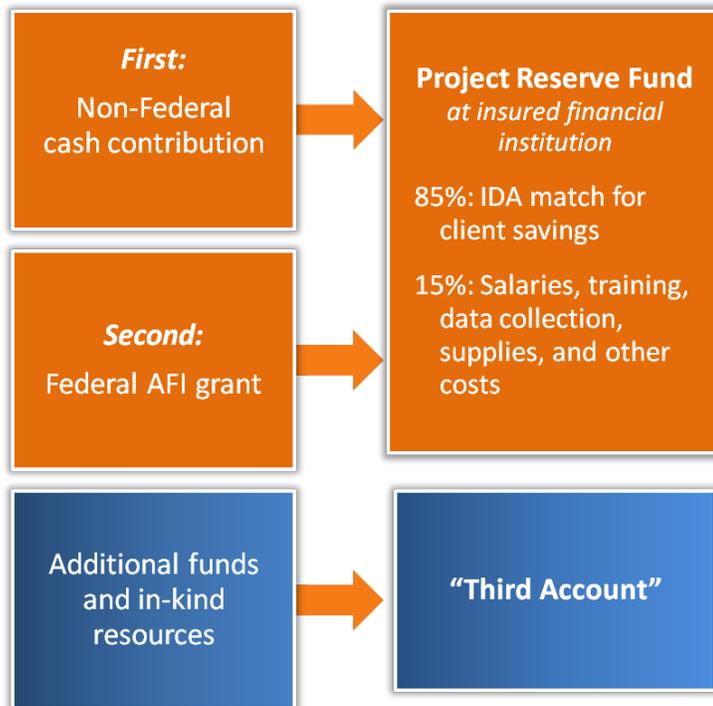


This is an important principle for all IDA projects—by systematically and consistently setting these funds aside, you are ensuring that you can fulfill your financial commitment to the participant at the time of asset purchase. Setting funds aside does not mean that you literally transfer funds to participants’ IDAs (though you may do so). Rather, it means you allow the funds to accrue on their behalf, following the same timeline as their savings activity, virtually. That is, you use your accounting system and data management system to track this financial activity and to keep tabs of where your match pool funds are going, how much is obligated, and how much is available to commit to a new saver at any time. It is important to discuss this accounting task with your fiscal staff, especially if you plan to have an interest-bearing Project Reserve Fund.

### The “Third Account”

Many AFI grantees maintain a “third account” that holds funding in addition to the Federal and non-Federal dollars that are deposited into the Project Reserve Fund. Project agencies use this third budget to support various participant services and to augment the portion of the Project Reserve Fund available for program administration, financial education, and other vital services.

Quite simply, the 15 percent of the Project Reserve Fund is often not sufficient for program needs. Therefore, many AFI project administrators rely on additional resources. The figure below illustrates this arrangement: the project maintains the Reserve Fund that encompasses Federal and non-Federal resources, and a separate source of funds and in-kind resources that supplements the work of the project, represented as an additional box under the Reserve Fund. AFI projects are not required to report use of this additional support and these resources are not subject to the AFI spending guidelines. They should be included in the detailed budget narrative section of your AFI application but should not be shown in your Application for Federal Assistance (SF-424) or the Budget Information - Nonconstruction Programs form (SF-424A). Refer to the Toolkit worksheet “AFI Project Budget” for a sample format to represent your detailed budget.





## Conclusion

This chapter focused on the core of the AFI IDA project—the accounts. It lays out key decisions you need to make and how to map the account design to strengths and needs of your target population to ensure that the products are built for success in your community.

This chapter also explored some of AFI’s rules and regulations and how they impact program design. It’s easy to spend a lot of time focusing on the rules and limits, but there are actually more aspects of an AFI IDA project that are open for your discretion than you might realize. The table below provides a summary of which aspects of project design AFI guidelines dictate and which they do not. Hopefully this flexibility will inspire you to innovate and explore ways to make your AFI IDA project the best it can be for your organization, target population, and community.



|   | AFI dictates...   | AFI does NOT dictate...   |
|---|---|---|
| Eligibility                                 | <ul style="list-style-type: none"> <li>Participant eligibility thresholds</li> </ul>  | <ul style="list-style-type: none"> <li>Additional eligibility interests of grantees</li> <li>Specific populations to be served</li> </ul>   |
| IDA Structure                               | <ul style="list-style-type: none"> <li>Length of project period</li> <li>A minimum 6-month period after account opening when no matched withdrawals can be made</li> <li>IDA account ownership (must be either trust or custodial accounts)</li> <li>Match rate range – \$1:\$1 to \$8:\$1</li> <li>Account details to be included in Savings Plan Agreements with participants</li> <li>Allowable reasons for emergency withdrawals and how savings are replenished to maintain eligibility for matched withdrawals</li> </ul> | <ul style="list-style-type: none"> <li>Savings period (<i>not</i> the same as the grant period)</li> <li>When matched withdrawals can be made (beyond first 6 months after account opening or before end of project period)</li> <li>Number of matched withdrawals allowed</li> <li>Savings behavior supports and requirements of program (e.g., amount or frequency of deposits, or other requirements such as debt reduction)</li> <li>Number of emergency withdrawals allowed and supports/alternatives to withdrawal</li> <li>Length of leave of absence from saving</li> </ul> |
| Project Reserve Fund                        | <ul style="list-style-type: none"> <li>Project Reserve Fund conditions</li> <li>Match cap for use of Federal funds—\$2,000 per individual, \$4,000 per household</li> </ul>   | <ul style="list-style-type: none"> <li>Whether interest is earned on accounts or how much</li> </ul>  |
| Financial Education/Asset-Specific Training | <ul style="list-style-type: none"> <li>Financial education as a requirement for account holder receipt of matching funds</li> </ul>   | <ul style="list-style-type: none"> <li>Exact content, number of hours or medium for financial education and asset training (online, classes, etc.)</li> </ul>   |
| Asset Purchase                              | <ul style="list-style-type: none"> <li>Allowable asset goals for use of IDA savings and matching funds</li> </ul>   | <ul style="list-style-type: none"> <li>Length of time designed into the program to prepare for purchase</li> </ul>  |



**RISE Foundation: RISE Save Up Program**  
Memphis, Tennessee

The RISE Save Up program targets residents of public housing. The project supported 182 asset purchases, including 52 homes. RISE credits its success to the trust that is created between staff and Save Up participants during monthly conversations. ([www.risememphis.org](http://www.risememphis.org))

## Chapter 5

# Financial Institutions: Key Partners for AFI IDA Projects

This chapter will explore:

- The unique importance of a financial institution partner
- Developing a business case for participation by a financial institution
- How to approach potential financial institution partners

This chapter helps you prepare for your AFI application by:

- Detailing the specific terms needed for a financial institution partnership
- Establishing a partnership with one or more financial institution partners, including creating memoranda of understanding to solidify the arrangements

All AFI projects require collaboration with a financial Institution. AFI requires that the participants' IDAs be held at federally insured financial institutions, or if these are not available, at state-insured institutions.

The Project Reserve Fund, into which you deposit your project's Federal and non-Federal dollars, must also be held at a federally insured financial institution. While this does not have to be the same institution as the one where the IDAs are held, the combination of accounts is often an appealing offer for potential financial institution partners.

It is possible to have multiple financial institutions hold the IDAs. In addition, after drawing down to your Project Reserve Fund, it is allowable to then deposit portions of the Reserve Fund with multiple institutions as long as the money is available when needed and you can accurately account for the status of those funds in your regular financial reports.

For your AFI application, you will need to explain how you will establish and manage the Project Reserve Fund. If the Reserve Fund earns interest, you should describe how you plan to disburse to participants the interest on the portion of the Project Reserve Fund that is allocated to match participant savings. This interest should be allocated to participants in proportion to their savings. Interest accrued on the 15 percent of the Project Reserve Fund may be used to support project operations (FOA page 13-14).

### Financial Institution Roll Call

“Financial institution” does not just mean “bank” in the world of AFI IDA projects. Numerous types of financial institutions can work well as partners. Large commercial banks, regional banks, community banks, and thrifts, as well as credit unions of all kinds fit the AFI requirements for a financial institution partner. Certified low-income credit unions and Community Development Financial Institutions may be AFI grantees themselves, as well as strong partners.

Larger institutions may offer many benefits in terms of availability of branches or advanced technology to support data transfer, while smaller banks may offer deeper networks in the community and easier access to their company leadership. Credit unions, particularly community development credit unions and credit unions dedicated to serving low-income populations, may see a strong fit with their own mission in the AFI IDA project, and have products and services already tailored to the needs and interests of your target population.

Each type of institution has strengths and weaknesses as an AFI partner, offering distinct opportunities as well as challenges. Consider casting a wide net in the early phase of your search to assess what each type of institution in your community has to offer.

## What Are You Asking from a Financial Institution?

Because IDAs are for saving, at the core of your request to any financial institution partner is a basic deposit account. However, your request will include some adaptations to that basic account so that it is easier to manage and better aligned with AFI program parameters. The Toolkit includes a “Sample Financial Institution Partner Agreement” that incorporates most of these points.



Adaptations often requested by IDA grantees include:

- **Custodial account ownership:** A key feature of the IDA account is that participants cannot make withdrawals without the involvement of the custodian (the IDA-sponsoring organization).
- **Reduced or no fees and no balance requirements:** Many standard savings accounts have a minimum balance requirement and a monthly service fee. Ask that these be waived so that 100 percent of participants’ savings can be dedicated to their asset goals.
- **Interest on the IDA:** Request that the IDAs, while no-cost or low-cost, nonetheless earn interest at a rate comparable to other deposit account products offered by the institution.
- **Monthly account activity statements:** Many financial institutions, as a standing policy, generate only quarterly statements for savings accounts and/or none at all for accounts where there has been no activity during that period. Request monthly statements for each IDA for your program coordinator. Frequent tracking of IDA participants’ saving activity will support strong program outcomes.

- **Waiver of ChexSystems or other credit review:** AFI IDA project participants sometimes have had negative histories at a previous financial institution, recorded in ChexSystems. The fact that the AFI IDA is a custodial account with limited withdrawal capability and oversight from a third party (you!) offers a sound argument for this waiver.
- **Allow accounts to be opened with nontraditional identification:** AFI projects working with immigrant populations may want to ask the financial institution to accept Individual Taxpayer Identification Numbers (ITIN) as an alternative to Social Security Numbers, and foreign passports, foreign driver's licenses, Salvadoran DUIs, Mexican Matricula Consular IDs, or foreign military IDs as a primary ID.

Most of the above requests either facilitate program operations or participants' access to the account, avoiding issues that might make it difficult for low-income individuals and families to use mainstream banking products. Here are a few other important areas for common agreement and coordination in the operation of the partnership:

- **Procedures for both emergency and matched withdrawals:** Most of your procedures for withdrawal will be internal to the program itself, but it is important to develop specific protocols for paying monies out of both the IDA and the Project Reserve Fund. Because the IDAs are often basic savings accounts, checks are sometimes not available. Can the financial institution offer low- or no-cost bank checks or money orders to be used only for withdrawals for asset purchase? Or can you transfer savings into the Reserve Fund and then cut a single check from that account? It is important to have a clear process by which withdrawals will be made.
- **Availability of financial institution staff to assist in planning and operations:** It can help to connect initially with financial institution leadership to ensure buy-in to the AFI IDA project, but you will also need to ensure that staff who are involved in day-to-day operations at the branch level or with data and product services understand the accounts and your goals as you prepare for operations. It will also be important to ensure that other employees, such as tellers who typically assist the IDA participants, understand this program and how it operates so that they can provide appropriate service to the IDA participants.
- **Access for transactions:** It will be helpful for participants to be able to access the financial institution for making deposits in a variety of ways. This may include ensuring that there are numerous bank branches available where your target population lives and works so they can easily make deposits into the IDA. Alternative deposit methods might include a deposit-only ATM card, use of direct deposit, mailing in deposits, or a nighttime depository service.
- **Online access to the IDAs for project administrators:** Online viewing of account balances and transactions allows for more timely account monitoring on your part, and online transfers and withdrawals make fiscal management more flexible, though appropriate checks and balances need to be put in place.
- **Other useful and fairly priced products and services your AFI IDA project participants might want:** Can they offer free checking accounts, low-interest loans, free tax



preparation, free credit reports and credit counseling? Does the financial institution have bilingual tellers and key forms already translated? Does it have or is it receptive to using interpreters?

### **The Accounts Already Exist**

In the Bay Area of San Francisco, one major national bank has developed strong partnerships with several AFI IDA projects. The bank identified a product it had initially tailored to lawyers and real estate professionals, who are required to escrow funds for their clients during transactions. This product, bank employees found, aligned closely with the features detailed in this chapter—easy-to-reduce fees, a custodial relationship, easy online tracking of multiple subaccounts, and even electronic data transfer. Bank representatives worked closely with all of their AFI IDA partners to ensure that all of these pieces would meet their needs; and some bank personnel have even joined the boards of some IDA projects, assisting in leadership development and fundraising on a large scale for the programs. In this region, these partnerships have lasted more than 5 years and have resulted in hundreds of additional loans and banking products used by the AFI IDA project participants. Most banks have similar accounting options, so holding multiple IDAs or multiple subaccounts for the Project Reserve Fund should not be a problem.

### **Other Ways Financial Institutions Like to Participate**

In addition to the fundamental elements of the partnership detailed above, financial institutions may offer their services to participants or bolster the program in other ways such as:

- Developing or adapting products and services for your target population, such as:
  - first-time homebuyer training workshops;
  - mortgage products with favorable terms for first-time buyers;
  - other loan, credit or account products that are low-cost or help improve one's credit rating and that could be layered with the IDA to support a participant's broader personal financial goals; or
  - certificates of deposit or other products that encourage continued savings after participants leave the AFI program.
- Offering non-Federal funding for match or operations or both.
- Providing in-kind support, such as marketing materials, promotions, space, supplies, or refreshments for hosting workshops and other events at their branches.
- Teaching financial education classes.

### **What's in it for the Financial Institution?**

To secure good terms for the IDA and the Project Reserve Fund, or to solicit cash or in-kind support, it's important to emphasize the benefits to the financial institution. In addition to the measurable outcomes discussed in association with fundraising, there are other rewards,

including regulatory, business, and community relations incentives, that might resonate with financial institutions.

#### ❖ *Regulatory Incentives*

Most banks must comply with the Community Reinvestment Act (CRA), enacted in 1977 to encourage banks and thrifts to help meet the credit needs of all segments of their communities, including low- and moderate-income neighborhoods. Banks can use IDAs to meet those requirements. Bank regulators periodically assess each institution's record in fulfilling their obligations to the community. They consider these records in approving new charters, bank mergers, acquisitions, and branch openings.

#### **More about CRA**

For more information, see the National Community Reinvestment Coalition at [www.ncrc.org](http://www.ncrc.org) or the regulators' Web site at [www.ffiec.gov/cra](http://www.ffiec.gov/cra).



#### ❖ *Business Incentives*

With your IDA program in place, financial institutions would have an opportunity to sell other products and services to program participants. Some of these products, such as mortgage, school, or business loans, might be a key part of the participants' successful completion of the AFI IDA. Others might be additional enhancements to their asset-building progress. Participants might open checking accounts, seek credit cards, or want to continue saving some of the financial institution's other investment products.

Essentially, the AFI IDA offers the financial institution valuable customers that they don't have to cultivate themselves, as the IDA-sponsoring agency is effectively endorsing the bank or credit union. Financial education included in the AFI IDA process prepares participants to use loans and other financial products wisely, making them more informed and reliable customers.

The Project Reserve Fund is also a great attraction for most institutions. Because the Reserve Fund pools large sums of money to serve as the match for participants' savings, financial institutions see it as a large deposit account that greatly improves their balance sheet. The more funds they have on deposit, the greater their ability to make loans and engage in other investment activities. This is often a primary "carrot" that attracts financial partners.

#### ❖ *Community Relations Incentives*

AFI IDAs tell a wonderful story of people investing in themselves, leveraging other resources with their own savings, and making big, positive changes in their financial situation. Financial institutions want to be a part of this story in the community. The general goodwill and positive news of their partnership with the AFI IDA project is often a key consideration for financial institutions. Inform them of the type of publicity and coverage you have planned for the AFI IDA

project and emphasize how you would acknowledge the financial institution partner and the extent to which this provides exposure for them in the community.

## Approaching Financial Institutions

Now that you have a sense of what to ask for and what benefits the financial institution partner may be looking for, the final stage is to determine how to approach financial institutions that might be good candidates for this partnership. Here are some recommended first steps:

- ❖ *Survey the options in your community.*

Using the Toolkit worksheet “Financial Institution Comparison Sheet,” pull together information on a variety of institutions, including credit unions and community and regional banks. Use the data on your worksheet to weigh the various options each may have to offer. Note what you need to discuss with each institution you want to consider; it may even assist you in narrowing down your candidates.



- ❖ *Start with those you know.*

Start with those you know and already work with. Learn whether anyone among your agency’s executive or board leadership already has a strong relationship with any potential financial institution partners. Include the institution(s) where your agency does its banking. Use your experience with and knowledge of these institutions to help you assess their interest in and potential as partners for the AFI IDA project.

- ❖ *Engage with financial institutions on their “turf.”*

Like most businesses, financial professionals meet together in local and regional associations and related groups to network and share information. Most institutions have a staff person or department that oversees investments in projects that build the community. They may be called community reinvestment, community development, or community relations offices. Find opportunities to present information about your AFI IDA project to such associations or to meet individually with the staff of these community development offices. Such activities can also help you learn more about the issues and priorities that are important to these institutions in your community.

- ❖ *Prepare your case.*

Before each meeting, prepare materials and information that emphasize the benefits of IDAs to participants, how the bank or credit union would benefit, what it could contribute, and how your organization would lead the effort. You can find some help for presenting your case to a

financial institution or other partners on the AFI Resource Center Web site at [www.IDAresources.acf.hhs.gov/IDA\\_fundraising](http://www.IDAresources.acf.hhs.gov/IDA_fundraising).



❖ *Sign the Agreement.*

Finally, for this partnership, a signed agreement is necessary. The IDAs and the Project Reserve Fund housed at the financial institution are the central tools in the project. Ensuring that all key parties understand and agree to the basic project design and processes becomes paramount to the project's success. Grantees need to ensure that the financial partner will continue to waive fees, sends monthly statements, and participate in the project as agreed over the life of the grant. Occasionally, the institution may merge or be acquired during the grant, and continuing to communicate the benefits of the IDA project to your new financial partner will be important.

In your AFI application, you will describe the features of your IDA and your plans to maintain it with one or more financial partners (FOA page 14). Your agreements with financial partners to manage the IDAs and the Project Reserve Fund will likely be embodied in some kind of memorandum of agreement and should, at a minimum, be described in your AFI application. You may also have drafted the Savings Plan Agreement that incorporates your IDA requirements and that your participants will sign when they enroll. You may include this draft with the application, although it is not required.

## **Conclusion**

By clearly outlining the benefits of IDAs to financial institutions and discussing the services that the agency and financial institution each will provide, organizations are more likely to form partnerships with financial institutions that will result in better programs and yield better participant outcomes.



**Great Rivers Community Trust/Justine PETERSEN: Great Rivers IDA Collaborative Program**  
St. Louis, Missouri

Justine Petersen was a pioneer in working with banks to create safe, affordable lending products for residents of St. Louis, and the organization that bears her name continues this work today. Justine PETERSEN recently began a partnership with PNC Bank to implement a second chance checking account program. When individuals fail to pay overdraft fees, they are placed in a database called ChexSystems, barring them from opening a checking account in the future. After completing Justine PETERSEN's financial education course, PNC Bank allows individuals to open a new checking account. PNC also waives previous banking fees. ([www.justinePETERSEN.org](http://www.justinePETERSEN.org))



## Chapter 6

# Other Partners: A Critical Part of the AFI IDA Project

This chapter will explore:

- IDA project partners and collaborators, other than financial institutions
- When to consider a Network project for bringing in formal partners
- Developing a business case for partnership or funding relationship
- How to approach funders

This chapter helps you prepare your AFI application by:

- Providing a framework for evaluating potential partners and whom to engage
- Considering whether a Network project is right for your context
- Identifying and securing non-Federal commitments

AFI projects offer a blend of services, incentives, and opportunities for low-income families to improve their lives in lasting ways. The mix of financial services, client case management, asset purchase support, financial education, and account and data management requires expertise not usually found in one organization. This intrinsic diversity has inspired AFI projects to develop working relationships with other organizations that already provide services in the target communities — for example, with groups that offer homeownership training or counseling or financial education. There are many ways to distribute responsibilities across partnering organizations. Explore different combinations of potential partners to help determine the right structure for your project.

### Exploring Partnerships

For AFI IDA projects, partnership means an arrangement between an organization sponsoring an AFI project and another organization that offers a specific service to account holders (such as microenterprise training and counseling) or to the grantee (such as assistance with funding or data management), but the partner has no direct responsibility to the Office of Community Services for the operation of the AFI project itself. There are many different types of relationships useful for AFI IDA projects—key relationships, as with a financial institution that holds the participant IDAs and Project Reserve Fund, or relationships with various community-based partners, who may refer potential account holders.

Review your target population and service area again, and think about other organizations that already have relationships with and missions to serve the same families and individuals. In some cases, integration of your AFI IDA project with the work of these agencies may even gain your proposal a bonus point (FOA page 22).



## Partnership Possibilities

AFI IDA projects commonly seek out organizations that could be helpful in implementing components of the program as potential partners. Here are some suggestions:

### ❖ *Asset-specific training*

Your organization might have extensive expertise in one of the asset areas that is a focus of the AFI IDA project. If you have such expertise, then you already know that there are numerous organizations in your community whose knowledge, programs, and resources might be of great value to you and your project target population. If you don't have expertise in an asset area, you might need knowledgeable partners to offer an asset option. Here are some types of partners:

| Homeownership   | Entrepreneurship   | Postsecondary and Vocational Education  |
|---|--|---|
| <ul style="list-style-type: none"> <li>▪ Nonprofit housing counseling agencies</li> <li>▪ Financial institutions and mortgage companies</li> <li>▪ Realtors</li> <li>▪ Affordable housing developers</li> <li>▪ State and regional housing finance agencies</li> <li>▪ Local or state community development agencies</li> </ul> | <ul style="list-style-type: none"> <li>▪ Nonprofit microenterprise training and counseling organizations</li> <li>▪ Small business development organizations</li> <li>▪ Senior Corps of Retired Executives (SCORE)</li> <li>▪ Small Business Administration</li> <li>▪ Chambers of commerce</li> <li>▪ Financial institutions offering business loans, products, and services</li> </ul> | <ul style="list-style-type: none"> <li>▪ Universities</li> <li>▪ Community colleges</li> <li>▪ Technical schools</li> <li>▪ College access programs</li> <li>▪ High school scholarship and counseling services</li> <li>▪ Workforce agencies</li> </ul> |

### ❖ *Outreach and recruitment*

Partner with groups that serve the same population that you have targeted for the project. These partners can support recruitment by disseminating information about the AFI IDA, providing individual referrals, vetting applicants, or hosting orientations or financial education workshops. They can co-market your IDA opportunity with a related asset-building initiative of their own, such as free tax preparation or benefits screening.

### Unique Partners

Over the years, AFI IDA projects have pioneered ways to work with groups outside the usual world of other nonprofit or community-based organizations. Grantees have partnered with businesses to offer IDAs to their income-eligible employees. Employers see the IDA as a new and resource-friendly way to offer added support systems for their workers, assisting them in achieving key milestones such as homeownership or higher education or training that increases their value to the employer. The AFI IDA project benefits from the ability to reach out and offer services to a segment of its target population (the eligible employees) at their work location, thereby easing access.

Other AFI grantees have partnered with service coordinators at local housing authorities who assist families in stabilizing their employment and increasing their income with the goal of leaving public assistance. The employment support provided by service coordinators can help keep IDA participants on track with their savings even if they experience unemployment. As with employers, AFI grantees can often offer services onsite at the housing agency. Some AFI grantees contract with the housing agency to provide financial education for any residents, thus creating a revenue stream for their organizations and a source of likely IDA participants.

#### ❖ *Financial education and credit counseling*

Partner with organizations that offer financial education and related training or counseling, such as Cooperative Extension Services (<http://www.csrees.usda.gov/Extension/>) or consumer credit counseling agencies, or organizations with unique models such as volunteer financial mentors or peer savings clubs.

#### ❖ *Employment and training*

Partner with your local workforce board or organizations that specialize in job placement or training so that you have resources should a participant lose his job or need short-term placement help.

#### ❖ *Supportive services*

Partner with organizations that can link participants to emergency rent, energy, or food assistance, or help with medical or legal crises and the like. You may prevent someone from having to withdraw savings and forfeit the match.

**Tip:** Think back to the Toolkit Worksheet “Assessment of Target Populations” you completed for Chapter 2 – what and who did you find they consider to be credible sources of information? These individuals and groups could be very valuable partners.

## Getting Started with Partners

There are many ways to engage potential partners. Here are some tips to assist you as you start:

- *View partnerships as a two-way street:* Successful partnerships are those where both partners see how they benefit from the relationship.
- *Look for organizations with a mission that is similar to your mission:* Prospective partners will be more interested and motivated to work with you if the project complements their mission.
- *Consider who will benefit:* Numerous stakeholders can understand how *they* will benefit when your AFI IDA project creates savers who will soon be investors in their community through purchasing assets.
- *Expect different levels of engagement:* Select partners who have actual capacity, not only desire, to contribute: some may be able to make a large number of eligible and interested referrals; others may be able to contribute financially but have no staff to assist.
- *Agree on goals and roles:* Be sure partners understand the goals of the project and their individual commitments, which are best recorded in some kind of agreement.

**Tip:** The Toolkit worksheet “Partnership Evaluation Form” is a simple tool for collecting information about potential partners in your community and analyzing whether their services will benefit your AFI IDA project participants.



## AFI Network Models

While all AFI projects involve partners, some projects use more formal structures to increase their impact. AFI Network projects involve multiple sites that provide IDAs and related services to individuals and families in large geographic areas—even across the country. In networks, one organization receives an AFI grant that is implemented in multiple sites through multiple subgrantees. Each has specific roles and responsibilities for which they are accountable.

You might want to consider a network model if:

- You are trying to cover a large geographic area that would be best served by local agencies that don't have the capacity or desire to run their own AFI projects.
- You represent an association of similar agencies (such as community credit unions or YouthBuild sites) that would like to run IDA programs but need the extra support from a coordinating body.
- You want to offer IDAs to multiple subpopulations that are best reached by agencies that are already trusted in their community.
- You want to tie your AFI project into a regional asset-building movement.



There are several types of network models, distinguished by two primary factors: 1) whether project funds are held centrally or distributed to local sites and managed by local partners and financial institutions; 2) the division of labor with respect to general project management and responsibility and provision of participant services.

The following bullets summarize key activities of an AFI Network project and describe how they might be distributed:

- The AFI grantee leads and manages the network and is responsible for program, financial, and data reports and for overall project performance. It is the one ultimately responsible for any official actions related to grant implementation.
- The AFI grantee is responsible for all non-Federal deposits and draw downs to the Project Reserve Fund. Once non-Federal and Federal dollars have been deposited to the Project Reserve Fund, the grantee may disburse a portion of these funds to the subgrantee agencies for deposit at local financial institutions or it may hold project funds centrally.
- The AFI grantee manages and authorizes payment of AFI grant funds and non-Federal funds for matching participant savings and for operational expenses.
- In some cases, the grantee is responsible for finding the non-Federal funds; in other cases, this responsibility is shared among subgrantee sites, which are allocated participant slots in proportion to their contribution of non-Federal dollars committed to the Project Reserve Fund.
- The subgrantee agencies implement most of the IDA participant components at their sites, ranging from outreach and enrollment, to financial education and asset training, to assistance in identifying the asset purchase.
- The AFI grantee may process the pay out of matching funds for asset purchase, or the local subgrantee may do this if Reserve Fund dollars have been redistributed to local financial institutions.
- The AFI grantee may convene an advisory council of subgrantees or other stakeholders to give direction and address policy issues.
- Before submitting an AFI application, the AFI grantee may use a request for proposal (RFP) to select subgrantees, or the network may take shape through a developing collaboration among multiple interested organizations.
- The AFI grantee often uses a contract or grant agreement with its subgrantees to obligate project funds, allocate participant slots, and formalize responsibilities, performance goals, and reporting responsibilities.
- The AFI grantee manages and supports the project database, but subgrantees report to the grantee, either electronically or via paper documentation.

Three models currently used by AFI Networks, with key features highlighted, are presented next.

### Model 1: Hub and Spokes

This is the most common model used for AFI Network projects. The AFI grantee receives the AFI grant and assigns implementation of the grant to one or more subgrantees. There is no maximum or minimum number of subgrantees.



| Grantee  | Subgrantees  |
|--|--|
| <ul style="list-style-type: none"> <li>▪ Manages and disburses funds</li> <li>▪ Prepares and submits performance, financial and annual reports</li> <li>▪ Conducts fundraising in coordination with the subgrantee(s) if this is part of the network agreement</li> <li>▪ Provide project data to the AFI grantee and others for reporting, communications, and continuing project sustainability</li> <li>▪ May institute formal relationship(s) with one or more financial institutions to hold the IDAs and the Project Reserve Fund.</li> <li>▪ Coordinates entire network with respect to policies and procedures for project implementation, usually in consultation with the subgrantees</li> <li>▪ Conducts data collection, analysis for entire network</li> <li>▪ Provides non-Federal funds for entire network, with or without assistance of subgrantees</li> <li>▪ Provides training and technical assistance to subgrantees</li> <li>▪ Communicates to funders, media, policymakers, public officials, and other stakeholders on behalf of the entire network</li> </ul> | <ul style="list-style-type: none"> <li>▪ Implement the IDA program locally and work directly with savers and their asset goals</li> <li>▪ Negotiate with local community partners to provide services, such as financial education</li> <li>▪ Provide on-going participant support and referrals to other services as needed</li> <li>▪ Conduct fundraising in coordination with the grantee if this is part of the network agreement</li> <li>▪ Provide project data to the AFI grantee and others for financial and performance reporting, communications and continuing project sustainability</li> <li>▪ May institute formal relationship(s) with one or more financial institutions to hold IDAs and portions of the Project Reserve Fund locally</li> </ul> |

## Model 2: Coordinated Networks

Somewhat less common are networks of AFI grantees. This model may be useful if an entire state is divided into regions with a grantee for each region. Each regional grantee might have subgrantees. In effect, there are multiple “hubs and spokes” inside the network. The grantees for the regions within a state may enter into agreements with each other for communication, fundraising, data dissemination, public education, and statewide training purposes. A Memorandum of Understanding (MOU) usually defines the roles. In this model, each AFI grantee reports to OCS on its own grant activity, including that of its subgrantees. The grantees operate together within a network to achieve common purposes. However, from the perspective of OCS there are multiple grantees, each responsible for implementation of its own AFI award.

This model allocates responsibilities somewhat differently and has some additional functions beyond those required to fulfill the terms of the AFI award. For example, the network coordinator does not report on the individual grants to OCS but may manage reporting to other funders and stakeholders for the entire network.

| Network coordinating agency  | Individual AFI grantees   | Subgrantees to AFI grantees   |
|--|---|---|
| <ul style="list-style-type: none"> <li>▪ Provides technical assistance to AFI grantees and subgrantees</li> <li>▪ Compiles data and information from the AFI grantees</li> <li>▪ Provides reports to funders, media, policymakers, public officials, and other stakeholders</li> <li>▪ Coordinates on-going performance management and evaluation for the overall network</li> <li>▪ May work with the individual AFI grantees and their subgrantees to establish common policies and</li> </ul> | <ul style="list-style-type: none"> <li>▪ Coordinate activities of their subgrantees</li> <li>▪ Collect data and prepare required performance, financial and annual reports for their own grants and subgrantees</li> <li>▪ Institute formal relationship(s) with one or more financial institutions for their AFI projects</li> <li>▪ Prepare reports for the overall network, according to the network’s requirements</li> <li>▪ Raise non-Federal funds for their grant and, thus, their portion of the network; may have overall network fundraising plan which they follow or may find non-Federal independently</li> <li>▪ Coordinate training and technical assistance to their own subgrantees, either as part of overall network training plan, requirements and resources or, less often, according to their local focus.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Implement the IDA project for local participants, conducting activities such as recruitment and enrollment, executing Savings Plan Agreements, financial education and asset training, assistance with asset purchase</li> </ul> |

|  |   |  |
|--|---|--|
| <p>procedures for enrollment, IDA accounts, financial education or asset training, asset purchase</p> <ul style="list-style-type: none"> <li>▪ May work with grantees on overall plan for non-Federal funding</li> </ul> | <ul style="list-style-type: none"> <li>▪ May or may not coordinate communication with media, policymakers, and other stakeholders for their portion of the network, depending on the internal agreements for the network as a whole</li> <li>▪ May hold Project Reserve Funds centrally or redistribute to subgrantees, as in the Hub and Spokes model</li> </ul> |  |
|--|---|--|

### Model 3: Coalition Model

In this model, a coalition of organizations work together on a wide range of policy and practice issues. In most cases, the coalition promotes asset-building strategies in addition to the AFI IDA; these might include getting persons banked, developing EITC and state tax credit campaigns, widening the scope of financial education opportunities, and savings accounts for children. The relationship between the AFI grantee and the subgrantees is basically the same as with the Hub and Spokes; it is the grantee’s relationship with other agencies that primarily defines this model.

The AFI Network project grantee and subgrantees are members of a coalition, along with other partners such as Community Development Corporations, financial institutions, university extension, United Way organizations, Community Action Agencies, and faith-based nonprofit organizations. The allocation of responsibilities between the AFI grantee and subgrantees is much the same as in a basic Hub and Spokes Network model. However, the grantee and its AFI Network also play a significant role in other asset-building efforts, either as a lead agency or as coalition members.

The coalition may or may not be incorporated. If the coalition is incorporated, it may receive funding directly to implement its work plan, and may or may not be an AFI grantee in its own right, with multiple sites. If the coalition is not incorporated, there may be a Memorandum of Understanding, interagency agreement, or some other formal partnership agreement that lays out the purpose, roles, and responsibilities of participating organizations. Usually, one organization serves as the fiduciary for the entire coalition, solicits and receives public or private funds for the work of the coalition, and disburses these funds to the appropriate coalition members or other organizations to implement the coalition work plan. On occasion, however, different coalition members may take the lead for any specific activity.

Often the success stories of participating organizations, including the AFI Network project, are used to promote specific policy or practice issues.

| Coalition Lead Agency  | AFI Grantee within Coalition  | Subgrantees   |
|--|---|---|
| <ul style="list-style-type: none"> <li>▪ Researches asset-building policies and practices, in coordination with coalition member agencies</li> <li>▪ Secures resources for coalition initiatives; may assist members in securing funds</li> <li>▪ May speak publicly for the coalition and its members on coalition initiatives; or different coalition member agencies may have the lead on individual coalition initiatives</li> </ul> | <ul style="list-style-type: none"> <li>▪ Manages AFI grant funds</li> <li>▪ Institutes formal relationship(s) with one or more financial institutions for the AFI project</li> <li>▪ Coordinates AFI Network including subgrantees</li> <li>▪ Collects data and prepares performance, financial and annual reports for the network</li> <li>▪ Generates non-Federal funds for the network with or without assistance of subgrantees</li> <li>▪ Responsible for on-going performance management and evaluation of entire Network project</li> <li>▪ Provides training and technical assistance to subgrantees</li> <li>▪ Communicates to media, policy makers, and other stakeholders on behalf of the AFI Network but probably not for the overall coalition</li> </ul> | <ul style="list-style-type: none"> <li>▪ Functions identical to those within a stand-alone network, Hub and Spokes</li> </ul> |

Sometimes grantees begin as single agencies and then develop subgrantees for subsequent AFI projects. Being active in a broader asset-building coalition is a natural side effect of an interest in IDAs and financial education. In instances where a state or some other umbrella stakeholder has an interest in implementing IDAs and other asset strategies across a broad area, coordination among Network projects may make sense.

**Tip:** For more information on AFI Networks, go to [www.IDAresources.acf.hhs.gov](http://www.IDAresources.acf.hhs.gov) and click on the Network Projects icon.



## Non-Federal Funding

Organizations interested in starting AFI IDA projects are often concerned about the required non-Federal cash contribution. Applicants must show commitment of non-Federal funds at least equal to the Federal AFI funds requested. We can't say that identifying non-Federal dollars is an easy task, but many organizations have done it! Some grantees have secured non-Federal funds repeatedly for multiple grants over a period of many years. While successful fundraising does take planning and work, organizations operating AFI projects do have some advantages.

### A Rare Opportunity for Funders

Telling a funder that his or her investment in the community will be doubled with Federal funds has a strong appeal. On top of that, unlike many programs, AFI can offer concrete, measurable outcomes. At the end of a successful project:

- Participants have saved thousands of dollars.
- Participants have demonstrated stronger financial knowledge.
- Participants have purchased homes, started or expanded businesses, or received postsecondary education or training leading to better earnings.
- The asset purchases have leveraged significant additional resources: in addition to the AFI and non-Federal funds, there will be mortgage figures, business transactions, and the like to measure.
- Other longer-term effects may be less quantifiable but have been demonstrated in the research: tax revenues, community stability and revitalization, civic engagement, school completion, and others mentioned in Chapter 1.

A number of AFI grantees have published recent evaluations that show both immediate and longer term outcomes, including continued savings habits, increase in net worth, and continued effects of financial education. You can find links to some of these studies at the Web sites of EARN ([http://www.earn.org/policy\\_innovation/earn\\_research\\_institute/](http://www.earn.org/policy_innovation/earn_research_institute/)) and the Center for Social Development (<http://csd.wustl.edu/Publications/Pages/allpubs.aspx>).



### Minimal Risk on the Investment

While non-Federal cash must be deposited into the Project Reserve Fund in order to draw down Federal funds, 85 percent of those funds are never disbursed unless participants are successful, reaching their savings goals and making asset purchases. This means you can give your non-Federal funders a “money-back guarantee”: if your project participants are not successful, they can get the bulk of their investment back. (Of course, they would rather see your project succeed and any unused funds reallocated to new savers!)



## Where and How to Tell Your Story

What organizations in your community, both public and private, could you approach to secure the required non-Federal funding portion of your AFI project budget? And who should make the approach and tell your story?

Every IDA project needs supporters or ambassadors who will mention the program's success at a meeting of peers, comment on the opportunity a matched savings account offers, or salute the success of an IDA participant—and take some credit for the successes. Because competition for available resources is keen, it behooves IDA project managers and practitioners to be strategic. Ask yourself:

- Who has resources in this community?
- Who has supported your initiatives before?
- How might you build new relationships over time that will help us access additional resources?
- Is there a champion who would give your IDA project prominence?
- How will you tell our story?
- How might you leverage what you have, bringing more resources to your community?
- How will you acknowledge those who give resources?
- Whom should you tap to join an advisory committee or workgroup to help you gain access to community leaders and resources?

Every board member, manager, practitioner, and volunteer has a role in educating, communicating, and helping to raise resources. So do IDA participants, as they can tell compelling stories about how their lives have changed.

Building relationships is key to successful fundraising, leveraging in-kind resources, and gaining the support of key community leaders. This simple fact cannot be stressed enough.

## Step Up and Yell Your Story

Successful IDA projects have a story to tell. It is not a story of people being served. Nor is it a story of coaching processes or financial education processes. It is a story of results that spark change.

**Tip:** While you are telling your story, don't forget that most successful AFI projects raise more operating funds than the required 15 percent. They then segregate those funds from the Project Reserve Fund, and use them for additional costs associated with operating an AFI project, including: salaries and benefits, education, data collection and reporting, case management, partner and participant incentives, and more. These are crucial components of your project's success, and worth investing in.

For more information on funding strategies, see the resources collected on the AFI Resource Center Web site at [www.IDAresources.acf.hhs.gov/IDA\\_fundraising](http://www.IDAresources.acf.hhs.gov/IDA_fundraising). The Resource Center has gathered information on historical sources of AFI funding and on planning a fundraising campaign your use.



The Toolkit worksheet “Funding Prospect Form” allows you to collect information about potential funders and see how AFI IDAs fit with their mission.



## Conclusion

Most AFI projects are not stand-alone programs. They operate in collaboration or partnership with other areas of the agency and other community stakeholders. They work closely with their strategic partners to ensure that their participants reach successful outcomes. Funding these projects takes time, but is achievable. Fundraising for both project operations and participant match is critical for a successful project. Using your executive staff and board to help build relationships with partners and funders typically yields success in funding and running effective AFI projects.



**Boys & Girls Club of Greater Milwaukee: Milwaukee Assets for Independence Program**  
Milwaukee, Wisconsin

Under an informal partnership between the Boys & Girls Club of Greater Milwaukee and Habitat for Humanity, every Habitat participant who qualifies can sign up for an IDA. Habitat for Humanity sees the benefits this way: “Most people are cash-poor after they move in to a Habitat home. IDAs give them a nest egg to improve their assets right away. With help from the AFI grant and matching funds, the process has created higher value homes, often in very troubled neighborhoods.” ([www.boysgirlsclubs.org](http://www.boysgirlsclubs.org))

# Chapter 7

## Approach, Part 1: Participant-Oriented Components

This chapter will explore:

- The core participant service activities of running an AFI project

This chapter helps you prepare your AFI application by:

- Developing a marketing and recruitment plan
- Considering your participants' likely needs
- Developing other key elements of your work plan to provide the IDA, financial education, and other components in a way that maximizes participant success

This chapter is about filling out the plan for the day-to-day program activities, primarily those related to direct participant services. Here we will help you think through these components so that you can describe them in the Approach section of your AFI application and present them clearly in your work plan (FOA page 13-15).

### Outreach

Marketing and spreading the word about your AFI IDA project will take many different shapes. There are two important questions to consider here:

- How familiar are people in your community with the idea of asset building and IDAs prior to your program's rollout?
- What outreach tactics do you already use that work effectively with your target population? Certainly these will also work for the AFI IDA project.

If there are not already many asset-building activities in your community, you may need to include in your outreach and marketing plan a list of efforts to convey basic asset-building concepts to your target population first, and then put IDAs in that context. This may be a new concept for your target population, as well as for other stakeholders. They may need additional information about the potential impact and benefits of asset building overall and about IDAs as a broad strategy.

You may use community presentations, small group discussions, or in-depth interviews with local news media. These venues offer the opportunity to both create a deeper level of understanding and to answer questions that your market and other stakeholders will have. If you think these broader communications strategies would benefit your program's efforts, be sure to structure these into your outreach plan in the early weeks or months.

As to the second question: if you do have tactics for marketing to the AFI IDA project’s target population that already generate strong responses, then you are well on your way to an effective outreach plan. Here are some strategies that have worked for others:

- Use referrals from case workers, trainers, community workers, or other staff who connect personally with your target population and can “sell” the AFI IDA in a personalized setting. Where possible, see if you can arrange for enrollment in the IDA project to be presented as a reward or incentive to participate in another service. Partners can be especially effective in delivering this kind of outreach, but they need to really understand the project and have easy-to-read materials on hand to give out. You would be wise to invest a bit of time in training them about asset building and about your project’s specific focus: target population, asset goals, and eligibility requirements.
- Go to where the target population lives, works, and shops to distribute materials about the AFI IDA. This reduces wasted effort on broad-swath marketing that might yield a high response but from people who are not actually eligible or are otherwise unsuited to the program.
- Clearly, word-of-mouth is the best and most effective outreach for AFI IDAs. Success stories are another tool for this type of outreach. While getting to your first few asset purchases may take some time, consider that participants who are learning and making progress with their savings can be active recruiters, too—even if they haven’t yet achieved “success.” You can also draw on success stories from other grantees posted on the AFI Resource Center Web site at [www.IDAresources.acf.hhs.gov/Success\\_Stories](http://www.IDAresources.acf.hhs.gov/Success_Stories).



#### **A Case of Youthful Enthusiasm**

A program serving youth in foster care in the Northeast found that youth already involved with the IDA, even in the earliest stages, were the best and most enthusiastic outreach sources. So program staff created special promotions to enhance and build on this resource. They offered “bring a friend” nights where existing participants could bring other youth, participate in an orientation session, and then get a small cash stipend for their work. In some cases, the youth didn’t even take the cash; they just enjoyed the opportunity to talk about their experience in the program and to bring along friends who they thought would benefit as well. Not only did their enrollment grow rapidly, but dropout rates shrank: the referred youth were more committed, having learned the ins and outs of the program from their friends and working from their example of how the program helped them in their day-to-day lives.

One final idea about marketing for AFI IDAs—the message matters. Often, projects fall into the trap of developing outreach materials that convey the technical details covered in Chapter 5—Savings Caps, match rates, and the rules of eligibility. These are important, but they don’t clearly convey why an IDA is worth pursuing. Here are some recommendations for effective marketing:

- Promote the benefits of participation, not the features of the project: the home, the higher wages from training, the independence of small business.

- Highlight what people have to lose by not participating. It may be as simple as saying “don’t miss this opportunity,” or it could be a stronger message, e.g., “don’t lose \$500 by not calling today.”
- Emphasize short-term costs avoided and benefits earned (“get \$20 for signing up”) as opposed to—or in addition to—longer-term ones (“own a home someday”).
- Do outreach through small group meetings and publicize that other community members have enrolled and succeeded. If feasible, use current enrollees as speakers.
- Reframe incentives so participants don’t need to do the math (i.e., “receive \$4,000” or “double your money” rather than discussing the percent of match or formulas).
- Embed your message in positive identities people hold about themselves, particularly identities that align with being a successful saver and asset owner, e.g., head of family, caring parent, or working taxpayer. These identities are in line with financial empowerment and will resonate for many.

You will likely spend more time on outreach and recruitment in the early years of your project and less in the later years.

### Application/Intake

After outreach, there must be a way for interested individuals to learn more about the AFI IDA and its specific requirements. Some grantees use a prequalification process, including basic AFI eligibility and any other criteria they may want to include, to determine whether the project fits the person. Others host regularly scheduled group orientations to present a deeper overview of the AFI IDA opportunity, and spend time on open questions and discussion. Still others distribute the application online or work with applicants one-on-one to gather the relevant information and determine eligibility.

The AFI eligibility guidelines are straightforward and ask for:

- 1) TANF eligibility *or*
- 2) combined income and asset eligibility.

“Income and asset eligibility” means household adjusted gross income at or below 200 percent of the current Federal poverty thresholds or meeting current EITC eligibility guidelines **and** a household net worth less than \$10,000, excluding main residence and one vehicle (FOA page 7).

While earned income is technically not an eligibility criterion, participants must also have a source of earned income from which to make their savings deposits. You may include additional eligibility factors based on your project design. For example:

- Some programs require a credit report review and have explicit cut-off criteria, in particular for homeownership. They may require a minimum credit score, for example, or a record of no bankruptcies or judgments. Such criteria do not usually require credit that is “mortgage-ready,” but show where the needed credit improvement activities are feasible within the savings period.

- Other programs that work with youth to support college or vocational training have an age limit of no younger than 15 years, to ensure that the target group will be ready to use their match funds for postsecondary education before the grant period expires.
- Still other programs serve specific populations, such as survivors of domestic violence, Native Americans, refugees, or single parents with children. In some cases, a focus on a specific group will earn a bonus point in the review process (FOA page 22).

In your outreach and orientation materials, be clear about any supporting documentation that you will require, such as proof of income (which could be tax returns or pay stubs) or TANF eligibility. The important thing is to communicate clearly the documents a potential saver will need to provide with an application so that the applicant and project staff do not waste time going back and forth completing the package.

### **Age 18 Is Not Required**

People often think that AFI has an age limit of 18 for eligible applicants. Not true! There is no age limit in AFI's eligibility guidelines, which reference only TANF or income and net worth. Many successful AFI IDA projects target youth or their parents, in an effort to support college or vocational training. Youth transitioning from foster care, college preparatory programs, and school-based enrichment programs may be good prospects for successful program participants. If a household is eligible, a parent may save in an IDA to be transferred to the youth—as long as the matching funds will be used before the end of the project period.

Generally, the shorter the application timeframe and the fewer the hoops, the more likely that eligible individuals will complete the enrollment process. Streamline this process. It's important to gather the necessary information, but you also want to use staff and applicant time efficiently.

Agencies have found several ways to streamline the application process, such as:

- Creating a checklist of required documents that is available to referral partners and to those who inquire about the program. Include translations, if appropriate.
- Being aware of the languages spoken by potential applicants so you can have interpreters available, if necessary, for completing applications and answering questions.
- Choosing locations and timing carefully, for example, near the homes or workplaces of your target population, and at various times to avoid conflict with work. Again, go where the participants are: child care facilities, employer break rooms, TANF or workforce agencies, neighborhood centers, and the like.
- Having a standard formula for calculating an applicant's income and net worth and for comparing them against the AFI eligibility guidelines. Share this with your partners as well if they are interested.

Include a summary description of how you will determine eligibility, required documentation, and intake procedures in your AFI application work plan (FOA page 13).

## Enrollment

Once eligibility is established, projects may schedule one-on-one meetings with enrollees or conduct enrollments in small groups. Typically, staff go over the Savings Plan Agreement to ensure that participants understand their responsibilities and that the project responsibilities (i.e., providing matching funds for completed savings to a third party, financial education, appropriate accounts, and relevant services such as employment or medical assistance) are clearly communicated to the participant. The enrollment step is also a good time to learn more about what kinds of supports your participants may need, as well as their existing strengths, such as steady employment, strong family commitment to the IDA process, employer resources, etc.

Many grantees work on budgets with enrollees at this time, to establish regular savings targets that are feasible for the participant's income and sufficient to achieve an asset purchase in the time allowed by the project. This may be a good financial education exercise to help participants recognize "leakage" in daily expenses and to see how they can save by spending more on needs than wants and using other savings tips. Regardless of the time of year, it is also a good opportunity to encourage them to plan to use free tax filing assistance and to use tax refunds and credits to achieve the savings goal, to reduce debt, or to establish an emergency fund.

Enrollment involves executing the Savings Plan Agreement and other documents, the first bank deposit into an IDA account, and the entry of the person/family into your data management system.

**Tip:** Considerations for choosing a data management are reviewed in Chapter 8 of the *Project Builder*.

## Opening the IDA

The financial institution partner plays a significant role here. You have an agreement with a financial institution to hold the IDAs, but the participant must actually open the account, most often using the institution's paperwork. Further, because of recent laws such as the Patriot Act, your financial partner might have specific and perhaps inflexible rules regarding additional information required (Social Security number, Individual Taxpayer Identification Number, or photo identification, for example) at the time of account opening.

### ❖ *Opening the account*

Consider how this process will work. Where and when will the account be opened? Some AFI grantees work the account opening into a group meeting, such as a final session of financial education training. Participants complete financial education and then open their account immediately with a bank representative onsite. Other programs combine enrollment and opening the IDA in a single one-on-one session, reviewing key project rules and procedures,

signing needed documents, and completing the forms to open the account. Still others provide participants with a letter to take to the financial partner authorizing their account opening and a deadline by which this must take place. Note that the deadline is essential here. Leaving the account opening without a due date can lead to increased attrition. If the participant goes off site to open their account, you will need to establish a protocol for learning the account number that is assigned to their account so it can be entered into your data management system.

❖ *Tracking participant savings and match dollar obligations*

It is important to keep accurate records of the amount of match dollars obligated and not obligated. While you should not enroll participants for whom you do not have Federal and non-Federal funds for the match, you also want to maximize the likelihood of using all participant match funds over the life of your grant. Keeping a close eye, monthly or at least quarterly, on participant deposit activity will help you to know when it's time to talk to someone who is skipping deposits or not depositing the agreed amount. Attrition varies widely among AFI projects: in general, the more focused the recruitment and enrollment, the lower the attrition. In your proposal, you may want to project a larger number of enrollments or IDAs opened and discuss how you will replace dropouts in a timely manner in order to achieve your goal for participants who complete their asset purchase. A common strategy is to maintain a waiting list. Then, as you operate your project, you'll track participant progress closely so that you don't end up with unused funds. Incidentally, waiting lists may encourage non-Federal funders to support another AFI project in following years as you will have demonstrated demand—and success—with this project.

You will also want to track participant IDA account activity to forestall unauthorized withdrawals that would make the participant ineligible for matching funds, despite meeting general program requirements. Missed deposits or deposits at less than the monthly target may signal trouble brewing. It is wise to maintain close communications with participants to help them avoid an irreversible misstep. If you know that a participant is having financial or personal difficulties that make it difficult to stay on track, you can make a referral to an appropriate partner, perhaps find another source of support, such as help with medical expenses, or allow a short suspension of deposits until the participant can resume regular deposits.

### **Retention: Life Happens**

From a participant's perspective, completing an IDA program, saving, and purchasing an asset is a long road. Inevitably, many will experience events that make it hard to persevere: job loss or cutbacks, medical expenses, transportation problems, natural disasters. So it's important to anticipate services your savers may need to stay on track and to help them see the progress they are making. Have partners in place to help. And once the IDA is open, communicate to your savers regularly how much match has accrued for them in the Project Reserve Fund. Many grantees provide statements, newsletters, postcards, or emails that steadily encourage participants to save and show the growing savings plus match. Such communication adds to the hope and excitement that the asset purchase is imminent and achievable. Some grantees celebrate interim benchmarks, such as the half-way point for the savings goal or completion of financial education.

### **Financial Education**

AFI requires financial education but does not prescribe a particular curriculum, number of hours of training, or whether it must be delivered in-person or online. Financial education can be used as a point to connect with participants regularly about their savings goal and plans for asset purchase. It can also be done via a partner or self-guided study, such as an online training tool. The methods of delivery can be as varied as the content and the people taking the training. Choose or adapt as you think most effective for your participants.

Participants may need different modes of education and content. High school students and other computer-savvy participants may be able to take financial education online and show their comprehension electronically. Participants for whom English is not the first language may require a bilingual instructor, handbooks in their language of origin, or interpreters. Training volunteers in the community to provide counseling, financial education, pre-purchase advice, business planning services, etc. can be quite cost-effective. Considering when your savers can be available to attend, offering supports such as childcare or transportation, providing refreshments, and choosing accessible locations are essential for success. Some projects make financial education a family affair and include spouses, partners, and children.

#### *❖ Sources of financial education training*

There are organizations in the community that offer financial education courses of varying length, intensity, complexity, and convenience: banks, community colleges, extension services, workforce centers, consumer credit counseling services, etc. Often, IDA projects provide financial education themselves, sometimes using interns, service corps members, or volunteers. There are also online curricula for participants who are comfortable learning via computer software. You may require a specific course or create as much flexibility for the participants as possible.

### ❖ *Choosing a curriculum*

If you are going to offer financial education in-house, you will need to choose a curriculum. There are many options out there already. Most grantees start with an available curriculum and then adjust or supplement it as needed to be most effective for their participants. If you have been working with your target population for a long time, you will likely know where their strengths are and what areas of financial management need reinforcement. The key to this is to start from where your participants are, not where you think they should be, and then to minimize any barriers to learning, assess the various options for training, evaluate the training effectiveness and participant satisfaction, and make improvements

**Tip:** The AFI Resource Center offers extensive materials and training on choosing financial education curricula, effective instruction for adult learners, and measuring participant learning. Go to [www.IDAresources.acf.hhs.gov/Financial\\_Education](http://www.IDAresources.acf.hhs.gov/Financial_Education).



### ❖ *Languages*

There are many ways to offer training in specific languages. Where English proficiency is limited, some agencies offer small classes to participants who speak the same language. Others offer larger classes to mixed participants, sometimes with interpreters available to small groups within the larger group. In other cases, friends or family members may help individuals with limited English.

### ❖ *Credit scores*

Many grantees find that obtaining participant credit scores and offering credit analysis and counseling early in the project are important, especially for the success of participants wanting to purchase homes or capitalize small businesses. If participant credit ratings are poor, the IDA project can help the participants improve their credit and credit scores during the saving period, prior to the point of asset purchase, when they may need to obtain loans at favorable terms. Other grantees obtain credit scores prior to enrollment. This information can enable a frank conversation about how realistic the preferred asset goal is or lead to work with a credit counseling service to prepare for enrollment in the IDA at a later date.

### ❖ *Sequencing*

Many projects offer financial education only to enrolled IDA participants and their family members. However, some grantees offer financial education classes before participants open IDAs: they say this sequence helps them assess the likelihood of trainees' successful saving, asset purchase, and project completion and thus reduces attrition and expenditure of staff time.



## ❖ Access

Training should be offered at diverse days, times, times of year, and locations to accommodate the availability of participants, including work schedules, transportation, childcare and other concerns. Those serving people with disabilities will have special considerations, and many grantees that do not specifically focus on the disability community should be aware that they may in reality be serving participants with disabilities.

### **Asset-Specific Training**

Asset-specific training readies participants for purchasing and owning the asset itself—preparing for it, acquiring it, and maintaining and retaining it over the long term. Each of the allowable asset goals under AFI is no small investment and no easy purchase: homeownership requires a great deal of preparation and research for families at any income level; building a business is perhaps the most involved in terms of planning and ongoing management; and postsecondary education may take place over several years. In each case, these goals represent, for any of us, a significant investment of time and money. It is important, therefore, that participants receive additional skills and knowledge-building opportunities that focus solely on these endeavors.

Good resources on each asset type already exist. See who is already offering first-time home buyer trainings or small business counseling and planning advice, and make contact with local postsecondary institutions and workforce centers to access information on financial aid, career planning, and other topics for incoming or returning students. In some cases, asset-specific training will make participants eligible for other resources, such as other down payment assistance or favorable small business loans.

Offer asset-specific training at the appropriate stage of your participants' progress. Many AFI grantees offer homeownership training as participants near completion of their savings and prepare for a home search. For small business startups, the participant may be developing the required business plan throughout the savings period, but it may be most helpful to focus on the nuts and bolts of permits, licenses, and taxes just before the participant approaches these steps in startup. AFI does require that matching business purchases have included a business plan approved by an entity experienced in microlending or business development.

### **Tax Services**

Filing for and wise use of tax credits, such as the Federal and state Earned Income Tax Credits and the Child Tax Credit, can make a big difference in the speed at which participants reach their savings goals. Using tax credits should also be a key financial skill (FOA page 14). If you already provide free tax preparation assistance or are part of a Volunteer Income Tax Assistance (VITA) project, you should show how you can increase the existing IDA participants' likelihood of success by depositing lump sums into their IDAs from their tax refunds and credits. You may also want to discuss how you may use VITA sites as a recruitment tool for IDAs or as a strategy for fast-tracking participants needing 6 months to a year to complete their projects. Or



you may explain how your relationship to a local tax coalition or tax assistance sites operated by your partners or others insures that your participants will have access to free tax-filing assistance.

### **Asset Purchase**

This step is what your participants will be striving for throughout your project and is one of the most important outcomes for all AFI projects. Successful asset purchase is a joint effort between the participant, who has saved, learned, and planned for the day, and your organization, which has provided training, match funds, and other services. To make the process as smooth as possible, here are some items to consider for your project design:

### **Documentation**

Each type of purchase will require different kinds of documentation. AFI has a few guidelines for each type of purchase, but you will determine the specific paperwork needed to process a request, when it must be received, and the time required for processing the check. These policies should be made clear to participants in writing at the time they choose their asset goal. Sometimes they are incorporated into the Savings Plan Agreement. In designing your AFI project, think about how you will manage the purchase process and ensure that the IDAs and matching funds are used for allowable purposes (FOA page 14).



| Type of Asset                     | Primary Guidelines  | Practice  |
|-----------------------------------|---|---|
| Home                              | <p>Must be first home: no ownership interest by the participant for 3 years prior to contract for sale</p> <p>Sale price may not exceed 120 percent of average area price</p> <p>IDA and match funds may be used for costs of acquiring, constructing, or reconstructing a residence, including reasonable settlement, financing, or other closing costs</p> <p>IDA and match fund checks made out to lender or others handling settlement process</p>  | <p>AFI project usually receives a copy of the settlement statement to document purchase price and distribution of funds</p> <p>AFI project may require copy of sale contract or documentation from lender of the dollar amount needed for closing</p> |
| Business Capitalization           | <p>Must have business plan approved by financial institution, microenterprise development organization, or nonprofit loan fund having demonstrated fiduciary integrity and that includes description of services or goods to be sold, marketing plan, and projected financial statements</p> <p>Business must be legal</p> <p>May use match funds for any business expense included in the approved plan, such as capital, plant, equipment, working capital, and inventory</p> <p>IDA and match funds paid to the business capitalization account or vendors</p> | <p>Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project</p> <p>May involve other sources of business support, such as loans</p> <p>May not be used to pay back previous loans</p>                          |
| Postsecondary Education/ Training | <p>Includes tuition and fees, books, supplies, and equipment required to attend or for courses at an eligible educational institution</p> <p>IDA and match funds paid directly to the eligible educational institution, either listed as accredited by the Department of Education or verified as an eligible institution under the Perkins Vocational and Applied Technology Education Act</p>   | <p>Develop career and education plan</p> <p>Books, supplies, equipment, such as computers, may be acquired from any eligible institution, not just the school of attendance</p>   |



## Integration with Other Asset-Building Strategies

Numerous other strategies in the asset-building field complement and bolster participation in an AFI IDA project. Build these services into your project as much as possible, either within your own organization or by referral to receptive partners. Consider engaging with new partners to achieve the right mix of these activities in your effort.

| Strategies and Potential Partners  | Activities  |
|--|---|
| <p>Savings and Investment</p> <p><i>Employers, free services from certified financial planners, professional associations of planners, insurance agents or accountants</i></p> | <p>IDA participants may not have had access to or felt comfortable using the full range of savings and investment vehicles that are in existence. You can help them learn about the benefits and restrictions of vehicles such as savings and checking accounts, Family Self-Sufficiency accounts offered through Public Housing Authorities, IRAs and/or 401(k)s, 529 college savings plans, and savings and investment clubs.</p> <p>Some incentives for saving and investing are universally available and may be even more advantageous to lower-income contributors. Encourage participants to research employer contributions to 401(k)s, matching contributions to 529 plans, home down payment assistance, and tuition reimbursement.</p> |
| <p>Advanced Financial Education and Counseling</p> <p><i>Employer human resource departments, local financial education coalitions and networks</i></p>                        | <p>Advanced financial education can include planning for retirement, saving for college, investing in the stock market, insurance, asset protection, and credit counseling and repair.</p>  |
| <p>Tax Credits and Filing Assistance</p> <p><i>Local tax coalitions, VITA sites, AARP tax services, disability services providers</i></p>                                      | <p>Many tax assistance coalitions offer networks of free or low-cost tax preparation services to low-income families. In addition to preparing tax returns, they help families claim any tax credits for which they are eligible, including the Earned Income Tax Credit (EITC), the Child Tax Credit, and the Child and Dependent Care Tax Credit.</p>   |

|   |   |
|---|---|
| <p>Getting Banked</p> <p><i>Financial institutions, Bank On initiatives, America Saves and its state affiliates</i></p>   | <p>We know that their IDA was the first formal savings account for about half of AFI participants to date. Becoming fully integrated into the financial mainstream also means having access to services that help people better manage their money, including free checking, online banking, online bill pay, auto and home loans, and insurance. Some cities have begun “Bank On” initiatives to link unbanked and underbanked residents to safe and affordable financial products on preferred terms.</p> |
| <p>Managing Credit and Debt</p> <p><i>Local and national free or low-cost credit counseling agencies, financial education coalitions, financial institutions</i></p>    | <p>Learning how to access and read one’s credit report and score, ameliorate negative listings, challenge inaccuracies, and build positive listings helps low-income consumers access better rates on new loan products, secure employment, and protect against identity theft.</p>   |
| <p>Accessing Federal and State Benefits</p> <p><i>TANF offices, workforce centers, local Prosperity Centers, United Ways, many Federal or state program offices</i></p> | <p>Public benefits such as food stamps, rental assistance, child care and transportation subsidies, child health insurance, and home energy and utility assistance supplement income and help low-income families save. Often, state program offices have common eligibility databases.</p>   |
| <p>Employer Benefits and Payroll Services</p> <p><i>Human resource departments, financial education coalitions</i></p>  | <p>Health insurance, child care and transportation assistance, flexible spending accounts (dependent care, medical), tuition assistance/reimbursement, and paid leave all help employees to bring home more money in their paychecks each month.</p> <p>Direct deposit, direct payment of health insurance, and automatic deductions for saving and bill paying are examples of ways that payroll services can be used to build assets.</p>   |



## **Collaborations with Government Agencies**

Note that there are other federally supported activities with which your participants may be—or should be—involved. Some of these, such as TANF agencies, workforce centers, and housing agencies, have been mentioned as potential partners in other chapters. But there are others that might be important, depending on your target population and location; these include your state bureaus of child support services, if you plan to work with custodial or noncustodial parents; state or local disability agencies; state social service offices that focus on youth transitioning from foster care or on family strengthening and preservation, and others. Clear explanations of coordination with relevant offices and programs will strengthen your AFI application (FOA page 21-22).

## **Conclusion**

The chapter has focused primarily on the elements of your project design and work plan that revolve around direct participant contact: outreach, enrollment, opening the IDA, financial education and asset training, and other participant supports, as well as the asset purchase. In the next chapter, you will focus more on project management issues.



**Interfaith Housing Services: Individual Development Accounts Program**  
Hutchinson, Kansas

Interfaith Housing Services's IDA program serves eligible low-income residents of Harper, Kingman, Pratt, and Reno counties in Kansas. IHS provides intensive pre- and post- purchase counseling to savers to ensure that they have long-term success with their asset. People like Sara Garcia are benefitting as a result. A single mother of three daughters, Sara wanted a better life for her children, a better paying job, more flexibility, and a way to use her creative talents. IHS helped Sara achieve all of these goals through its IDA program. Sara used her matched savings to purchase a camera, laptop, and editing software, and opened her own photography business. ([www.ihs-housing.org](http://www.ihs-housing.org))

# Chapter 8

## Approach, Part 2: Your Organizational Capacity and Management Procedures

This chapter will explore:

- Organizational capacity and procedures to support overall project success
- The importance of data collection, management, and reporting
- Staffing models for an AFI project
- Unique aspects of AFI budgets and how to represent them

This chapter helps you prepare your AFI application by:

- Outlining requirements for data collection and its uses in reporting
- Creating a plan that covers key aspects of running the AFI IDA project
- Explaining AFI budget allocation requirements

Each AFI IDA project requires specific management tools and procedures that are essential to success and serve as the basis for regular reporting on your progress. In this section of the *Project Builder*, we focus on the remaining elements that demonstrate the organizational capacity and commitment to operate the AFI project according to guidelines and effective practices. These elements include data collection and management, reporting, participation in the national evaluation, and periodic internal program reviews. Tying all of these together are your staffing plan, your budget projections, and your work plan.

### Data Collection and Management

Data collection and management, for reporting and project management purposes, are primarily the grantee's responsibility, although some are assisted by local partners with sophisticated IT capacity. Managing a complex project like an IDA program requires a robust data collection and management system.

### Tracking Participant and Program Progress

In general, you want to be able to track details about:

- Participants: eligibility, demographics, household composition, income and sources, training, IDA status, savings progress, completion of project requirements
- Project funds: non-Federal deposited, Federal funds drawn down, dollars obligated and expended, dollars remaining



- Key project milestones: dollars in the Reserve Fund, IDAs opened, total IDA deposits, financial education and asset training completions, and asset purchases

Knowing where your participants are at any given time allows you to access match funds expeditiously, to intervene with participants who may be falling behind, to spot the need for design changes, and to be ready when reporting time comes. It is also critical to know the status of all funds—what is already in hand, scheduled to come in, obligated, or free to support new accounts. The Funding Opportunity Announcement encourages you to set 5-year projected outcomes, and when broken down quarter-to-quarter and year-to-year they can be immensely helpful for day-to-day program management if you are tracking the right indicators.

Other important data points are types and value of assets purchased, other resources used in the purchase, terminations or unsuccessful program exits and their timing, information on partner participation, and the like. The system should provide data to alert project staff of the participants who are nearing the completion of their savings or those who have missed payments. The specifics depend in part on your project design and the distribution of responsibility for project components.

### **Uses for the Data**

Data is only useful if people analyze it regularly and draw conclusions and guidance from it. Some of the most important uses are:

#### ❖ *Information for project staff*

The data help project staff identify where the project is at any point in time and what is happening to individual participants. This enables the staff to determine where they need to focus attention, what interventions may be needed, and what activities to anticipate in the near future. It also facilitates communication with participants in response to various factors identified in the data.

#### ❖ *Analysis for agency managers*

The data should support real-time analysis of progress toward goals and reveal problem areas for agency managers who are not directly involved in the day-to-day implementation of the project, but have supervisory or management responsibilities for the project staff and/or the sponsoring agency. Managers should have the information they need to make project or resource adjustments.



❖ *Information for agency financial managers*

The data provide information on the total amount of savings and asset purchases, which financial managers need to support their requests to draw down Federal matching funds and to complete regular financial reports.

❖ *Reports to funders*

The system should be capable of generating reports that inform funders (AFI and others) of project progress and the use of their dollars.

❖ *Agency public relations, fundraising, and advocacy*

The data show not only the program's impact on participants, but also the community impact, such as purchases of assets, the generation of lending activities from community financial institutions, and new revenue sources for jurisdictions. When financial institutions see these data, they may comprehend that it is in their best interest to provide support, which might come in the form of cash for additional match funds or supplemental operational support, or in the form of in-kind services and personnel. Funders are assured that they are getting a good return on their investment. These data also provide critical documentation of impact that is important to the education of local, state, and national policymakers, who may be considering legislation or funding related to IDA projects.

❖ *Financial and Program Performance Reports*

A strong data management system will also make it easy to comply with requirements for regular financial and program reports, which are due semiannually. On the fiscal side especially, be sure that your accounting and participant information is coordinated.

The AFI Resource Center provides training and instruction on the reporting process via webinars and the AFI Resource Center Web site. Grantees can contact the Resource Center at any time for assistance with reports.

❖ *Internal Reviews*

Scheduling periodic internal project reviews concerning participant progress, project cash flow, and other issues will be helpful for keeping your AFI project on track. Most AFI projects are tweaked and changed over time. Having a process for assessment on a regular basis can ensure that participants have a smooth experience with the project. It can also help to reduce costs, ensure outcomes, and build capacity for other asset-building projects over the long term. Thus, you want to include some aspect of regular project review in your project design and work plan. AFI Resource Center staff and experts can recommend ways to evaluate and improve project design and delivery.

### **Participation in AFI Evaluation and Research**

One of the most important uses for your data is your response to the annual data collection request. Your AFI project design should include an electronic data management system and a commitment to providing project data as requested (FOA page 21).

As a Federal demonstration program, AFI emphasizes learning what works in asset building so that promising practices can be replicated. In addition to giving grants to organizations to implement AFI projects, AFI supports a national evaluation to study the long-term effects of AFI projects on participants and to determine the extent to which asset-building strategies in general and IDAs in particular are useful for addressing poverty. AFI also encourages each project to use its own evaluation and quality improvement mechanisms to help improve its programs.

Each AFI project must collect data for the national evaluation by providing annual data reports to OCS via a Web-based process. Some projects may also be asked to coordinate a day-long site visit from OCS researchers and to identify project participants who will complete surveys for evaluation purposes. AFI projects are required to set aside a small portion of their Reserve Fund to support activities related to the national program evaluation. This money covers expenses such as staff time for entering data or completing required reports, or working with the national evaluator or participants who take part in the national evaluation. The AFI Resource Center provides training and direct support to grantees in completing the data report.

### **Choosing a Data Management System**

A data management system is necessary for managing all the information required for managing an AFI project. Training completion, case notes, and deposits and withdrawals need to be tracked on the individual client level. You will need to track funds allocated, funds spent, and savers enrolled and graduated for the project as a whole as well as by funder. The financial aspect differentiates the data management needs of an IDA program from other social services programs.

The right electronic data management system will allow your agency to produce the necessary reports on a timely basis and track participant and program progress in real time. Ideally, staff in different roles in your project should have access to viewing and modifying the data they need to make decisions regarding your program operations. Remember to identify in your design and staffing plans who will provide the reports and what data systems will be used.

There are three categories of electronic data management systems (also referred to as MIS, Management Information Systems) in use by grantees today:

- The **AFI Online Data Collection Tool** is a free, basic tool available from the IDA Resource Center. It allows you to track information at the project level about your Project Reserve Fund and enrollment, and on the participant level about their demographic

characteristics, services accessed, training attended, and IDA progress. The tool was created primarily to help grantees manage data needed for the Annual Data Report, so it has limited project management and interim reporting functionality.

- **Data management systems available on the private market** (e.g., ATS3 from SMDI, Outcome Tracker by VistaShare, DMS Solutions from Cooperative Processing Resources) are project management tools that have been tailored for social services programs. Each system varies, but may have the capability to: track participant activities, referrals, and progress; record financial transactions at the project and participant levels, including electronic upload of monthly transactions; display allocation of funds by funding source; facilitate matched asset purchases and withdrawals; and allow network project managers to view subgrantee activity. ATS3 was tailored for AFI IDA programs, Outcome Tracker was tailored for IDA programs in general, and DMS Solutions was created for debt and credit counseling agencies. The cost varies by system and may include set-up costs as well as monthly or annual costs.<sup>4</sup>
- **Customizable data management systems** (e.g., Salesforce.com) are data management systems that can be customized by the grantee to meet their needs. This means they may be able to be used for other programs within your organization in addition to the IDA. Customization often represents a significant investment, but may result in the system that most closely fits your organization’s needs.<sup>4</sup>

**Tip:** Visit the Data Management section of the IDA Resource Center Web site [www.IDAresources.acf.hhs.gov](http://www.IDAresources.acf.hhs.gov) for a comparison of data management system options for use in an AFI project.

Now let us turn our attention to your staffing plan, a key component of your AFI application. You need to be able to demonstrate not only the expertise but also the appropriate organization of your human resources, namely your own staff and partners, in your AFI application.

## Staffing

The capacity an AFI grantee will need to succeed with its IDA project varies by size, components, and whether partners will provide some of the critical services. Typical indicators of success are a high level of organizational experience with other asset-building programs or with programs for the target population, a strong commitment on the part of leadership and program staff, an appropriate staffing configuration, and effective partnerships. Remember to include the staffing and other resources provided by the project’s partners as you describe their roles in your plan. You may find that a table that summarizes partner experience and specific roles and responsibilities in your project, such as the one in the Toolkit worksheet “AFI

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<sup>4</sup> Disclaimer: These choices are a couple of options already in use by some grantees. OCS does not endorse the use of any private market system over another.



Activities, Our Capacity, and Potential Community Partners,” is a concise way to do this (FOA page 20).

**Tip:** You do not need to have prior experience managing IDA or asset-building projects to succeed with an AFI application. You do need to demonstrate that you and your partners understand the target population you propose to serve and have experience in managing similarly complex programs with a diversity of partners.

### Staffing Plan

As the diversity of the IDA field grows, so do the variations in staffing configurations. Staffing needs will also vary by the age and development stage of the project (e.g., startup, ongoing). Executive and senior-level staff may be more actively engaged during design and initial implementation, as your organization establishes policies and budgets, raises non-Federal funds, develops partnerships, and creates project goals and objectives. Once operation is in full swing, ongoing management and coordination of administrative efforts increase to accommodate data management, participant support, marketing and recruitment, and timely delivery of training and counseling services. As the project matures and participants reach their savings goals, administration concentrates on achieving project goals and objectives, such as successful asset purchases. You may also need new management decisions at this stage to ensure timely project completion. Your staffing plan should reflect the evolution of staff effort over the life of the project.

In developing an effective staffing plan for your own project, consider the typical responsibilities for this type of effort.

| Management and Operations   | Coordination and Participant Services  |
|---|--|
| <ul style="list-style-type: none"> <li>▪ Establishing partnerships</li> <li>▪ Overall program design</li> <li>▪ Setting program policy</li> <li>▪ Raising non-Federal cash contributions</li> <li>▪ Setting budgets</li> <li>▪ Developing accounting procedures</li> <li>▪ Public relations</li> <li>▪ Staff supervision</li> <li>▪ Program oversight</li> <li>▪ Regular financial and program progress reports for OCS</li> <li>▪ Logistics for trainings and workshops</li> <li>▪ Marketing and recruitment materials production</li> <li>▪ Administrative support for the project</li> </ul> | <ul style="list-style-type: none"> <li>▪ Marketing development and implementation</li> <li>▪ Recruitment and enrollment activities</li> <li>▪ Application documentation</li> <li>▪ Account management (Reserve Fund and participants' savings and match accumulation progress)</li> <li>▪ Case management</li> <li>▪ Financial and asset education</li> <li>▪ Tracking progress toward benchmarks</li> <li>▪ Communications with participants and applicants</li> <li>▪ Data entry and management</li> <li>▪ Data reporting for the national evaluation</li> </ul> |

In the online Toolkit is a sample “AFI Project Manager Job Description” for an IDA project manager, the key staff person for a successful project. Agencies that want to create or revise their own job descriptions may consider the sample but should adapt it to their circumstances. If you have someone on staff who will be the manager, be sure their resume reflects the appropriate skills. If you do not, you may submit a position description to be filled once your AFI award is in place.



### **Policies and Procedures**

A key executive responsibility for an AFI project is to ensure compliance with program requirements embedded in the AFI legislation. Throughout the *Project Builder* we have singled out many of these requirements, for example, parameters for the IDAs, rules for managing the Project Reserve Fund, eligibility thresholds, allowable asset purchases, and the like. During grantee orientation, these rules will again be highlighted. Project designs should include policies and procedures to ensure compliance and program quality on an ongoing basis and plans for training staff or partners on relevant rules, procedures, and documentation. Usually this involves a program manual that is updated regularly to reflect design changes or new requirements. Preparation and maintenance of policies and procedures also demonstrate management capacity.

## AFI Project Budgets

In many programs, staffing costs are the largest budget item. For AFI, this is not the case—at least not for the expenditure of the Federal AFI award and the parallel non-Federal cash. Therefore, how to plan, describe, and present an AFI project budget in your grant application requires special attention to AFI definitions and atypical uses of standard budget forms.

### Budget Rules

Under the AFI guidelines, there are several cardinal fiscal rules:

- AFI Federal funds require a 1:1 cash match of non-Federal funds—the amount you request in your proposal should equal what you have committed from non-Federal sources.
- The Federal award funds and the non-Federal cash is all deposited into a Project Reserve Fund.
- After the AFI award is made, non-Federal funds must be in place before Federal funds can be accessed: you may draw down all or some of the Federal funds whenever you have the equivalent non-Federal in the Project Reserve Fund. Plan accordingly in your flow of work.
- Within the Project Reserve Fund, the Federal and non-Federal funds are birds of a feather—they do everything together. Whether you are disbursing funds for administrative expenses or a matched withdrawal for a participant, you use an equal amount of Federal and non-Federal funds.
- A minimum of 85 percent of the Federal and parallel non-Federal dollars in the Project Reserve Fund must be expended to match participant savings. Up to 15 percent may be used for program operations. Additional project resources outside the Reserve Fund are not subject to this rule.

As referenced in Chapter 4, there are at least two pools of funds for every AFI IDA project budget. Usually there is also a third.

1. The pool of Federal and non-Federal funds for participant match is at the heart of an AFI budget: This pool must be *at least* 85 percent of your total Federal and non-Federal funds.

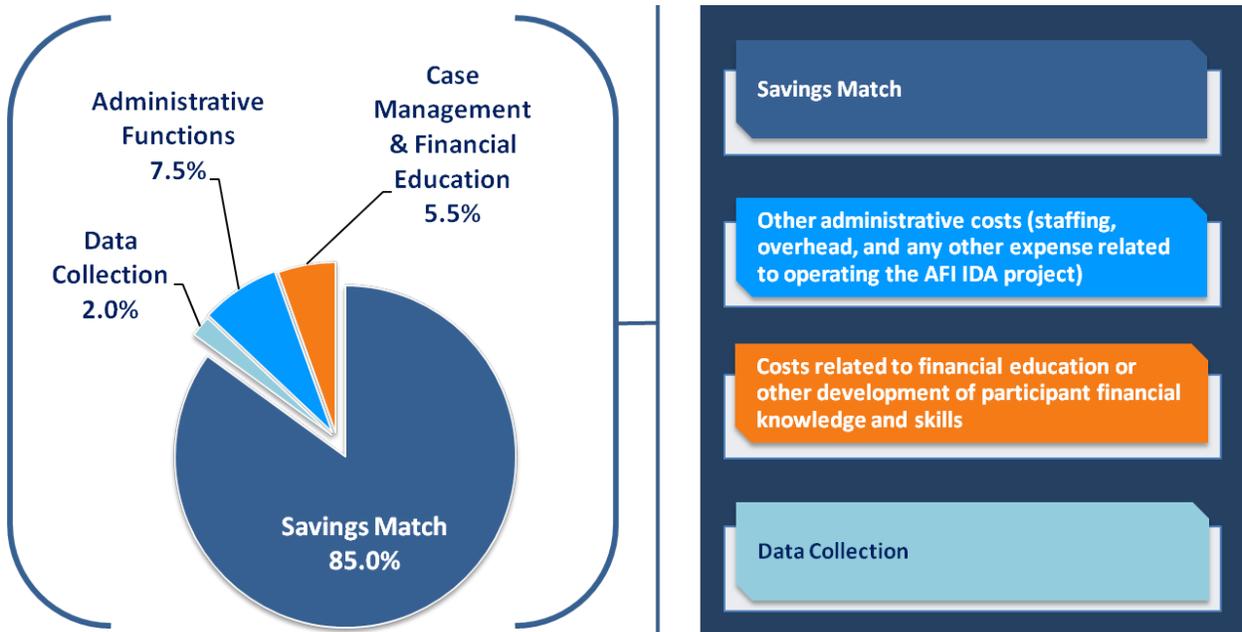
Match funds sufficient to cover the amount committed in your Savings Plan Agreement should be in hand whenever an IDA is opened to ensure that you will be able to make good on your commitment. All of these funds are deposited in the Project Reserve Fund, at least initially.

When developing your budget for the proposal, be sure to include the total amount of your match pool, Federal and non-Federal, on the standard budget form 424A, Budget Information - Nonconstruction Programs, on line h. (The Toolkit contains a document called “Standard Budget Forms for AFI Applications” with detailed instructions for filling



out this form as well as the 424 Application for Federal Assistance.) And double-check your math: divide the total match pool, Federal and non-Federal, by the projected number of asset purchases. The result should equal the dollar value of your Match Cap.

On your detailed budget and budget narrative, you should indicate the match per successful participant and the number of participants.



2. No more than 15 percent of the Federal award can be used for various project operations, with the following breakdown:
  - 2 percent for activities related to evaluation (such as the cost of staff time to do data entry or to acquire needed software, hardware, or an Internet connection to complete online data reporting)
  - 5.5 percent for costs related to financial education or other development of participant financial knowledge and skills
  - 7.5 percent for all other administrative costs (staffing, overhead, and any other expense related to operating the AFI IDA project)

You will distribute these costs to the appropriate lines on the 424A Budget Information - Nonconstruction Programs form: personnel, supplies, and the like. In the detailed budget and budget narrative, be sure to break out how these dollars will be used and when—in the first year or over 5 years, for example.

3. Many grantees use additional operating support above and beyond what’s provided for in the Federal award and the equivalent non-Federal funds.

This support may be cash or in-kind—from partners, volunteers, or your own organization. Be sure to review and document these sources on your detailed budget and budget narrative, but do *not* include them on the standard forms, 424 (Application for Federal Assistance) and 424A (Budget Information - Nonconstruction Programs budget form).

For the required detailed budget and budget narrative, the Toolkit includes an AFI Project Budget template to help you display the Federal, non-Federal, and additional support for your project in a tabular format. Note that your application should include a break-out and narrative description of the uses of all sources of Federal and non-Federal funds and additional cash or in-kind support (FOA page 15).



**Tip:** Many grantees are able to secure funds dedicated to key program activities, such as financial education or counseling, tax preparation services, or asset-specific training. Layering a few sources with this kind of specific focus can often cover many of the costs of the project itself. Showing these resources strengthens your AFI application.

Be sure to describe what non-Federal cash you have committed from your organization or other sources and provide evidence of commitment. If your organization is committing the non-Federal funds, describe how you will secure those dollars when you need them. In addition, explain the sources of any additional support and include letters of commitment or agreements whenever applicable. A sample “Documentation of Commitment of Non-Federal Resources” is available in the online Toolkit.



## Five Years of Expenses

AFI awards are for a full 5-year budget and project period. Grantees are not asked to submit annual budget revisions or requests. Therefore, it’s important to think about all resources, whether Federal or non-Federal, cash or in-kind, needed to cover your operating costs throughout the life of the project. Consider the AFI IDA project life cycle. In the early years, there are proportionately more costs related to marketing and outreach, program setup, and account opening. In the middle years, financial and asset-specific education, account monitoring, counseling, and savings support will dominate your operations. In the final years of the project, additional asset purchase support, assistance with withdrawals, and a good deal more financial oversight will be critical. Data entry and management tasks as well as effective program management will be core activities throughout the life of the project. Take this flow into account as you plan your budget for the course of the AFI project.

- Use a narrative budget format that will clearly lay out your projected expenses over this period of time.
- Be sure to include a description of how you arrived at your figures so that reviewers can also do the calculations, i.e., percentages of staff time and base salaries, benefits ratios, costs of materials, travel, or contracted services per unit, and the like.

- Integrate this budget into your management plan over the course of the project so that it's not just an exercise for the proposal but one that really informs your capacity and needs as the project unfolds.
- Remember that data management systems can help you keep track of project income and participant obligations and disbursements when you're in operation.

The online Toolkit worksheet “Projecting Need of Matching Funds” will help you calculate the matching funds needed for the 5-year length of your project, based on your expected number of graduates each year, and your match ceiling.



**Tip:** Support above and beyond the required non-Federal cash contribution is important for an effective program design as well as a good proposal, but the resources are not subject to the same reporting and review as the non-Federal and Federal dollars in the Project Reserve Fund. You should not plan to deposit supplemental cash into the Reserve Fund for this same reason. Therefore, on the standard budget forms, you will not include supplemental cash or in-kind resources, but do include these in your detailed budget and budget narrative. See the template “AFI Project Budget” in the Toolkit.



If you use additional funds to provide added match (above and beyond that provided by the Federal and non-Federal funds), it will be easier to do the same thing—keep them in a separate account. All funds in the Project Reserve Fund are subject to the AFI disbursement guidelines, and you will want to maintain flexibility for your other resources.

## Putting It All into a Work Plan

Together, the budget and the project work plan summarize how your AFI project will be implemented over time. The work plan carries more weight than any other element of your application. It should include regular benchmarks and the order of many of your activities. Not all lend themselves to quantification, but many do. In instances where projecting a number goal is not appropriate, you can provide a description and discuss a timeline. In the Toolkit, you'll find a “Gantt Chart,” one of many ways to show the sequence of activities and how they do or do not overlap in time; intermediary benchmarks to project (and then manage) your progress toward your stated outcomes; key management products such as reports and internal reviews; and the timing of foundational events such as finalizing partner or financial institution agreements. You may choose other ways to represent your work plan, but here again, awareness of the life cycle of an AFI project will help with your projections.



## Life Cycle of the AFI IDA Project

There are certain activities related to the AFI IDA project that are naturally the central focus—bringing participants in, working with them over a designated savings period, and getting them to asset purchase. While these are indeed activities that require a considerable amount of time



and a focus for the project, they aren't the only major activities, and they don't start on day one. They also don't lend themselves to ending exactly at the end of the project period.

There is a rhythm to AFI IDA projects, a cycle for the activities that is good to consider as you refine your design and establish quarterly or other intermediary benchmarks in your work plan:

❖ *Year 1: Account setup, partnership setup, and start of marketing and outreach*

Expect to spend quite a bit of time in the first months of your award getting all the key elements in place: finalizing the account details with the financial institution, getting your data management system up and running, making final arrangements with partners, and getting paperwork, staff, and procedures in place.

Anticipate that marketing and outreach efforts will take a few months to build momentum before they yield significant results. You may need to tweak your messages in the beginning, or they may just take time to get a response from the right people.

If you want to project opening accounts in the first year, that's great! Just consider that this may not happen right away. You may be half-way or even further into your first year before you open the first IDAs.

❖ *Years 2 & 3: Account opening, financial education, counseling, and support*

For many programs, marketing efforts really gather momentum only after 6 months or so, and they build to a flow of interested applicants, enrollments, and account openings. Therefore, in years 2 and 3, new attention is paid to making sure accounts are opened, receiving monthly statements on each account and tracking progress or addressing barriers, keeping up with account holders' savings activity, offering financial education, and engaging in one-on-one counseling sessions. Savings activity should be intense during these years.

Many AFI projects seek to reach their full account opening targets by some point in the third year. There will be dropouts, so some new applications and enrollment occur here as well—or sooner. Supplemental services such as peer group sessions and asset-specific training also begin in these years, if not earlier. In terms of project management, the end of year 2 and the start of year 3 is a great time to analyze your data, determine how far you've come, and make project design changes if necessary to address challenges or leverage new opportunities to ensure that you achieve your goals by the end of the 5-year project period.

❖ *Year 4: Account opening winds down, savings ramp up, and purchases begin*

While some participants may have made withdrawals for asset purchase before this point (especially if you have a fast-track design), most programs see considerably more savings completion in this year, open fewer accounts, and focus more and more on assisting account

holders to make their asset purchases. Asset-specific training and continued savings support often rule the day during this year.

❖ *Year 5: Program wind-down—finishing out savings and making a push for purchases*

If all is flowing well, this is a year when saving really wraps up for most account holders, asset-specific training is completed, and more and more withdrawals for asset purchase are made. It is expected that all funds will be expended on matched withdrawals by the end of the 5-year grant period.

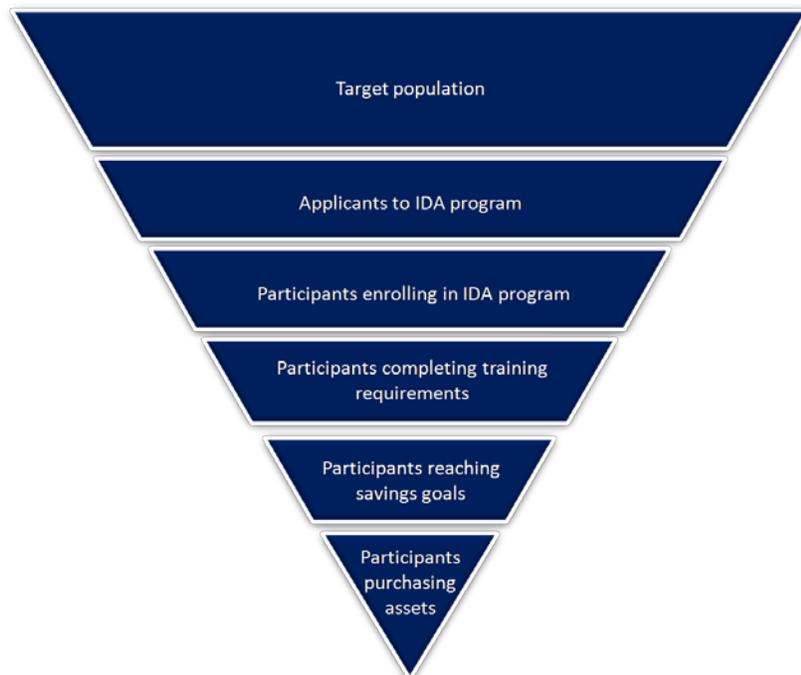
This life cycle represents a typical and, in some ways, an ideal flow for an AFI IDA project. It doesn't work for every program but planning for this general sequence enhances the chance that this flow will work for you

**Tip:** Throughout an AFI IDA project life cycle, funding must keep pace with participant progress, with Reserve Fund deposits of Federal and non-Federal dollars at least a little ahead of IDA account openings and disbursements for purchases and administrative expenses happening in a timely manner. So don't forget to provide benchmarks for non-Federal and Federal deposits and disbursements in your work plan.

### Activities to Track

The Toolkit worksheet “AFI Activities, Our Capacity, and Potential Community Partners” provides a summary of common activities that appear in most grantee work plans. They appear in roughly operational order. Six of these – Reserve Fund deposits, IDAs opened, savings accumulated, financial education and asset training completed, and assets purchased – are the key project management indicators that AFI program staff will routinely follow. They are also the minimum indicators that you should always be aware of for smooth project implementation.

Other activities to include in your work plan projections are required semiannual reports, data reports for the annual report to Congress, and any regular internal reviews you plan for quality enhancement and program



improvement. You might also include key benchmarks for staff assignment, training, and partner or advisory council meetings and the like if they are relevant to your project design.

In setting intermediary and final targets for these activities, it helps to consider how interconnected they are – progress in one area necessarily impacts others. Related to this is a key principle of setting targets – the funnel effect. As you spread the word about your project and interested individuals and families respond to your outreach efforts, a smaller number will take the next step and enroll. Still fewer will open their IDA; still fewer will reach their savings goals, and so on. It’s important to set your targets according to this funnel. Step-by-step calculations for predicting the number of participants who will be involved at each level of this funnel are provided in the Toolkit worksheet “The Participant Funnel.”



## Conclusion

Developing your work plan and timeline lets you see how your resources—staff, money, partnerships—must be allocated to ensure that your project activities take place in a coordinated and often concurrent fashion to progress steadily toward your most important project outcomes: the amount of savings participants use for asset purchase, the number of participants who withdraw funds for asset purchase, and the related objectives to support these outcomes.

Congratulations!

Most of your hard work in building an AFI IDA project should now be captured in the AFI *Project Builder* Toolkit worksheets and templates. You can gather your work and draft your AFI application, share key information with stakeholders, and, once finalized and polished, depend on it to guide your work throughout the life of the project.

Whether this is your first time embarking on the AFI IDA journey or you are a seasoned grantee adding a new cycle to an ongoing asset-building project, we hope these chapters and the accompanying tools and templates have made your job easier and your project design stronger.

In the final chapter, you will put it all together.



**The Center for Women and Families: Common Wealth IDA Program**  
Louisville, Kentucky

Victims of domestic violence and refugees share a common trait: They are both especially vulnerable to financial instability. The Center for Women and Families, which helps victims of domestic violence achieve financial independence, recognized this commonality as it worked to involve refugee families in its Economic Success Program. Participants in their IDA Program have purchased over 75 homes. An additional 30 have opened businesses and 25 individuals have pursued a post-secondary education. ([www.thecenteronline.org](http://www.thecenteronline.org))

# Chapter 9

## Checking It Off

This chapter will explore:

- How all of the pieces introduced so far tie into your request for AFI funds
- How to pull together an effective response

This chapter helps you prepare your AFI application by:

- Compiling all of your previous decisions into an application
- Checking some of the details of the funding notice not yet discussed

You’ve done all of the deep thinking. Now is the time to be sure you not only have the substance of your project design narrative, but also all the forms, certifications, and assurances that are required.

Below is a chart showing how the topics we’ve discussed in the *Project Builder* correspond to application requirements from the 2013 AFI Funding Opportunity Announcement. This is followed by is a checklist for the technical documents.



| Chapter | Main Ideas                            | Toolkit Items  | Application Evaluation Criteria from the 2013 Funding Opportunity Announcement  |
|---------|---------------------------------------|--|---|
| 2, 8    | Organization mission and capacity fit | <ul style="list-style-type: none"> <li>– AFI Activities, Our Capacity, and Potential Community Partners</li> <li>– Sample AFI Project Manager Job Description</li> </ul> | <ul style="list-style-type: none"> <li>▪ Organizational Capacity: Capacity (10 points)</li> <li>▪ Organizational Capacity: Staff (10 points)</li> </ul>   |
| 2       | Target population                     | <ul style="list-style-type: none"> <li>– Assessment of Target Populations</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Approach: Description of Expected Participants (5 points)</li> <li>▪ Bonus points section (up to 5 points)</li> </ul>                                    |
| 3, 8    | Outcomes, evaluation                  | <ul style="list-style-type: none"> <li>– The Participant Funnel</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Approach: Statement of Expected Outcomes (5 points)</li> <li>▪ Approach: Providing Information for the AFI Evaluation and Research (5 points)</li> </ul> |

|      |   |  |  |
|------|---|--|--|
| 4    | IDA design  | <ul style="list-style-type: none"> <li>– Determining the Cost of Assets in your Community</li> <li>– Determining the Savings Cap and Match Cap</li> <li>– Sample Savings Plan Agreement</li> <li>– AFI Project Budget</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Approach: IDA Design Features (5 points)</li> </ul>   |
| 5, 6 | Partnerships  | <ul style="list-style-type: none"> <li>– AFI Activities, Our Capacity, and Potential Community Partners</li> <li>– Partnership Evaluation Form</li> <li>– Financial Institution Agreement Template</li> <li>– Financial Institution Comparison Sheet</li> <li>– Funding Prospect Form</li> </ul> | <ul style="list-style-type: none"> <li>▪ Approach: Partners/Collaborations (5 points)</li> <li>▪ Bonus points section (up to 5 points)</li> </ul>  |
| 7    | Connecting participants to other asset-building services  | <ul style="list-style-type: none"> <li>– AFI Activities, Our Capacity, and Potential Community Partners</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Approach: Tax Services (5 points)</li> </ul>  |
| 8    | Work plan and budget, the lifecycle of an AFI IDA Project | <ul style="list-style-type: none"> <li>– The Participant Funnel</li> <li>– Sample Documentation of Non-Federal Resources</li> <li>– Gantt Chart of Activities</li> <li>– AFI Project Budget</li> <li>– Projecting Need of Matching Funds</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Organizational Capacity: Non-Federal Contribution (9 points)</li> <li>▪ Approach: Work Plan and Timeline (30 points)</li> <li>▪ Budget and Budget Justification (5 points)</li> </ul> |

## Other Forms for AFI Application

In addition to the narrative and budget, there are several other forms that may be required for your AFI application for funding:

### Forms, Assurances, and Certifications

- DUNS Identifier (Universal Identifier) (required of all applicants, plus Network applicants must provide DUNS identifiers for subgrantees)
- SAM (System for Awards Management) Registration (see the AFI Application Kit for detailed instructions on the registration process)
- Standard Form 424: Application for Federal Assistance
- Standard Form P/PSL: Project/Performance Site Location(s)
- Standard Form 424A: Budget Information - Non-Construction Programs
- Standard Form 424B: Assurances - Non-Construction Programs
- Certification Regarding Lobbying
- Standard Form LLL: Disclosure of Lobbying Activities (if applicable)
- Survey on Ensuring Equal Opportunity for Applicants (voluntary, see below)

These are enumerated in the Funding Opportunity Announcement. You may download these documents by following this link: <http://www.acf.hhs.gov/grants-forms>.



### Other Required Materials/Submissions

- Proof of Nonprofit Status
- Documentation of Commitment of Non-Federal Resources
- Proof of Low-Income Credit Union Status (*if applicable*)
- Proof of Community Development Financial Institution Status (*if applicable*)
- Submission of application materials to Single State Point of Contact (SPOC) (*if applicable*)

Refer to the Funding Opportunity Announcement for which documents satisfy these requirements for various types of applicant organizations.

#### **Survey on Ensuring Equal Opportunity for Applicants**

The Federal government is committed to ensuring that all qualified applicants, small or large, non-religious or faith-based, have an equal opportunity to compete for Federal funding. Private, nonprofit organizations are encouraged to return the Survey on Ensuring Equal Opportunity for Applicants to help us better understand the population of applicants for Federal funds.

## In a Nutshell: The Project Abstract

If you've completed the *Project Builder* Toolkit worksheets, you've developed a response to the elements above. The hardest work is done. Cut and paste from the tools, add in entire sections, and provide additional information around them in order to provide a complete, ordered, description of your project.

One last element not addressed above and obviously important for a complete application is the Project Abstract. You must include the following in your one-page abstract:

- Project title
- Applicant name (your legal name)
- Applicant address (your legal address)
- Contact phone numbers (voice, fax)
- Contact email address
- Web site address, if applicable

Application review and processing is speedier and more accurate if your project abstract includes information such as:

- The amount of Federal funds requested
- Your specific projected outcomes (number of IDAs, amount saved, asset purchases and types)
- Key or unique features of your design, such as target population, participant services, and innovative strategies
- Brief summary description of communities where the project would be implemented
- A summary of your IDA account structure (match rate, savings maximum, match maximum, savings period)
- Partner organizations, including the financial institution that will hold the Reserve Fund, if known
- Sources and amounts of non-Federal cash contributions

Last, don't forget the standard forms and assurances listed in the funding notice. Most just require a signature; a few ask for a little more information. The funding notice includes a complete checklist and where to find required forms and instructions. In addition, the AFI Resource Center can send complete application kits, direct you to forms, and answer questions as you develop your AFI proposal.

## Conclusion

Through the preceding chapters of the *Project Builder* you developed the fundamental elements for an AFI proposal that meets the funding notice requirements. If you've used the tools and engaged in a design process mirroring this publication, you've done the bulk of the work already.



Putting the proposal together is a matter of ordering this work in a way that makes sense to you and filling in any gaps that you see. Be sure to provide a detailed Project Summary, all of the needed documentation, a complete budget that covers all needed income as well as realistic expenses over the 5-year life of the project, and a clear work plan.

Remember that you can contact the AFI Resource Center at any time to request an application kit, to sign up for webinars on the application process, or for answers to questions arising as you develop your proposal: [info@IDAresources.org](mailto:info@IDAresources.org) or 1-866-778-6037.

AFI IDA projects have impacted tens of thousands of lives for more than a decade. Congratulations on taking steps to bring this vital tool to your community.

We look forward to your joining the AFI community!



### **Neighborhood Partnership Fund: Oregon Individual Development Account Initiative** Portland, Oregon

The Neighborhood Partnership Fund operates a statewide IDA initiative which seeks to invest in the personal and financial growth of people to build strong communities throughout Oregon. The Fund surveyed their post-purchase participants, who self-reported that satisfaction with their financial status increased from 46 percent to 78 percent. In addition, 45 percent reported reduced debt and 44 percent reported higher incomes. Said one respondent, “I have learned to be less fearful of being deeply committed to a dream. The IDA initiative provided the tools I need to find my way out of the hopelessness of poverty.” ([www.neighborhoodpartnerships.org](http://www.neighborhoodpartnerships.org))