

Assets for Independence Program and Asset Building Strategies for Community Action Agencies

May 7, 2014

Welcome

Barbara Ledyard, Community Action Partnership

- Today's webinar will last 90 minutes.
 - Jeannie Chaffin, Director, Office of Community Services, will provide an overview of asset building and how it relates to the CAA mission.
 - Gretchen Lehman, Program Manager, Assets for Independence Program will provide a summary of AFI and the new FOA.
 - Experienced Community Action Agency leaders will share stories of success, project models, and resource ideas.
 - Denise DeVaun, AFI Resource Center, will facilitate.

Poll Questions

- Is your program or organization new to the Assets for Independence Program and to asset building strategies?
- Are there asset building services in your community for families?
- Does your program or organization provide financial education, tax filing services, financial coaching or other activities?
- Are you interested in applying for the Assets for Independence Grant?

Please select your answers



Jeannie Chaffin, Director, OCS

Asset Building Strategies and the CAA Mission

- Mobilize resources of communities...
Economic Opportunity Act, 1964
- Build partnerships to create opportunities
- Long standing efforts to promote self
sufficiency



Financial Asset Building

“With income we get by, but with financial assets we get ahead.”

Ray Boshara, Senior Advisor
Director, Center for Household Financial Stability
Federal Reserve Bank of St. Louis

“Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term.”

Michael Sherraden
Center for Social Development
Author, Assets and the Poor

Financial Assets

- **Tangible assets:**
 - Money savings
 - Real property
 - Machines, equipment, tools
 - Bonds, stocks, other financial securities
- **Intangible Assets:**
 - Being credit worthy, access to credit
 - Social capital (networks, who you know)



Financial Assets Matter

- Move Past Paycheck-to-Paycheck
 - Toward Long-term Financial Stability
- Stronger, Healthier Families
- Enhanced Self-Esteem
- Long-term Thinking and Planning
- More Community Involvement
- Hope for the Future



Asset Building Tools

- Emergency cash savings
- Matched savings
 - Through AFI and other Individual Development Accounts
- Financial Education
 - Income, expenses, cash flow budgeting, savings, credit, debt, banking, consumer protection.
- Tax preparation, Tax credits
- Credit and debt management
- Financial mainstream banking
- Access to Public Benefits

Asset Building Framework

Income



Savings



Financial Assets

Free Tax Prep/Tax Credit Returns

- Job
- Self employment
- Tax credits

- Emergency savings (\$500 - \$1000)
- Tax credits
- Matched savings (AFI IDAs)
- Bonds, stocks

- Cash
- Real property
- Machines, equipment, tools
- Bonds, stocks, investments

RESULTS

Strong credit score

- Pay monthly bills on time
- Manageable debt
- Emergency cash savings
- Micro-business
- Higher education
- First homes
- Retirement savings

Financial literacy education

Mainstream banks & credit unions

Asset Building Resources

1. Financial Education
 - www.mymoney.gov
2. Savings and Individual Development Accounts
 - www.idaresources.acf.hhs.gov
3. Getting Banked
 - <http://joinbankon.org>
4. Managing Credit and Debt
 - www.nfcc.org
5. Tax Credit and Tax Filing Assistance
 - www.irs.gov/individuals/find-a-location-for-free-tax-prep
 - <http://www.cbpp.org/eitc-partnership/territory-manager.htm>
 - <http://assetsandopportunity.org/network/>
6. Accessing Federal and State Benefits
 - www.benefits.gov

Assets for Independence Program.

Gretchen Lehman, Program Manager

- Overview of AFI Program
- New Funding Opportunity Announcement (FOA)
- AFI participant requirements, AFI participant eligibility
- Key questions to think about
- Sources of funding reported by current grantees



Assets for Independence Program (AFI)

- Established by Congress in 1998
- The FY 2014 AFI Program appropriation is \$19m
- The AFI grant has a five year project period
- Requires a \$1 to \$1 non-Federal cash match to the AFI grant
- Awards are made several times each year.

AFI Projects

- Approximately 300 organizations throughout the nation.
 - 501(c)(3) non-profits
 - State, local, and tribal government agencies
 - Community Development Financial Institutions
 - Low-income designated credit unions
- Locate a project near you:
<http://IDAresources.acf.hhs.gov/AFIgrantees>
- Since 1999 89,000 families have deposited \$91.1 million into IDA accounts and purchased more than 39,000 assets.



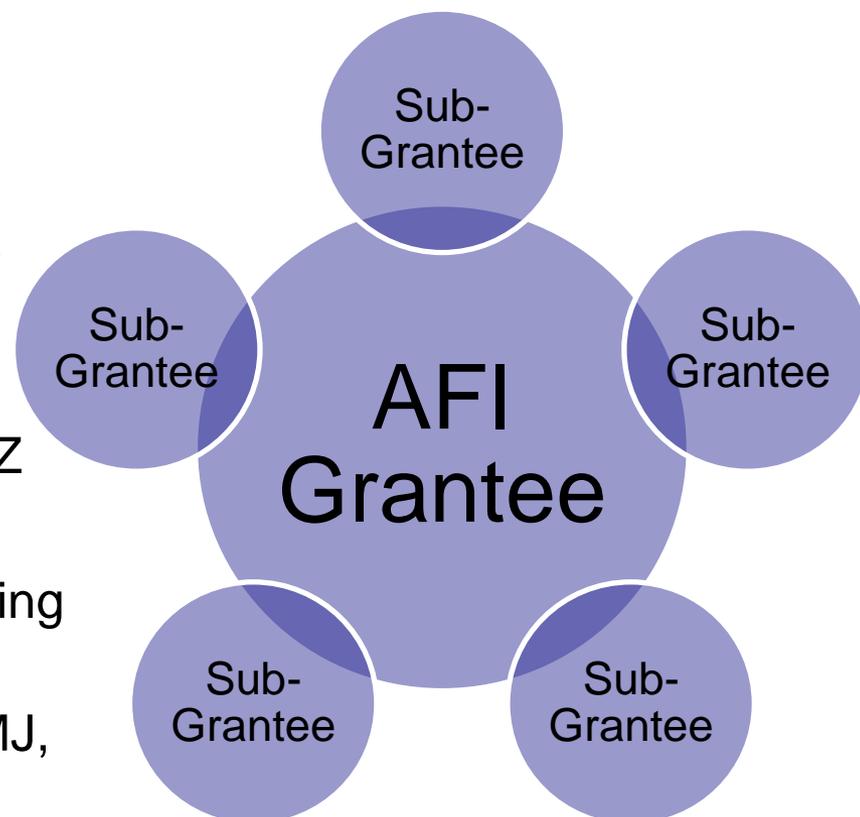
AFI Project Models

AFI Network Projects.

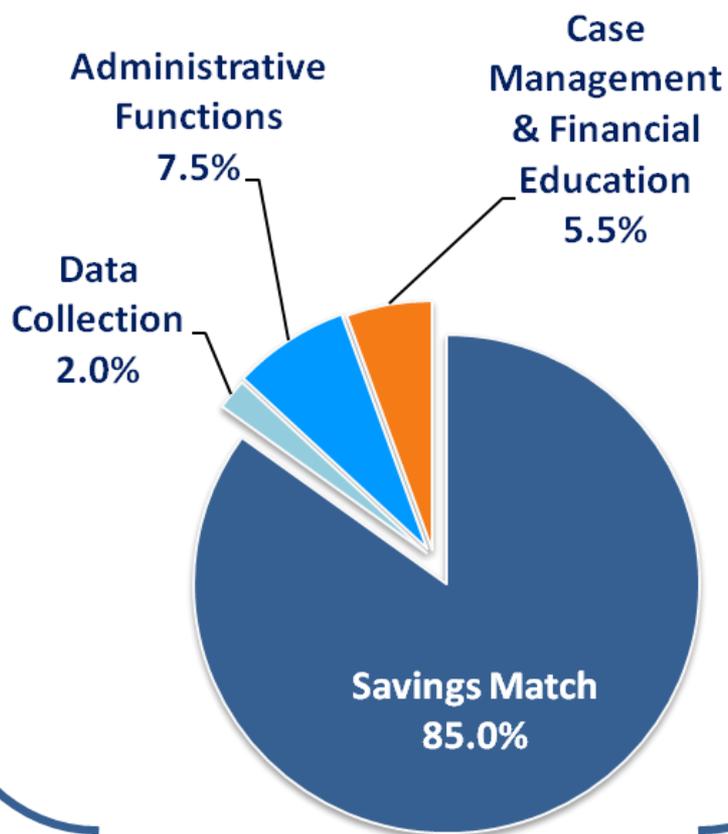
- AFI Grantee Agency with sub-grantee agencies working directly with AFI participants.
- CAA AFI Network Projects in MI, MN, SD, VT, CA, MO, ND, MA, AZ

AFI Single Site Projects

- CAA as single AFI grantee providing IDAs AFI participants
- CAA single grantees in NY, MN, MJ, CT, OK, ID, NM, TN, MD, IN, NE, CA, PA



AFI Grant Admin and Participant Match



- Savings Match
- Other administrative costs (staffing, overhead, and any other expense related to operating the AFI IDA project)
- Costs related to financial education or other development of participant financial knowledge and skills
- Data Collection

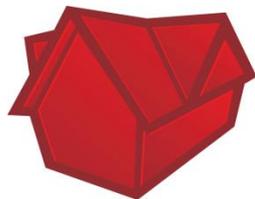
AFI Request for Proposals

- Funding Opportunity Announcement:
- <http://www.acf.hhs.gov/programs/ocs/resource/for-prospective-grantees>
- \$10,000 to \$1,000,000 per project period
- Due dates:
 - FY 2014: 05/07/2014 and 07/14/2014
 - FY 2015: 10/25/2014 and 04/20/2015
 - FY 2016: 10/19/2015 and 04/18/2016
- Compare new FOA to previous: “An Introduction to the 2014 AFI FOA” recording at www.IDAresources.acf.hhs.gov/Apply



AFI Participant Requirements

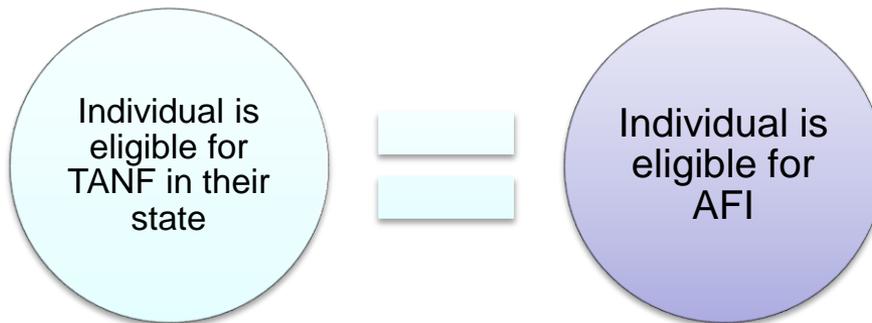
- **Deposit savings from earnings that is matched**
 - Special purpose matched saving Individual Development Accounts held at banks and credit unions
 - A match rate of 1:1 and up to a 1:8 is allowed by AFI
- **Participant savings, the AFI and non-AFI cash match pays for one of three allowable assets:**
 - First home
 - Higher education or training
 - Small business
- **Receive money management and financial education classes.**



AFI Participant Eligibility

Two options for determining eligibility:

TANF
eligibility:



OR

Household
income &
net worth:



- Eligibility determined at the household level
- Must have earned income for savings deposits
- Grantees may have additional requirements

Questions to Ask

1. Does an AFI grant fit the mission of our organization?
2. Do we or other organizations have participants that are ready to purchase a first home, start a small business or get a higher education?
3. How will we design a successful project?
4. Do we have strong partners?
5. Where will we raise the non-federal cash match as well as resources for project operations?

AFI Grantees Report Sources of Non-Federal Cash Match and Project Operations

Type of Non-AFI Funder	Grants that received Funding to Match Participant Savings	Grants that Received Funding for Program Operations
Financial Institutions	43%	40%
Foundations	42%	38%
Local Gov't/Housing Authorities	17%	21%
State Gov't	20%	18%
Businesses	14%	15%
Federal Home Loan Bank	3%	3%
Individuals	15%	11%
U.S. Dept. of HUD	2%	9%
U.S. Dept. of HHS		22%* CSBG, Other

Source: 2014 AFI Data Reports

Applicant Webinar Series

Webinar 1: Planning an AFI Project	Webinar 2: Preparing an AFI Application	Webinar 3: Developing Resources and Partners
May 8	May 21	June 3
June 17	July 2	July 17
July 29	August 14	August 27

For more information and to register:

<http://IDAresources.acf.hhs.gov/Calendar>

Questions?

Please type your questions into the chat box to the right side of your webinar screen.

Community Action Agency Leaders

- Each of the following speakers will reflect on:
 - AFI, matched savings IDA accounts, financial education, banking, asset education was foundation. More asset building tools and strategies developed.
 - New partnerships
 - New sources of funding and in-kind support
 - Role of state CSBG Office
 - Success for families & youth. Success for agencies

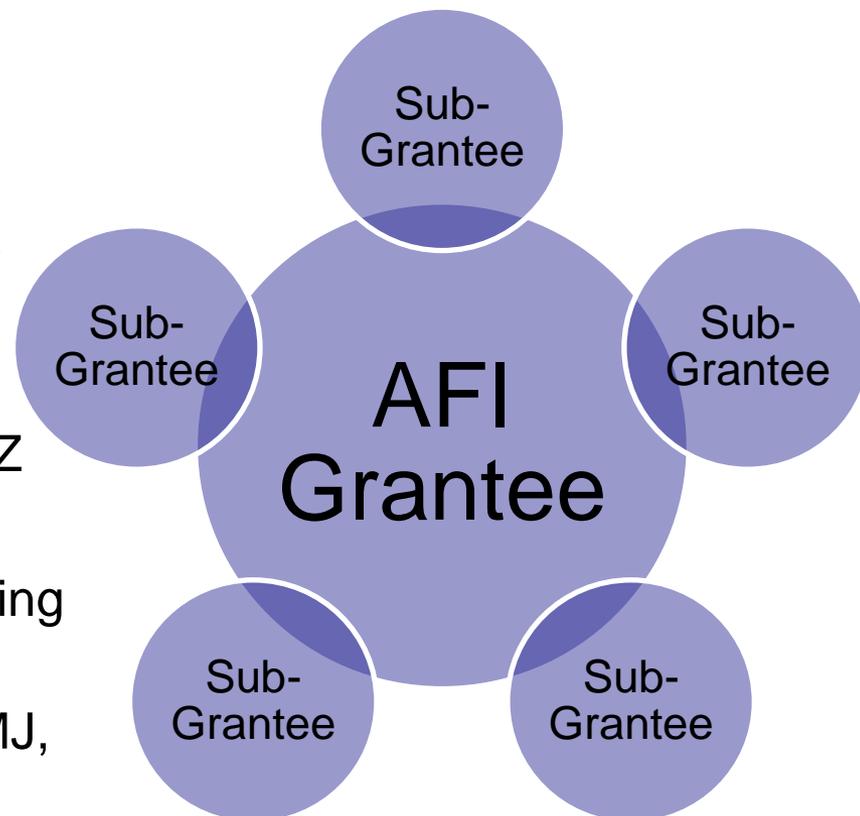
AFI Project Models

AFI Network Projects.

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Community Action Duluth, MN

- Community Action Duluth, sub-grantee, FAIM
- Provided AFI funded IDA's since 1999.
- Expanded:
 - CDBG funds for housing IDA's.
 - VITA Tax Site, financial coaching & counselling
 - Award-winning financial opportunity center, based on Annie E Casey Model
 - Collects outcome data
- Leveraged resources from CFPB, Federal Reserve
- Unique Partnerships with City, County, banks
- Support from state CSBG Office
- Community leader of financial empowerment services.



Angie Miller
Executive Director



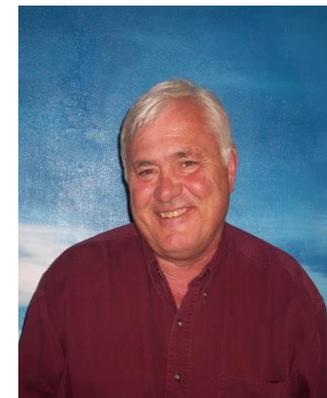
Sarah Priest
Director of Asset
Development and
Financial Services

West Central Minnesota Communities Action, MN

- Grantee for AFI Network Project, Family Assets for Independence (FAIM)
 - Serves 87 counties
 - Includes 23 CAAs and other not for profit agencies.

- First \$500,000 AFI grant in 1999
 - Now, \$4,023,610 million AFI grants AND
 - \$4,023,610 in non-Federal cash match raised
Includes state of MN general funds, state TANF

- Strong MinnCAP state association, state CSBG office, Bremer Banks, U of M, United Way



Steve Nagel
Executive Director

West Central Minnesota Communities Action, MN & FAIM

Innovations:

- Four Cornerstones Financial Literacy Curriculum. To date 1400 IDA, homeless, Head Start and other practitioners have been trained.
- U of M partner created online financial education certification for practitioners
- Bremer Banks.
 - Re-wrote software to download IDA savings data electronically to West Central
 - Provide IDA accounts with no minimum balances and no service charges
- Bank CRA officers convened funders in community to support FAIM
- Sub-grantee agencies
 - IDA coaches expanded to teach financial education classes- brown bag lunches at businesses, local county prisons, domestic abuse shelters.
 - Some staff are notaries to get unbanked signed up for checking, savings accounts
- Unique partnership with Dept. of Corrections.
 - Non-violent offenders join home building crews. Some have purchase first homes through FAIM
- Asset building work has changed our agency.

MesaCAN Community Action Network, AZ

AFI Grants since 2001, totaling \$2,273,060
Grew to provide IDAs in entire state.

Re-focused effort:

- Partnership with Arizona Foundation
- Fund education IDA's for youth
In foster care, group homes, families of origin
- Promise of \$500,000 if expanded to work with all community colleges in Arizona
- Includes financial coaching, banking, tax prep
- Unique partnerships, funding sources, results



Eva Felix
Administrator for the
IDA Program

Community Action Partnership of Sonoma County, CA

Five \$50,000 AFI grants since 2000, totaling \$250,000
 Agency changed focus.

- Launched Center for Economic Success

- Provide micro-enterprise IDA's only

- Financial literacy, coaching; small business classes

- Connect participants to VITA tax site, EITC

Brought new funders (business, CDBG)

New partnership with a credit union

- provides IDA accounts, low-interest

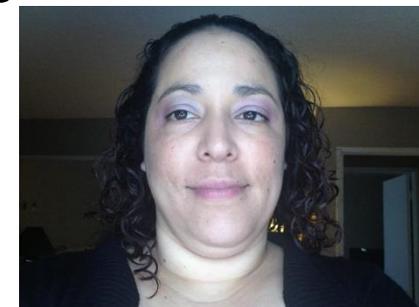
- micro-business loans, in-kind business coaching

Planning to add a credit counselor position

Successful businesses started



Teri McClanahan
 Director of Finance
 and Administration



Marlyn Garcia
 Program Manager

Sources of Non-Federal Cash Match

- Financial institutions and their foundations
- Interest state housing agencies
- State and local governments
- Tribal governments
- United Way Organizations
- Foundations (local, regional)
- State/Local tax credits
- Special needs funding: Mental Health, Youth, Disability Programs, and other nonfederal funding streams that target specific populations)
- State education scholarships, grants
- Locally-based corporations/employers
- Places of worship
- Individuals/online donations
- Sponsoring organization funds
- Federal Home Loan Banks
- Community Development Block Grants*
- Native American Funds*

*Specified allowable in their rules

Making the Business Case: http://IDAresources.acf.hhs.gov/IDA_Fundraising

Where AFI Grantees Raise Funds & Other Resources

Public Sector Sources of Funding	Type of Funding: Cash, In-Kind, and Other Projects	Does it Count as Non-Federal Cash Contribution?	How Funds are Used ^[1]	Websites
State general funds	Cash Other Projects	Yes if nonfederal	Must follow AFI guidelines if funds are deposited in the Project Reserve Fund.	
State dedicated funds for education	Cash Other Projects	Yes if nonfederal	Some states have match funds for tuition	
State Asset-Building Trust Funds	Cash Other Projects	Yes if nonfederal	A few states have legislated ways to award cash to agencies providing IDAs or other asset-building programs	
County/city general funds	Cash Other Projects	Yes if nonfederal	Per AFI guidelines if in Project Reserve Fund	

Source:
<http://idaresources.acf.hhs.gov/page?pageid=a047000000Ar7jL>

Messages to Potential Funders

Frame	Talking Points
Financial Stability	Help hard-working families toward financial stability by providing financial skills, credit repair, home ownership, business development, higher education-better jobs.
Fairness	AFI participants deposit savings, which is matched to help get ahead. Middle class and wealthy get tax benefits, matched savings for retirement.
Opportunity	The financial empowerment and asset building tools of the middle class are embedded in AFI and related asset building tools. These support getting ahead, not getting by.
Investment/ Leverage	Your grant, donation, contribution is matched.

Project Design Topic: Determining Staff Functions for an AFI IDA Project

<i>Management and Operations</i>	<i>Coordination/Participant Services</i>
<ul style="list-style-type: none"> • Establishing partnerships 	<ul style="list-style-type: none"> • Marketing development and implementation
<ul style="list-style-type: none"> • Overall program design 	<ul style="list-style-type: none"> • Recruitment and enrollment activities
<ul style="list-style-type: none"> • Setting program policy 	<ul style="list-style-type: none"> • Application documentation
<ul style="list-style-type: none"> • Regular financial, program and data reports for OCS 	<ul style="list-style-type: none"> • Account management (Reserve Fund and participants' savings and match accumulation progress)
<ul style="list-style-type: none"> • Raising nonfederal cash contribution 	<ul style="list-style-type: none"> • Case management
<ul style="list-style-type: none"> • Setting budgets and accounting procedures 	<ul style="list-style-type: none"> • Financial and asset education
<ul style="list-style-type: none"> • Program oversight 	<ul style="list-style-type: none"> • Tracking progress toward benchmarks
<ul style="list-style-type: none"> • Public relations 	<ul style="list-style-type: none"> • Communications with participants, partners, applicants
<ul style="list-style-type: none"> • Data entry and management 	<ul style="list-style-type: none"> • Data entry and management
<ul style="list-style-type: none"> • Marketing and recruitment materials 	<ul style="list-style-type: none"> • Teaching financial literacy, asset classes
<ul style="list-style-type: none"> • Logistics for trainings and workshops 	<ul style="list-style-type: none"> • Logistics for trainings and workshops

Building Budget

Example AFI Participant

Savings & Match \$1 Deposited: \$1 Match

Education or Small Business IDA	Year 1	Year 2	Year 3	Year 4	Total
Participant Deposits \$40/month Earnings/EITC	\$480	\$480	\$480	\$480	\$1920
Match ½ AFI	\$240	\$240	\$240	\$240	\$960
Match ½ Other Cash	\$240	\$240	\$240	\$240	\$960
Total	\$960	\$960	\$960	\$960	\$3840

Building Budget

Example AFI Participant

Savings & Match \$1 Deposited: \$3 Match

Housing Education Business	Year 1	Year 2	Year 3	Year 4	Total
Participant Deposits \$40/month	\$480	\$480	\$480	\$480	\$1920
Match ½ AFI	\$720	\$720	\$720	\$720	\$2880
Match ½ Other Cash	\$720	\$720	\$720	\$720	\$2880
Total	\$1920	\$1920	\$1920	\$1920	\$7,680*
	* Apply toward	Home, Education	Business Costs		

Building Budget

Example AFI Project : \$1 deposited \$3 match Housing, Education, Business

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Participant Deposits	\$48,000	\$48,000	\$48,000	\$48,000	Activity +Payout	\$192,000
AFI Match	\$72,000	\$72,000	\$72,000	\$72,000	Activity +Payout	\$288,000
Other Match	\$72,000	\$72,000	\$72,000	\$72,000	Activity +Payout	\$288,000
15% Project Support AFI	\$10,800	\$10,800	\$10,800	\$10,800	Activity +Payout	\$ 43,200
+Other Match	\$10,800	\$10,800	\$10,800	\$10,800		\$ 43,200
Project Support	?	?	?	?	?	
Sub-Total					AFI Grant Request	\$331,200
Expenses						
Financial						
Education						
Classes						
Materials						
Space						
Staff						
Other						
Sub-Total						

AFI Project Builder Contents

1. AFI IDAs: Why and What
2. An AFI IDA Project: How Does It Fit Your Organization?
3. A Focus on Results
4. The Basics of the Accounts
5. Financial Institutions: Key Partners for AFI IDA Projects
6. Other Partners: A Critical Part of the AFI IDA Project
7. Non-Federal Funding
8. Approach, Part 1: Participant-Oriented Components
9. Approach, Part 2: Your Organizational Capacity and Management Procedures
10. Preparing the Application

www.IDAresources.acf.hhs.gov/ProjectBuilder

AFI Project Builder Toolkit

- Worksheet 1: Assessment of Target Population
- Worksheet 2: AFI Activities, Our Capacity, and Potential Community Partners
- Worksheet 3: The Participant Funnel
- Worksheet 4: Determining the Cost of Assets in your Community
- Worksheet 5: Determining the Savings Cap and Match Cap
- Worksheet 6: Financial Institution Comparison Sheet
- Worksheet 7: Partnership Evaluation Form
- Worksheet 8: Funding Prospect Form
- Worksheet 9: Gantt Chart of Activities
- Worksheet 10: AFI Project Budget
- Worksheet 11: Projecting Need of Matching Funds
- Standard Budget Forms for AFI Applications
- Sample Documentation of Commitment of Nonfederal Resources
- Sample Savings Plan Agreement
- Sample AFI Project Manager Job Description
- Sample Financial Institution Partner Agreement

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AFI Resource Center Contact Information

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Email: info@IDAresources.org

Web: <http://IDAresources.acf.hhs.gov>

<http://acf.hhs.gov/programs/ocs/programs/afi>