AFI Webinar: Building Economic Opportunity in Low-Income Neighborhoods

May 5, 2015 2:00 pm ET

EMILY: OK, let's go ahead and get started with the webinar. We've had a couple more people join us. Thanks so much, everyone, for joining today's webinar about building economic opportunity in low income households. Today's webinar is hosted by the Assets for Independence, or AFI Resource Center, in partnership with several of the federal Play Space Initiatives. So I'm so excited that you could join us to learn more about this project, this program, and how it could fit in with some of the federal Play Space programs.

For today's webinar, during this webinar, if you are not able to access the Adobe Connect portion, you can always ask for the slides and follow along on your own by sending an email to info@idaresources.org, or call the help desk at 1-866-778-6037. This webinar is being recorded, and it will be available on the AFI Resource Center website at www.idaresources.acf.hhs.gov in the coming days. We have put all participants on mute to ensure sound quality. But then if you, we do expect that you will have questions either before the Q and A session or during the Q and A session, and feel free to submit them at any time. You should see a Q&A panel on the right hand side of the screen. You can type in your question and press Send, and we will address those questions either during the Q&A session or during the presentation, if that fits into the presentation.

So for today's webinar, we have three presenters. First we're going to hear from Gretchen Lehman, who is the AFI program director at the Office of Community Services within the administration for children and families. Myself, I am Emily Appel-Newby, I am with the AFI Resource Center. I provide technical assistance to applicants for AFI funding. And we are also going to hear from Georjean Trinkle with Northwest New Jersey Community Action Partnership, or NORWESCAP, who have operated an IDA program for a long time, and so they'll be able to share some of their experiences with tying in IDA's into the work that they're doing under the Play Space initiatives. We're very excited to hear from them. With that, I would like to turn it over to Gretchen. Gretchen, are you there?

GRETCHEN: I am. Can you hear me?

EMILY: Yes, we can hear you.

GRETCHEN: Excellent. So hello everybody. As Emily said, my name is Gretchen Lehman and I am the Assets for Independence Program Manager. The Assets for Independence program is discretionary grant program that is administered by the Office of Community Services in the Administration for Children and Families. If you're not familiar with the Administration for Children and Families, we are part of the U.S. Department of Health and Human Services, and we're really one of the key human services agencies with the Health and Human Services. We are responsible for many of the programs and services that focus on low income and vulnerable children, youth, families and individuals, as you can see listed on the slide here. You can go to the next one. Next slide, thanks.

So specifically the Assets for Independence Program that I manage was created by Congress in 1998 to demonstrate and support an asset-based approach for increasing the economic self-sufficiency of low income individuals and families. And so asset, some people are familiar with asset building. If you're not, we provide a bit of a definition here for what asset building is. And the general idea with asset building is, which was first sort of developed in the 90's as a theory within anti-poverty work is that income support strategies that many of us are familiar with for addressing poverty, such as cash assistance and SNAP, which used to be called food stamps, are absolutely essential for acting as a safety net for individuals, and for insuring things like that people have enough food, that people are able to pay for their basic, basic needs of housing, with housing vouchers or public housing. But that those income support strategies are not sufficient for actually helping people move out of poverty. That in order to help people really move out of poverty, you need to have mechanisms in place, programs in place to help them actually build assets. And that's where the idea of asset building comes from.

So specifically the way the AFI program does its asset building, there's more than one way to do asset building, but the specific way that the AFI program is set up is by funding projects that provide individual development accounts, also known as IDAs, and related services for eligible individuals, which are typically low income people. The IDAs are matched savings accounts with a specific goal of purchasing an asset. And there's, and I was just going to say, and this is something that we'll be touching on later in the conversation again, IDA is sort of a general term. The AFI program has very specific rules for its IDAs, and they can only be used to purchase a first home, to capitalize a business, or to fund post-secondary education or training. There are other funded IDAs out there in the world. Some states have IDA programs that have other uses that are allowed, and sometimes foundations will fund an Individual Development Account program, and those may have different rules. But specific to the AFI program, the only purchases, the only assets that the AFI IDAs can be used for are a first home, a business, or a post-secondary education or training.

So, there's a lot of words on this slide, but this is the slide that sort of goes up as far as why are we doing outreach to you? Like why are we, why is AFI reaching out to promise neighborhoods and building neighborhood capacity program sites Burn criminal justice innovation programs. So some of you may have encountered me before I came to be an AFI program manager. I had been in a different office within the Department of Health and Human Services, and I was working on the Neighborhood Revitalization Initiative. And when I came to the AFI program, there was interest in providing bonus points for promise zones, and I was also interested in extending this to other federal Play Space initiatives, and was able to do this with our funding opportunity announcement. In many of the conversations that we had when we were part of the Neighborhood Revitalization Initiative, I know that in your communities, when you're thinking about what you need to bring together, to address the challenges there, that the economic factors for individuals are part of that. And while each specific Play Space initiative has its own focus, I think that often these, poverty is a common thread throughout. And the AFI program is a somewhat unique way of trying to address poverty. It's not going to be right for every community. It's not going to be right for every low income person. There have to be, there are certain challenges around the AFI program. For one, people have to be interested in one of those three purchases. But we think that there is a potential for synergy in at least some of the communities out there that you all are serving. And so we wanted to encourage all of you to think about our program. We wanted to encourage people who are already involved in our program, our current grantees, who might be thinking about applying again to think about how to partner with your efforts. And so the best way we have to do that is to offer bonus points in our funding opportunity announcement. And so you can see here a summary of those bonus points, the information about the bonus points for, and this applies, since we have Promise Neighborhoods on the phone, this is not just for current grantees. I know that there are many Promise Neighborhoods who may have a planning grant that ended. We have listed all of the sites in our FOA that had ever been Promise Neighborhood sites, and all of you would be eligible for this bonus point. And so you would need to be, to be part of an agreement with whoever the applicant is, or if you're not the agency that's able to be an applicant, and to provide information about how this collaboration is going to sort of come together. But I think there's a real opportunity, at least in some of the communities, to leverage the work that you've already done, the partnerships you have, and also to think about how asset building could benefit from the people in your communities.

So there's a lot of other information about the program that you're going to be hearing from Emily and from Georjean, but I wanted to start us off with that introduction and sort of set the stage. So now I'll turn it over to Emily to talk more about how the AFI program works.

EMILY: Thanks so much, and Gretchen, I think that maybe you said that you might be dropping off the call?

GRETCHEN: Yes. If there are questions for me, leave those with Emily, and I will make sure to get back to people. But thank you all for your time today.

EMILY: Great, great, thank you so much. So now I'm going to, this is Emily Appel-Newby again with the AFI Resource Center, and I'm going to move into explaining a little bit more about how AFI, Individual Development Accounts work, so you can see how they might fit within the projects that you all are working on in your communities.

So from a participant's perspective, we thought it's one way to illustrate it. So we have a low income saver, potential saver, named Kim, who would like to purchase her first home. She goes to an AFI, she identifies and AFI grantee in her community, who determines that she is eligible, and Kim opens up an IDA with them. The AFI grantee offers to match her savings at a rate of two dollars for every one dollar she saves. So then over the course of three years, Kim puts away $55 per month of her earned income from her job into this IDA that she has opened, working towards a savings goal of $2,000. During this time, she receives tax assistance, financial education and homeownership preparation from the AFI grantee and its partners. By the end of those three years, Kim has saved her $2,000, and she purchases her home using her savings plus $4,000 from the AFI grantee, which reflects the two to one match that they offered. And of that $4,000, you should know that kind of behind the scenes, where they got that $4,000. Two thousand of it was from federal AFI funds, and $2,000 of it was from non-federal funds that they brought as cash match to the project to support participant savings.

So here's a visual explanation of how Kim's IDA works. So you see that she saved her $2,000, that's the light blue box. And she gets the $4,000 of matching, that's the dark blue box. And then in the orange box is the combined $6,000 she has to use toward home down payment or closing costs, usually. So we know that in most areas of the country, $6,000 is not going to be enough to purchase an entire home. But what's key is that the AFI grantee and its partners know about other sources of financial assistance that are available to Kim and other low income home buyers and asset purchasers, to be able to purchase their asset as though they're using the IDA as just one of many tools in their toolbox to help her achieve her goal of first time home ownership.

So one question you may have is, who can participate in an AFI project if you were to start one within your community? And there are kind of two ways to look at participant eligibility. The first is any individual who is a member of a household that is eligible for assistance under their state's TANF program. So again, that would depend on the state and the state's eligibility rules for the TANF program. Or an individual who is a member of a household that meets the two following requirements. And those are an income test and a net worth test. On the income test, they would look at the household's adjusted gross income, and look that it is under 200 percent of the federal poverty guidelines, or that year's earned income tax credit limits. On the net worth test, you would look at the net worth of the household as of the end of the calendar year preceding the determination of eligibility. So at this point you'd look at the end of 2014, and say does their net worth not exceed $10,000 excluding the value of a primary residence and one vehicle? So if they already own a home, you could exclude the primary residence.

So that is just a very short introduction to how an IDA works and who might participate in it. And so to give you a deeper understanding of what this looks like on the ground and in the field, I was hoping that we could hear from Georjean about her experience at NORWESCAP. And I want to clarify that NORWESCAP's IDAs are not currently funded through the AFI program, though they have been in the past. And so there are many places where they align with AFI guidelines, but there are some places where they deviate. And we can help you understand those as we get more into it. So with that, Georjean, can I ask you to take over?

GEORJEAN: Absolutely, thank you so much, Emily. And I appreciate everyone's patience in staying on the call as we get through a program that seems on the surface to have a lot of rules if you're not familiar with the IDA program. As Gretchen said earlier, IDA is really a phrase or a term that used interchangeably to talk about individual development accounts, but when we talk about the AFI IDA, those are very, very specific for specific assets that was reviewed earlier. So I certainly want to make sure

I don’t confuse anyone. My presentation is touching a little bit on AFI, but in general about IDAs and why they’re such a great tool. And hopefully to connect our listeners today to resources that can help implement IDA programs across the country, and certainly with BCJI sites. So everyone knows I am with NORWESCAP, as Emily had said in the introduction. And we’re a Community Action agency, and actually we are also funded by OCS, which Gretchen talked about the integral human service programs and services that OCS funds, and the Community Action agencies are one of them. So if you’re in a community and you’re not familiar with who your Community Action agency is, I hope at least today you’ll be able to look that up and partner with a Community Action agency. There are about a thousand of us across the country, and we do work with individuals that are low income.

Just so you know how I came to be on the call, we have a BCJI planning grant for the town of Phillipsburg, which is in Warren County, New Jersey. Now I know Emily, of everyone on mute, so no one can ask me what exit that is, but it is a rural part of New Jersey and a lot of people forget that New Jersey has both rural and urban areas of poverty. So I’m just going to talk a little bit about community engagement and how we can leverage resources both in Promise Neighborhoods and BCJI sites.

So Community Action is, I think, critical to understand, because it connects us in New Jersey to 23 agencies, and then a thousand across our network across the country. NORWESCAP has an annual budget of about $38 million, and one of our strengths is our very low administrative cost of about five cents per dollar. We do provide services to 35,000 people every year, but we do focus on people who are at 125 percent of poverty or even lower. And certainly the AFI poverty figures are a little bit different, and there’s some eligibility criteria, but I promise whatever rules have been explained up to now in the presentation, it is so worth it to become an AFI grantee. And I mentioned that we do have a planning grant for Phillipsburg, but NORWESCAP does serve the northwest part of New Jersey.

So we actually were the first Community Action agency in New Jersey to start an IDA program. And our program is called Dollars to Dreams. And we’ve been doing this for about 16 years. And we believe it’s our most impactful program as an anti-poverty program. We have seen the individuals who are low income come into our program, and the one thing that’s different about a lot of the anti-poverty programs with AFI is it’s long term. So you really are getting to change behaviors, and you get to see that. So as a staff member or as a person in the community, you can really see a change, which is very impactful. We’ve had 168 people successfully graduate from the program. And of those, we have some pretty amazing statistics, which are real numbers for any of the people that are mathematicians on the call today. Our individuals that came into the program low income saved over $309,000 with their assets over $8 million. We’ve had 57 homes purchased, 42 cars, and again the AFI does not include car purchase. Our IDA program that was able to sponsor cars was through private funding, so just remember you have only those three asset goals with the AFI program. And we had 25 businesses that developed because of the IDA program. In 2014, we had 37 participants enrolled in our program that are saving for home ownership, business or education.

So it’s a fairly large number of people that we’re able to serve, and it’s very worthwhile in terms of an anti-poverty program. And in terms of building the community and providing partnerships, there’s no other program that hits on all the main areas of community engagement and redevelopment. On average, our participants save $88 a month. Now just so you know, low income individuals actually are saving at a greater rate than any other up to middle class incomes, which is amazing. And we had about $58,000 in low income savings that was achieved for 2014. And with our active participants in the program, they have over $88,000 in savings that’s on target for the end of the year. So it is a considerable amount of money. We’ve had different funders, and one of the things you can do with an AFI program is you can do more with your matched savings. We typically have a three-year program with a match of two to one. It is an intensive program, because it does, you are talking about changed behaviors, and so you do need a lot of case management. But it does, there are benefits to that, and the low income individuals and the communities certainly reap those benefits.

We do have a data system. It’s nothing fancy. The State of New Jersey developed it back when we had an AFI grant, and we just have continued to use it. We can also do the AFI tracking on a spreadsheet. It doesn't take a lot of fancy accounting or specialized software, but there are resources for that. And one of the things I wanted to touch on are the banking partners for IDA accounts. And this is such a great way to leverage a partnership, especially if we're talking about communities such as we have here in New Jersey where our main streets are pretty much abandoned by most industry, and we have a lot of vacant and empty storefronts. But every now and again, we do have a bank still in those areas. And through the IDA program, it's an excellent way to build and develop our relationship with a banking partner or a credit union. The AFI program has very specific designs on how accounts need to be set up and how deposits are made quarterly. So once an explanation is made, funding partners and banks really do want to get involved. And it's a great way to bring new customers to their business, it's a great way to engage their professional staff in facilitating economic literacy workshops, and also to bring in other partners. IDAs are very appealing to foundations and to individuals that have United Ways. They really are something that's showing an outcome, and they have tested these outcomes so they are appealing to other funders.

And I wanted to just touch upon the Housing Authorities, because it is a great way to have an IDA program in a Housing Authority if they are receptive to being able to have a program with residents. The residents are able to build either an escrow account or their IDA account or both, and perhaps save enough money to move into unsubsidized housing. So that's a great goal, and that is very appealing to Housing Authorities. And we also try to include IDAs in many other programs or services, so if there's another grant that we are getting for, say, case management, we may allocate a portion of the funding to include matched dollars for IDA because we can certainly show some results.

So our end result in knowing that we literally and figuratively moved people out of poverty. And really, we learn so much from our IDA participants. And providing IDA accounts or an AFI grant really provides opportunity in the community, and we can facilitate that by applying for or obtaining funds through the AFI grant and bringing that back to our local communities for our low income individuals and families. There are some challenges. It is certainly costly from an administrative standpoint because you're having to pay a case manager to help track individuals, but it's what they need the most. They need constant touch points, and they need some help with goal setting and maintaining their goals. So return on investment can be difficult to defend, but it is defendable, and the end result is in 16 years, we have never had someone foreclosed on their house, and all of our participants have created wealth while they were in our program. It is a life changer, and in fact last year we had our first participant who had a 15-year mortgage who is now mortgage free and owns their house. So it really is an amazing thing.

To look at an AFI grant, you do need to be able to fund some of the extra things for the program, which is really the case management. If you have a relationship with a bank, that's really critical, or if you can develop a relationship with a bank, that's important before the application is even submitted. The IDA accounts are appealing to banks because it's new customers. And the financial partnership can be developed with agencies and with low income individuals. There's a lot of other partners that can be included in the AFI piece. It's an opportunity to build relationships with realtors. And recently here in Phillipsburg, there was a house that was foreclosed upon and the bank is now donating that house to a nonprofit organization so it can be rehabbed and then a low income person can purchase that home. So something that was abandoned and foreclosed and obviously was a beacon for criminal activity now is going to have a homeowner in it that was an IDA participant, that's linked back to services. So that's how it can make the change in your community.

And it's also a great way, especially with the BCJI grantees, you can really even build a subcommittee off of your, if you have a steering committee or your community engagement group, you can create a financial literacy or financial development steering committee, and you can further engage the community on saving programs, pieces of the IDA piece, and just build on the AFI program. And even an opportunity for a homeownership fair, how great would that be in a community where there's so few resources, to bring the resources into the community, to let people know that homeownership is a possibility if there is housing stock? Even working with partners like Habitat for Humanity, where they continue to do some case management and are able to turn around a home or an abandoned piece of property, or just a lot. So it really does add and build to the community, and it helps with community engagement.

So certainly the AFI piece can build partnerships and leverage resources. One other thing I just want to touch upon with the partnership is with HUD funding for programs like the Family Self-Sufficiency Program, individuals who live in a Housing Authority and are enrolled in an FSS program can be building escrow. And the HUD programs do allow for case management through some of their programs like the Ross program. So it’s a natural partner for an IDA program, and individuals can further create wealth through these HUD programs. So if you haven’t reached out to any of your Housing Authority partners, this might be a great way to start the conversation.

And I just want to say also about volunteer engagement, and that is that the AFI program, with the financial literacy piece, provides an opportunity to do additional things like VITA, which is the Volunteer Income Tax Assistance program, which is can be all managed by volunteers. And the Earned Income Tax Credit, which is another anti-poverty program, that a lot of people don’t take advantage of. And that money can be saved and added to AFI grants. So it’s a great way to build partnerships and mentoring across class lines with financial literacy coaches and people doing one on one mentoring. So we think it’s a very proven and effective program for an anti-poverty strategy and for a community building strategy. So I hope that makes sense to everyone. Emily, are you still there?

EMILY: Yeah, definitely.

GEORJEAN: I thought I was talking to myself, which is what I usually do.

EMILY: Thank you so much. I loved hearing about your program, and that’s especially exciting that you heard from a saver who bought their home 15 years ago and they’re closing out their mortgage. That is just amazing.

GEORJEAN: It is.

EMILY: That you get to, that they stayed in touch with you and get to be a part of that process. So I think that what that really says to me is all that work that you guys put into case management, and all that investment that you put into it early on, it really does have a result in terms of, obviously this person, obviously their wealth is in a significantly different situation since they own their home. But also, they stayed very closely connected to your organization and they have probably continued to be an advocate for you for these 15 years, because they've seen ways that it's benefited you, benefited them. And so I just think that's such a, you know, when you change other people's lives, they don't forget it. Is that what you've experienced also, Georjean?

GEORJEAN: Absolutely. And he, in fact, he and his family come and speak to other participants when we do a group kick off, and let people know what his and their experiences have been.

EMILY: Great, great, which is obviously a very effective way to get people interested and thinking about AFI, or thinking about IDAs. So if what Georjean told you about sounds like it could be an interesting fit for your organization or for your community, then I'm going to go through a few more of the requirements for the AFI program so that you can understand, if you were to apply for this money, how exactly could you use it and where could you use it and what could you expect. But I'm just going to go over these requirements briefly. Before I do that, though, I just want to encourage you to think about, even if this doesn't feel like the right fit for your organization, I know that these Play Space initiatives have many organizations coming together to make them successful. So maybe think about who else in your community, or what combination of organizations, might be best positioned to start an AFI project that would tie into your Play Space initiative, or that would go beyond it. I think one of the powerful things that Georjean talked about was how they have this IDA program, but it's not tied to any other program. But they kind of use snippets of it here and there, so like maybe if they have people doing weatherization assistance, maybe they get a couple of those people to apply for the IDA for some goal. And maybe if they have a scholarship program for local high school youth to go to college, maybe they get a couple of them to apply for IDAs. So really think of it as a great complement to your Play Space work, but also think of it as having broader applications.

Alright. So with that being said, let's go into some of these key AFI requirements. And I'm just going to go over them briefly, but we have lots of other materials on our website that can go into these in more detail if you think this is something that could work for you. So first of all, there's a cost sharing requirement, where awards require 100% cash match from non-federal sources. So what that means simply is that if you're going to apply for a $100,000 of AFI funding, you need to bring to the table $100,000 of cash to be committed to the project, to be used to match participants' savings and for operational expenses, from non-federal sources. So those could be public sources like state or local government, or they could be private sources. But this is one of the biggest challenges that new, prospective grant applicants have. But there's a lot of resources that we have on the website to talk with you about how this kind of, how this fundraising can get done.

There are limitations on how those funds can be used. Basically, 85% of the project funds must be used to match participants' savings. And so when we say project funds, that's referring to both the federal funds and the non-federal funds.

There are specific qualified expenses, as we've talked about. AFI IDAs may be used to purchase a first home, capitalize a business, or fund post-secondary education or training. And these are again for eligible individuals.

And in terms of matching the participant savings, there are specific requirements related to the administration of their project in terms of the savings period. People have to save for at least six months in their IDA before they can access the matching funds. There's a maximum amount of match that each individual can receive of $2,000 from the federal funds. So essentially, $4,000 per person overall. And then, of course, you have to have your financial institution partner set up. But basically, in my role as a technical assistance provider at the Assets for Independence program AFI Resource Center, I'm here to help you understand all these requirements and to think through how a project could work within your community and your organization within these parameters.

So what I would say that you should be thinking about, as you think about whether this is going to be, AFI is a good fit for your organization or partners, is if you have the capacity to manage a federal grant. And since a lot of you are obviously already federal grantees, then that’s an easier one to answer. You have experience administering AFI projects or similar programs. So when we think of similar programs, we’re thinking of anything around financial education or asset building or economic development more generally. Again, these are not requirements, these are considerations for you to think about, what experience you could draw on to operate this program from.

Do you have the capacity to implement the project with or without partners? Most AFI IDA grantees, most AFI grantees definitely use partner organizations to help with referrals, help with approving business plans, delivering financial education. There are a lot of roles for partners, and that’s something that we see a lot. So you have to think about your ability to manage those partners.

Do you have the resources available for the project? So that includes, definitely includes the non-federal cash contribution, that’s definitely the first thing that you’d want to think about. But then also what about the staffing? Do you have staffing available for the case management, like Georjean talked about? And then also resources that may be required to provide that staffing, and to provide really the wraparound services that are going to make IDA participants successful. Because you really, for most cases you can’t just open up an account for them and say, good luck and call me in six months when you’ve reached your savings goal. It really takes a lot more hands on. So what are the other programs or projects that you have where you already keep in frequent touch with your low income clients that you could tie the IDA into that case management experience?

Does your organization, in particular, the applicant have experience with home purchase, higher education, or business capitalization? That’s great experience to leverage. And then also, do you have solid accounting and financial records systems, which is important any time you're going to manage a federal grant, but especially one like this where it has the higher level of complication with the matching funds being earned by individuals.

So in addition to the organizational level considerations, you also want to think about the service area and target population that you will want to serve with an AFI project, in terms of how many people in your area are likely to be eligible under AFI's eligibility guidelines? And also, how many of them will have, will there be a demand for the allowable asset purchase? So if someone wants to save, but their savings goal is retirement or for their kids to go to college, then that's great and you definitely would want to support them in savings, but an AFI IDA may not be the best way to get them there, since those longer term goals are not allowable uses of AFI IDAs.

And then another thing that the application asks about is the viability of proposed projects with regard to the asset purchases included in the design. And that simply means that's more the supply side of the equation. So if you're going to have people buy their first home and you're working with low income populations, is there affordable housing stock in your area that they are going to be able to qualify for to purchase? And if they are looking to do post-secondary education, what are the in demand jobs in your area, and are there training programs out there that fit, that build the skills necessary for that? So just putting it together, not just on the demand side but also on the supply side. That's something you'll want to think about if you consider an AFI project.

So to take a look at the funding opportunity announcement, which was just released a couple weeks ago, you can either copy and paste this link into your browser, or get to it through our AFI Resource Center website, which is IDAresources.acf.hhs.gov. And there's a specific page about applying for an AFI grant, and that will have a link to the funding opportunity announcement. And so that basically explains what are the different pieces that you need to address in your application and what you need to put together for that. The next application due date is pretty soon, it's June 15th, 2015, so we welcome applicants for that. And if you want to get geared up for that, I can definitely, we're happy to help you put everything together as much as we can. It’s more on you, but as much as we can for that June 15th deadline. But then there are also funding due dates that are expected in fiscal years 2016 and 2017, including one that’s coming up in October 2015. So if that feels like a more reasonable option for you, then that’s great also.

So I wanted to talk about next steps to do. If this does feel like a good option for you, would be to share this information, including this PowerPoint, with agency leadership within your organization and your partners and your staff, and see how they think that this can fit in with your mission. Contact the AFI Resource Center for a copy of the AFI Application Kit, which basically includes the funding opportunity announcement or the FOA, as well as some additional detailed materials about applying. And also to join the mailing list, because whenever we have new TA offerings that come up, we’ll send that information out to people we know are prospective applicants. So for example, just earlier this week we sent out an email announcing these two webinars that we are offering. One is next week about understanding the AFI program, and that is some of the requirements that I’ve talked about here but in more detail. And then in a couple weeks we’ll be talking more about developing resources and partners. So again, that’s very focused on the, finding those funders to support the non-federal cash contribution for an IDA project, which is, like I said, a topic of a lot of interest.

I wanted to briefly touch on the kind of entities that are eligible to apply for AFI. So it’s nonprofits with 501(c)(3) status, state or local government agencies or tribal governments applying jointly with a nonprofit with 501(c)(3) status, or financial institutions that are federally certified as a low income credit union or community development financial institution that are working in collaboration with a community based organization. So when you particularly want to think about those specific types of organizations as eligible applicants.

AFI is a discretionary grant program. That means it is competitively awarded. And so that’s where the application comes in, is explaining your project and your ability to deliver and capacity to deliver and manage that project. The program is implemented by grantees, and so it’s basically the grantees are the ones who have the direct contact with the participants, not the Office of Community Services. And then organizations can have more than one AFI grant at a time. In fiscal year 2014, AFI was appropriated $19 million, of which $10 million was awarded as grants, meaning that a total of 44 grant awards were made. The grants, just the federal portion, runs from $10,000 to $1 million. So if you're thinking about bringing the non-federal piece in, that takes the project budget from a small, a lower end of $20,000 to a high end of $2 million. So you can think about how many people you would want to serve and where you fall within that. Grants have a 5-year period, so for example, a $1 million grant, they would have five years to spend down on that $1 million. Which makes sense, because there's some start up processes that are involved and the beginning and close down processes at the end, and then of course in the middle is when people need to be saving their money and identifying their asset to purchase. So identifying the home or actually doing the business start up. And full funding is available upon award when the awards are announced.

So let's go ahead and move over to questions and answers, in case we have anybody who has any questions. So there is a Q&A pod on the right hand side of the screen. So I want to invite anybody that's on the call who has any questions about AFI or IDAs or maybe a question for Georjean about how her program works, to go ahead and type those in.

Great, so we have one question about, from Sarah. Does the full match need to be raised at the point of application? And the answer is yes, the non-federal cash contribution does have to be committed at the point of application, but it does not have to be cash in hand. But you do need to have firm commitments from your funders.

We have another question about, does the cash match, the non-federal cash contribution, include any in-kind items? And the answer is no. The cash contribution, the non-federal cash contribution, need to be in cash. And that is largely because 85% of it is going to be used to match participants' savings. So those in-kind items, you can't pass those on to participants. So it needs to be cash that you can use to match participants' savings. But those in-kind items definitely come into the overall project feasibility, because they're what's going to make it feasible for you to operate this project with only 15 percent of the grant being used for operation and administration.

Given that the non-federal cash contribution is question for a couple of you, I guess I want to say a few more things about that. The most common source of the non-federal cash contribution for AFI grantees across the country is financial institutions and their associated foundations, which makes sense. Because like Georjean talked about, IDAs are a way of bringing new business to them, new clients, both in terms of they're going to have savings accounts there, but then also, think about it, when a person is ready to purchase their asset, they're probably going to need to leverage a larger loan. So they're going to need a mortgage or they're going to need a school loan or maybe a small business loan, and so if there is a financial institution that already has a relationship with them, it's reasonable to think that they might look to that financial institution as one of the places where they'd shop for that loan. And so obviously you're not going to promise them anything, that you're going to steer people to them, but it's an opportunity for the financial institution to build relationships with people who are beginning to invest in assets and move out of poverty. So that's a powerful thing for them. Obviously, other funders include just regular foundations like state or community-based foundations, as well as United Ways, and then also local governments. I think across the board, but I think one area where we see them supporting a lot is in terms of home ownership, because they see the benefits to their own bottom line in terms of getting more people into homes for the stability aspect, for being able to have the property taxes and then, especially as Georjean talked about, especially those foreclosed homes, getting those off the market and into being owned by homeowners who will be able to take care of them over the long run. So that's where local governments may come in and want to fund. So any ideas you have, I can definitely talk with you about what messaging you may want to use, and connect you to other grantees that have done a similar thing, so that you can help them see that there is a precedent for the work that they're doing.

So we have another question about the funding opportunity announcement gives flexibility in designing the program, and so she asked about, what are the different match rates that you can offer for participant savings? So actually, you can offer a range of participant savings, anywhere from one to one up to eight to one. So for example, an IDA program might offer a one to one savings rate, where the participant saves $1,000 and they receive $1,000 match. And in that case, of that matching funds, $500 would come from AFI and $500 would come from non-federal sources. So that's kind of the more conservative approach. And then the more aggressive approach would be offering a higher match rate, like even up to an eight to one match rate. So for example, the participant saves $500, and they receive $4,000 of match, $2,000 of which is from AFI and $2,000 of which is from non-federal sources. So those are all allowable ways to set up your program. And it depends on a number of things. It depends on things like, how much do assets cost in your community, and what assets are people going for? So for something like homeownership, where the need is pretty much as big as you can get, you probably want to max out the amount of match that you can give them. But you probably also want to ask them to save a good amount, because maybe you think about it in terms of is this person ready for home ownership? Maybe one way to ask them to demonstrate that is by asking them to save $1,000 or $2,000. So that's a consideration. But then I know of other projects that do offer that eight to one match rate, and they're for higher education. So they're actually only asking students to save $500, because they know that it's not the same long term commitment that home ownership is, and also as students, they're balancing work and going to school. And so they probably have lower capacity to save. So that's just the kind of things that you want to play around with and think through when you are deciding what match rate to offer and how much to ask people to save.

So Sarah has asked a follow up question about the allowable uses of the 15 percent of project funds. So it's anything after the 85%, whatever's not going to match IDA savings. And there are three uses that it has a split between. Part of it goes to evaluation, evaluation, so mostly data collection so that you can participate in AFI's annual data report for its assessment of its own program. But that's helpful for any project, obviously needs to do a lot of data collection. Then there are non-administrative costs. So those are things like if you want to offer financial education and case management, that would be those non-administrative costs. And then there's straight up administrative costs, which are things like if you're going to send statements on a monthly basis, then the printing costs and the mailing costs of sending out those statements. So those are, actually that 15% is broken up more specifically, and that information is available on our website and in some of the other webinars, the AFI program requirements webinar that I mentioned. So Sarah, hopefully that answers your question.

So we have Larissa asked another question about savings for education. Are the IDAs allowable for the parents, or only the student him and herself? So that's a great question. There is no age requirement on AFI IDAs, so a parent could save to go back to school themselves, or like a high schoolercould save to go to college. There's no minimum age that you have to be. But you want to think about it in terms of that 5-year grant period. So you probably are going to focus on juniors or seniors in high school. So people, so they have their junior and senior year to save, and then maybe their freshman and sophomore year of college to spend down, start using the funds. And then can parents save for a child's education? Again, it's the same kind of timeline. The parents are still going to be within the project, so they're still going to have that 5-year period, so, but yes, they can do something called a transfer to a dependent. So the parents would open the IDA, they would save the funds, and they would transfer it to their child, who is eligible because they're in the same household. So they're also eligible, so then it would become the child's IDA. But again, thinking about the 5-year time frame, they probably would only want to get started when the student is a junior or senior in high school, or is already in college if they're a little bit further along, that's fine too. One exciting thing that a lot of grantees are looking at for the non-federal cash contribution for education IDAs, and if you find existing scholarships that are available in your area for low income and first generation college students, and to talk with funders about reprioritizing, about leveraging those scholarship funds to be used for an AFI IDA program. And we're definitely seeing some success. Those are either like college-based institutional scholarship funds, or separate ones, the ones that are separated from a university or like from a college access program. And basically, from the point of view of those scholarship funds, it's an opportunity to double the amount of assistance that they're able to offer people. So before, they were able to offer maybe $1,000 of assistance. Now if they bring in that AFI match, they're able to offer $2,000 of assistance. And so that's very appealing. And then when you tie in things like the opportunity to require financial education and to require savings, that only becomes more appealing to scholarship funders who like to see that kind of evidence of behavior change. So if you're thinking about going the direction of education IDAs, that's another definite thing to explore, to look at in your area.

Alright, well the questions have slowed down, so hopefully that means that I've given you a lot to think about and, which is great, and I hope to hear from at least a couple of you in the next couple of weeks that you're thinking about applying for AFI sometime in 2015. So just a reminder, the AFI Resource Center is the access point for AFI program technical assistance both for current grantees and also for potential applicants like you guys. And so our website is IDAresources.acf.hhs.gov. And one thing I wanted to point out here is if you want to see if there is a grantee that already operates in your geographical area, you can find that information there. There's nothing that says that we can't have multiple AFI grantees in the same geographic area. So even if there already is somebody in your area, that does not preclude you from starting a project in any way. And then if you want to reach out to us to, like I said, request a copy of the application kit or with any specific questions, you can reach us at 1-866-778-6037, or by email at info@idaresources.org.

And so with that, I want to thank all of you for participating in the webinar, and thank you so much for your good questions. I want to thank Georjean so much for joining us and talking about the experience of NORWESCAP in operating their IDA program, and thank Gretchen Lehman for joining us from the Office of Community Services to give our introduction. And then finally thank our partners fromLiscancy CSSP for hosting this webinar and inviting you all to join. So thanks so much, and have a great rest of your afternoon.