



# **Assets for Independence**

## **Graduating with Less Debt and More Knowledge**

January 2015



Assets for Independence Program  
Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services

# “Not a fortune, but a world of difference”

- For low-income students:

	<b>Enrollment</b>	<b>Graduation</b>
No college savings	45%	5%
\$1 to \$499 saved	65%	25%
\$500 or more saved	72%	33%

## Assets for Independence

Provides 5-year grants to organizations that enable individuals to ...

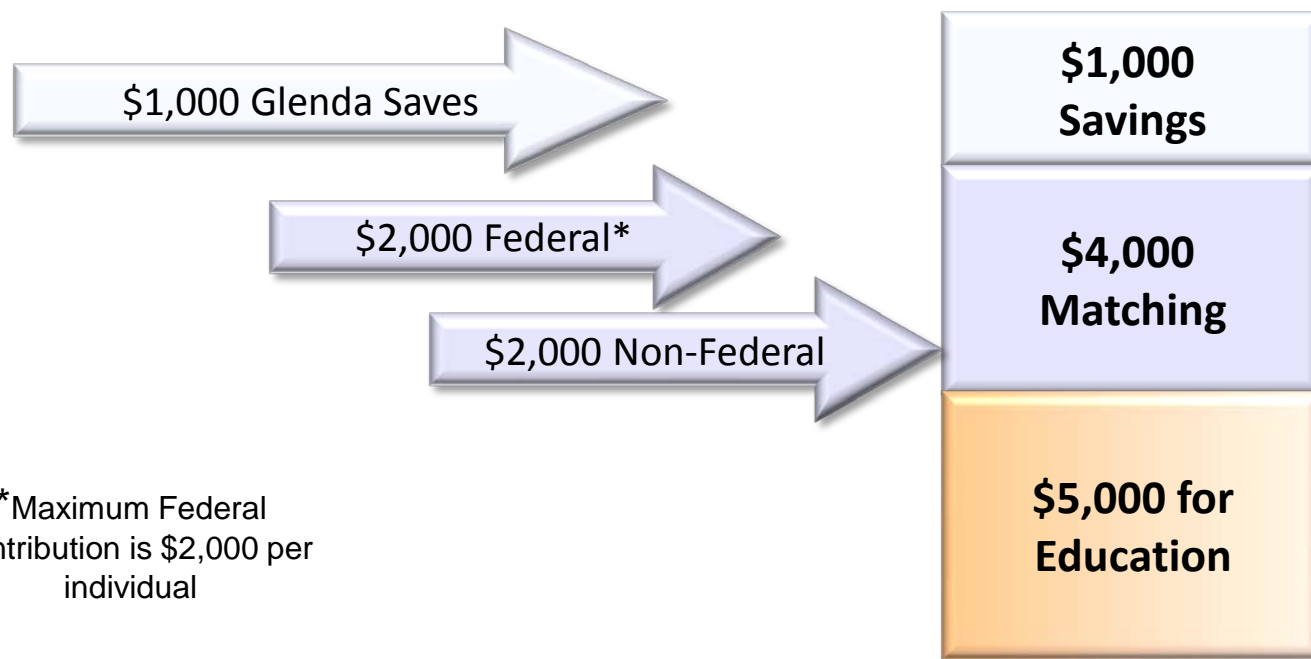
- **Learn** about financial and consumer issues
- **Save** in special matched savings accounts

In order to ...

- Become more **self-sufficient** and plan for the future
- **Invest** in assets:
  - Home
  - Small business
  - College education or job training

# Education Example: “Glenda”

- Glenda wants to go back to college so she joins an IDA program
- She takes courses in financial education and works with the financial aid and career services office at her school
- Match rate of \$4 for every \$1 saved in her IDA
- Glenda saves \$1,000 -- \$41.67/month over 2 years



\*Maximum Federal Contribution is \$2,000 per individual

# Components of AFI IDA programs

- Financial education & asset-specific training
- Save earned income
- Purchase an asset
  - First home
  - Higher education or training
  - Small business
- 1:1 non-federal cash contribution
- Record keeping and management
- Partners



# Primary Allowable Uses of IDA Funds

## Postsecondary Education/Training

<p><i>Statutory Guidelines</i></p>	<ul style="list-style-type: none"> <li>• IDA and match funds may be used for tuition and fees, books, supplies, and equipment required to attend or for courses at an eligible educational institution</li> <li>• ‘Eligible educational institution’ means either it is accredited by the Department of Education or verified as an eligible institution under the Perkins Vocational and Applied Technology Education Act</li> </ul>
<p><i>Practice</i></p>	<ul style="list-style-type: none"> <li>• Develop career and education plan</li> <li>• Books, supplies, equipment, such as computers, may be acquired from any eligible institution, not just the school of attendance</li> <li>• Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project</li> <li>• For degree, certificate, or stand-alone courses</li> <li>• May not be used to pay back previous loans</li> </ul>

# Primary Allowable Uses of IDA Funds

Home Purchase	
<i>Statutory Guidelines</i>	<ul style="list-style-type: none"> <li>• IDA and match funds may be used for costs of acquiring, constructing, or reconstructing a principal residence, including reasonable settlement, financing, or other closing costs</li> <li>• Must be first home: no ownership interest by the participant for 3 years prior to contract for sale</li> <li>• Sale price may not exceed 120 percent of average area price</li> </ul>
<i>Practice</i>	<ul style="list-style-type: none"> <li>• AFI project may require copy of sale contract or documentation from lender of the dollar amount needed for closing prior to closing</li> <li>• AFI project usually receives a copy of the settlement statement to document purchase price and distribution of funds</li> </ul>

# Primary Allowable Uses of IDA Funds

## Small Business

<p><i>Statutory Guidelines</i></p>	<ul style="list-style-type: none"> <li>• May use match funds for any business expense included in the approved business plan, such as capital, plant, equipment, working capital, and inventory</li> <li>• 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</li> <li>• Business must be legal</li> </ul>
<p><i>Practice</i></p>	<ul style="list-style-type: none"> <li>• Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project</li> <li>• May not be used to pay back previous loans</li> </ul>



## IDAs as Student Aid

- Can reduce student loan and/or work study burden
- Can fill a gap left if a school cannot provide the full Financial Aid Package needed
- For adult students, represents an alternative to scholarships
- Helps students who cannot access federal financial aid
- Helps students from groups traditionally reluctant to take out loans

## Benefits to the College

- Help schools meet mission of access by promoting access to education for lower-income students
- Students graduate with less debt, and better financial skills to handle loan repayment
- Promote positive recruitment and retention results
  - ✓ IDA funds make it financially possible to attend school
  - ✓ Planning process means students are prepared and committed
  - ✓ Training provides helpful life skills that contribute to student enrollment/retention success
- Financial fitness training can impact future employability (credit score)

## IDAs for Students

- Federally-supported IDAs are not counted as an asset for federal aid programs, so will not impact eligibility
- Participants can withdraw from the program at any time, taking their personal savings with them
- Only interest earned on participant's personal savings is potentially taxable
- Schools are encouraged to exclude IDA for state, local or school-funded assistance

# Bringing IDAs to your Students

*Develop a new project, or partner with an existing project?*

- Directory of existing programs:  
[www.IDAresources.acf.hhs.gov/Map](http://www.IDAresources.acf.hhs.gov/Map)
- Eligible applicants:
  - 501(c)(3) non-profits, including institutions of higher education
  - State, local, and tribal government agencies
  - Community Development Financial Institutions
  - Low-income designated credit unions

# Considerations for starting an AFI project

- Does your organization provide services that involve some level of longer-term, ongoing one-on-one contact with students/residents?
- What office is best positioned to operate the AFI project, with support from partners?
  - Recruitment, case management, tracking deposits, fiscal and grant management, reporting
- Do you have a good number of students/residents that are likely to be eligible?
- What non-federal sources can you tap into?

# Current college & university AFI grantees

Grantee	State	Grant Period
California State University	CA	2011-2016
Delta State University	MS	2011-2016
Northern Arizona University	AZ	2012-2019 (3 grants)
University of Arizona	AZ	2012-2019 (3 grants)
Arizona State University	AZ	2012-2019 (3 grants)
Eastern Michigan University	MI	2013-2018
Inver Hills Community College	MN	2013-2018
Monroe Community College	NY	2013-2018

# OPERATING AN AFI PROJECT

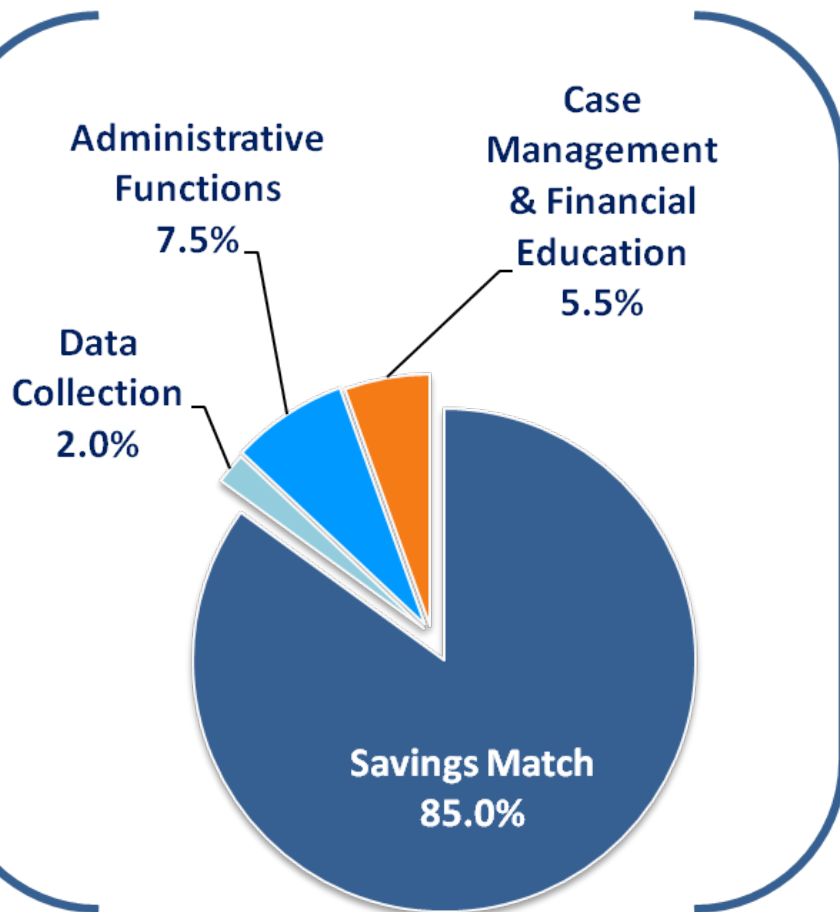
# AFI Program Requirements

- **Cost Sharing (100% non-federal match)**
- **Project Reserve Fund**
- **Funding Restrictions (85%/15%)**
- AFI Project Accounts
- Participant Eligibility
- Asset Purchases



# AFI Guidelines

## Project Reserve Fund



- 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

# Sources of Non-Federal Funds for AFI Reported by Grantees

Type of Non-AFI Funder	Grants that Received Funding for Matching 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%

Source: 2014 AFI Data Reports

# Sources of Non-Federal Funds

- Financial institutions and their foundations
- State and local governments, including tax credits
- Tribal governments
- United Way
- Foundations (local, regional)
- Applicant organization funds
- Funds directed to specific goals (i.e., scholarship funds, downpayment assistance funds)
- Special needs funding opportunities (mental health, youth programs, disability programs, and other nonfederal funding streams that target specific populations)
- Locally-based corporations/employers
- Places of worship
- Individuals/online donations
- Civic/fraternal organizations

Making the Business Case: [http://IDAresources.acf.hhs.gov/IDA\\_Fundraising](http://IDAresources.acf.hhs.gov/IDA_Fundraising)

# Identifying Potential Funders

*For each of your asset goals, determine:*

- Aside from the IDA accountholders, who else shares these goals?
- Who else benefits from your success?
  - Private sector: lenders, education & training institutes, etc.
  - Public sector: local government, CDCs, etc.
  - Community development sector: specific communities, neighborhoods
- Who is already funding this work? What existing sources of funding can you leverage?

# AFI Program Requirements

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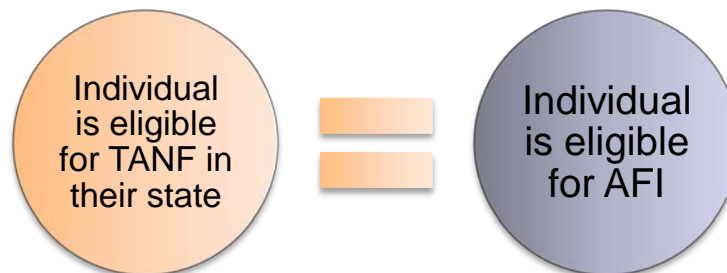
# AFI Project Accounts

- Two accounts:
  1. Project Reserve Fund
    - Usually one per project or grantee
    - Owned by grantee, held at insured financial institution
  2. IDAs
    - Many (one for each saver)
    - Set up as *custodial* (jointly-owned by the grantee and the saver) accounts at Federally-insured financial institution
    - Can be held at multiple financial institutions
- Participants “earn” matching funds as they complete the program requirements (make deposits, complete training, etc.)

# Participant Eligibility

Two options for determining eligibility:

TANF  
eligibility:



or

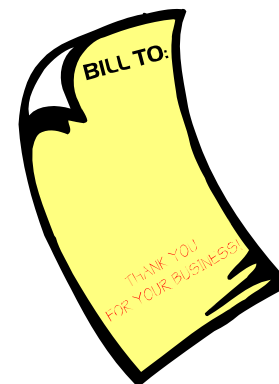
Household  
income &  
net worth:



- Eligibility is determined at the *household* level, but each IDA is held by an *individual*
- Grantee may have additional eligibility requirements
- Must have earned income for savings deposits

# Payouts

- After saver meets AFI's and your project's requirements for payout eligibility (around savings, training, time in program, etc.)
- Match funds must be used for allowable asset purchases.
  - Usually this involves payment to a 3<sup>rd</sup> party vendor, but the requirements vary per asset purchase.
- Funds are taken proportionately from the saver's IDA and from matching funds held in the Project Reserve Fund:
  - Example: Saver submits a \$400 tuition bill. AFI project offers a 3:1 match on savings. Payout will be \$100 from IDA savings and \$300 from matching funds (\$150 federal and \$150 non-federal).





# Savings and Match

Example AFI Participant Savings & Match **\$1 Deposited: \$1 Match**

	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 Nonfederal Cash	\$240	\$240	\$240	\$240	\$960
					<b>\$3840</b>

# Savings and Match

Example AFI Participant Savings & Match **\$1 Deposited: \$4 Match**

	Year 1	Year 2	Total
Participant Deposits ~\$20/month	\$250	\$250	\$500
Match: ½ AFI	\$500	\$500	\$1000
Match: ½ Nonfederal Cash	\$500	\$500	\$1000
			<b>\$2500</b>

# EXAMPLES

# Arizona Earn to Learn Initiative



- University of Arizona, Arizona State University, Northern Arizona University
- Universities provide the non-federal funding
- <http://www.azearntolearn.org/>

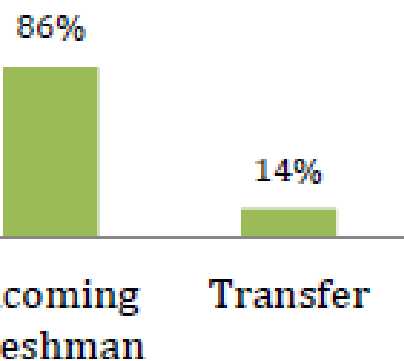
“It is estimated that for each federal dollar invested in IDAs, five dollars go to the national economy in the form of new businesses, additional earnings, new and rehabilitated homes, reduced welfare expenditures and in the case of Arizona Earn to Learn, human capital associated with greater educational attainment.”

# Program Details

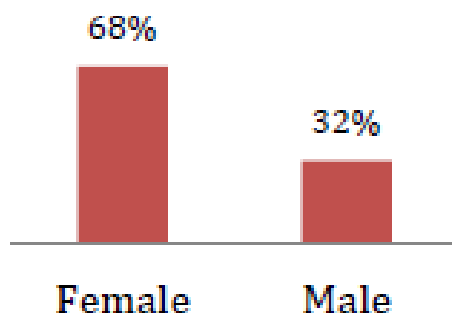
- 4 hours of personal finance training, one-on-one financial coaching, college readiness training and ongoing support
- Participants receive an 8:1 match on their savings, up to \$4,000 per year, on \$500 savings.
- The universities are layering multiple AFI grants – one per year.
- Each university has their own eligibility requirements, above AFI eligibility standards.
- 8 financial institution partners.

## Demographic Data AZ Earn to Learn 2013 Student Savers Statewide

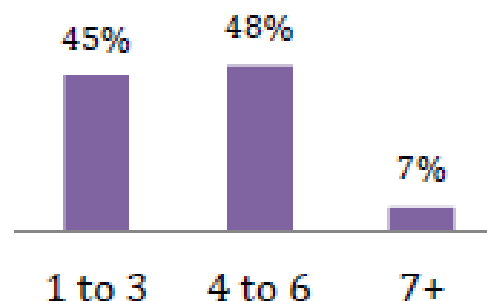
### Student Type



### Gender



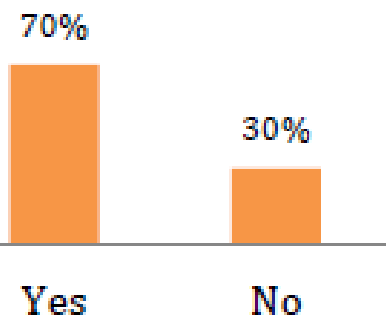
### Household Size



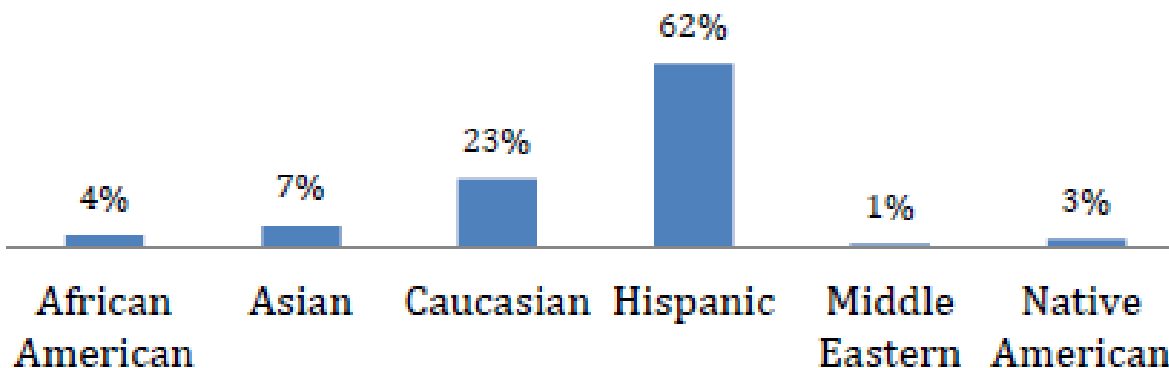
### Bar



### First Generation Student



### Ethnicity



### Bar



# STEM

- Notably, over half of **AZEL** participants have indicated their intentions to pursue a science, technology, engineering, or mathematics (STEM) degree. Given the interest **AZEL** participants have in pursuing STEM careers and the potential impact that this “Saving-to-Scholarship” model can have on improving the financial self-sufficiency and educational attainment of Arizona youth, **AZEL** can contribute to developing a highly-skilled 21st century Arizona workforce.

# AZEL Results

- Between 2012-2014, the three universities have received \$5,971,008 in AFI funds.
- As of December 2014, 400+ AZEL Savers have opened IDAs and deposited an average of \$440.
- Over half have earned their first of two anticipated AZEL scholarship disbursements of \$2,000.



# Mt. Hood Community College Matched College Savings Program

- Matched College Savings Program (MCSP) began in 2007
- 50-100 students typically added per year
- Currently 200 + students enrolled
- Students savings are matched at \$5 to \$1 by CASA
- Annually students typically save \$528 & matched \$2,640
- Over the 3 years of MCSP students acquire savings and match of \$9,504

# MCSP Partner Roles

- CASA of Oregon, an AFI grantee
  - Processes applications and determines eligibility
  - Coordinates the disbursements
- Mt. Hood Community College
  - Communicates availability of program to students
  - Distributes applications
  - Coordinates the receipt of the student funds between the Business Office and the Financial Aid Office
  - Provides the financial literacy tools and counseling required
- Funders
  - Federal Assets for Independence (AFI) program, state of Oregon, and the Oregon Independent College Foundation (OICF)

# MCSP Impact on Students

- Students enrolled in the MCSP are retained at MHCC at much higher rates than the general student population
- Students report high level of satisfaction with the level of knowledge acquired through the financial literacy component
- Students report improved choices and decision making regarding their financial life

# MCSP Impact on Students

*I have been working since I came to the USA, and started to save some money for college when I was in High School, but it was not enough money to cover all the costs.*

*MCSP has been the best thing that ever happened to me! I cannot stop thinking how much it has helped me with the costs of college, and not only with the costs, but also with the habit of saving money every month for college.*



# APPLYING FOR AFI FUNDS

# AFI Request for Proposals

- HHS Grants Forecast
  - Estimated Post Date: 3/6/2015
  - Estimated Application Due Date: 5/5/2015
  - Sign up for updates: <http://www.acf.hhs.gov/hhsgrantsforecast/>
- 2014 Funding Opportunity Announcement
  - Award size: \$10,000 to \$1,000,000
  - <http://www.acf.hhs.gov/grants/open/foa/view/HHS-2014-ACF-OCS-EI-0774>
- Join the AFI Resource Center mailing list
  - Technical assistance opportunities, FOA updates, and other information that is relevant to potential applicants
  - Email [info@IDAresources.org](mailto:info@IDAresources.org)



# Evaluation Criteria

Criteria
<ul style="list-style-type: none"> <li>• <b>Approach: Project Description, Implementation, Work Plan, and Project Viability</b> <ul style="list-style-type: none"> <li>○ Target Population &amp; Location, Project Design, Expected Outcomes, Timeline, Program Requirements, Subrecipient Activities, Record Keeping and Management, and Project Viability</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Approach: Organizational Capacity</b> <ul style="list-style-type: none"> <li>○ Capacity, Project Partners, Financial Institution Partners, Knowledge and Experience, and Staff</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Budget and Budget Justification</b> <ul style="list-style-type: none"> <li>○ Funding and Spending Guidelines</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Bonus</b> <ul style="list-style-type: none"> <li>○ Federal Place-based Initiatives, Key Collaborations, and Unserved States</li> </ul> </li> </ul>

## Next steps:

1. Share AFI information with agency leadership, partners, and staff
2. Contact the AFI Resource Center for a copy of the AFI Application Kit & to get on mailing list
3. Listen to Prospective Grantee Webinars  
[www.IDAresources.acf.hhs.gov/Apply](http://www.IDAresources.acf.hhs.gov/Apply)



# AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: [info@IDAresources.org](mailto:info@IDAresources.org)

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

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

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