

# Region VII Head Start Association Director's Caucus

## Session: Head Start and the ASSET Initiative

Prepared by: Christy Finsel  
AFI Regional Consultant  
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U.S. Department of Health and Human Services  
Administration for Children and Families

ASSET 

The ASSET logo graphic consists of a stylized tree with a globe as its trunk and several circular icons (representing a person, a gear, and a document) as its branches.

# What are Assets?

- When you hear of assets, what do you think of?
- What kinds of assets do you see in your community?

# Assets

- Assets can be thought of as what you value.
- Some think of assets as savings, bonds, investments, or equipment. Others think of assets as also being natural resources (such as land), education, families, youth, culture, community, and sovereignty, etc.
- With an understanding of assets, we can design asset building programs to meet local needs and have a cultural fit.

# Asset Building Tools

- There are a variety of tools we can use to build assets and improve the economic self-sufficiency of low-income families.
- These tools can help us build a number of assets at the same time (integrated or comprehensive asset building).
- What are some of these tools? (brainstorm together)

# Examples of Asset Building Tools

- Job training/job creation
- Internships
- Retirement plans
- Education
- Land purchase
- Small business development
- Native language programs
- Financial education
- Getting banked (such as by opening savings accounts)
- Managing credit and debt (such as through credit builder loan programs)
- Tax credits (such as EITC) and filing assistance (VITA)
- Accessing Federal and State benefits
- Children's Savings Accounts
- Individual Development Accounts

Christy Finsel, January 8, 2010, and AFI.

# What Is An IDA?

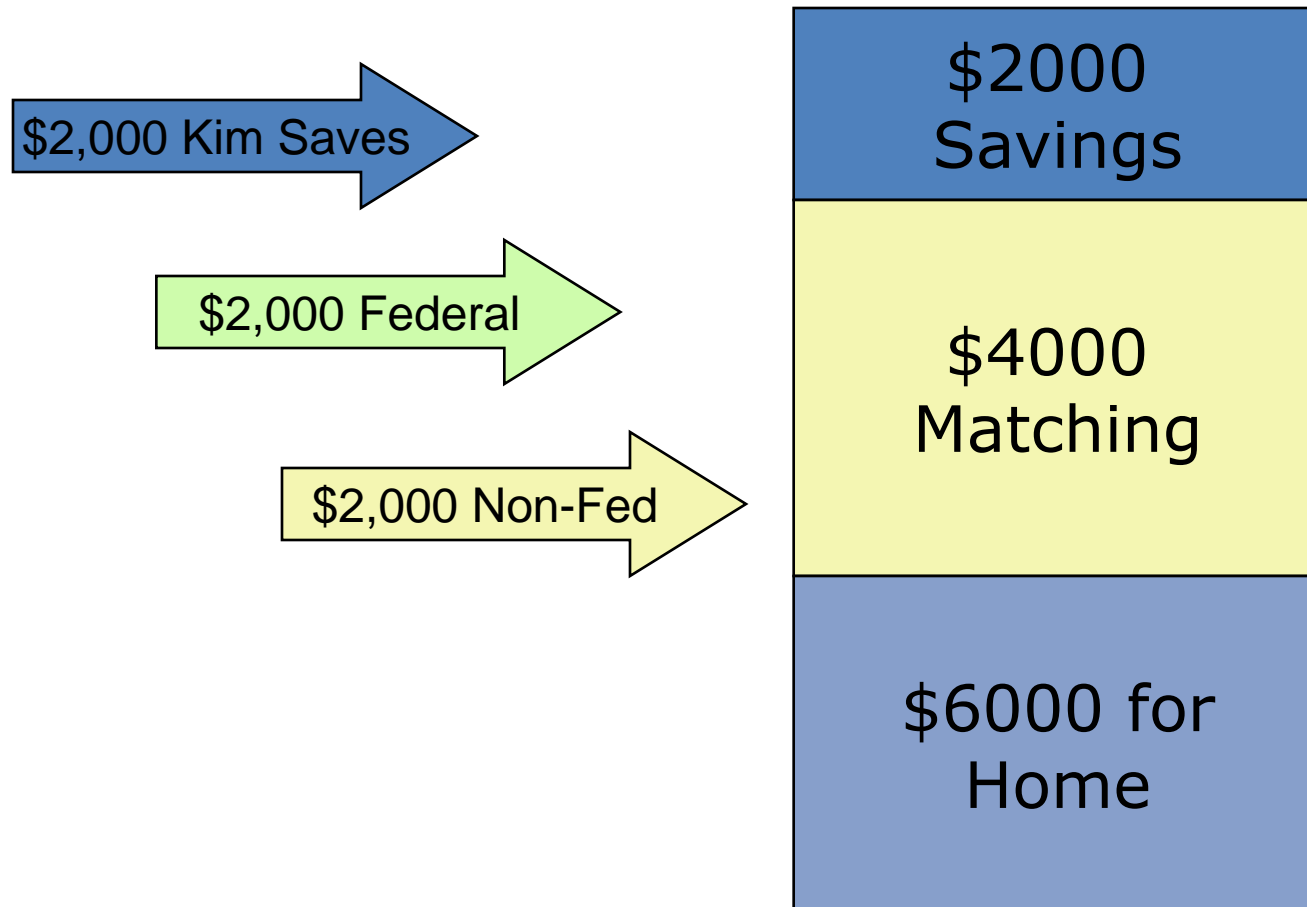
- One tool in the asset building toolbox is an Individual Development Account (IDA). IDAs are matched savings accounts held by low-income individuals. They assist individuals and communities in purchasing assets.
- Along with an asset purchase, participants attend financial education classes.
- Participants are able to purchase assets much more quickly than if they were saving on their own for an asset purchase.
- Asset accumulation can work to level the asset playing field.

# Example



- Kim needs a home
- She needs \$6,000 for down payment and closing costs
- Opens IDA and receives financial education, debt counseling and home ownership information
- Receives savings match at a rate of \$2 for every \$1 saved in her IDA account
- Kim saves \$2,000 (\$55 per month over 3 years)

# Kim's IDA



## **What is the ASSET Initiative?**

- The ASSET Initiative is a collaborative effort across the Administration for Children and Families (ACF) to bring the benefits of asset building to more low-income individuals and families.

# ASSET Initiative Goals

- Increase availability of asset-building opportunities
- Bring Assets for Independence (the largest federal source of funding for Individual Development Account, IDA, programs) to more communities
- Coordinate asset building across ACF programs
- Equip ACF staff to succeed with asset-building strategies
- Identify effective asset-building practices

# Populations and Projects of the Initiative

- Building Assets for Fathers and Families
- American Indian, Alaska Native, and Native Hawaiian Communities
- Refugee Communities
- Support for People with Disabilities
- Asset-Building for Victims of Domestic Violence
- Financial Stability for Families with Young Children

# Financial Asset Building Tools

How could Head Start recommend, provide institutional support for, and give information about these tools to those you serve?

- **Financial education-cross cutting tool of the Initiative (financial education across the lifespan)**
- Savings (3-6 month nest egg)
- Matched savings accounts (Individual Development Accounts and Children's Savings Accounts)
- **Drawing down tax credits-cross cutting tool of the Initiative (EITC, Child Tax Credit, Making Work Pay Tax Credit, Child and Development Care Tax Credit, and American Opportunity Tax Credit)**
- Getting banked (using safe financial products)
- Managing credit and debt (reduce debt, improve credit score)
- Accessing Federal and State benefits (provides more funds for savings)

# What is Assets for Independence (AFI)?

A federally funded program, administered by the Department of Health and Human Services, which awards 5-year grants to organizations that enable accountholders to ...

- Continue learning more about financial and consumer issues
- Continue to develop a savings habit
- Save in Individual Development Accounts so that their deposits are leveraged with match funds

To purchase the following assets:

- First-time homeownership
- Post-secondary education or training
- Develop or expand a small business
- Save to transfer to an eligible dependent

# Who Can Participate in an AFI-Funded IDA Program?

- TANF-eligible in their state

OR

- Meet both of the following two criteria

Income: twice the poverty guidelines (about \$44,000 for family of four) OR EITC eligible

AND

Net worth: maximum \$10,000 (less one residence/one vehicle)

- Administrating agencies may apply additional eligibility rules



# 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



## Does it Work?

- Low-income people can and do save
- Nearly 80,000 people have saved \$66.4 million
- More than 29,000 have purchased assets
- Many single parent households
- IDA is first savings account for about half
- On-going research on long-term impact





# Working with Assets for Independence

## AFI Projects

- More than 350 organizations throughout the nation
- Multi-purpose non-profits
- State, local, or Tribal governments
- Multi-site networks of organizations
- Locate a project near you:  
<http://IDAresources.org/Map>



# AFI Supports Many Missions

## Community Action Agencies

- Participants linked to additional resources (tax refunds, matching funds, financial education), reduce crises

## Head Start Agencies

- Goals include financial education, economic stability
- Family Service Agreements: financial education, financial management, savings or other economic steps

## Local government, Workforce Development Agencies

- Higher property taxes for municipalities, training pipeline complementing WIA resources

## Housing authorities, Neighborhood Revitalization

- More neighborhood stability, homeownership, complement to Family Self-Sufficiency programs

# AFI Supports Many Missions

Tribal governments/  
affiliated organizations

- Business development, postsecondary education, financial stability based on assets and knowledge

Colleges and vocational  
schools

- Enrollment goals
- Motivated students
- Student retention

United Ways, local/regional  
foundations

- Support Family Economic Success, long-term impact

ASSETS Initiative

- Entities serving families with young children, families in the child support system, children and families in the foster care system, people with disabilities, refugees, Native Americans, and survivors of domestic or intimate violence

# The ASSET Initiative and Head Start

- Both Head Start and the ASSET Initiative are focused on family stability and family engagement. Family members individually, and the family as a whole, can participate in asset building programs to increase their financial literacy (both the children and the parents), access their benefits as a family, claim their tax credits, purchase assets through IDA programs, participate in credit builder loan programs, get banked, set up an emergency savings fund, and save a nest egg for their children in Children's Savings Accounts, etc.
- Due to the close relationships with families, Head Start providers can play an important role in connecting families to asset building services that will help them to achieve financial stability.

# The Intersection of Head Start and the ASSET Initiative

- Regarding financial stability-research and practice have shown that family ownership of even a thousand dollars in assets or savings can give the family not only a measure of economic security but also a sense of possibility and hope for a brighter future.
- To read a paper on CSAs and Children's College-Bound Identity, go to:  
<http://csd.wustl.edu/Publications/Documents/WP11-04.pdf>

# Other Intersections

Increasingly, Head Start programs are connecting their families to asset building services by:


- Incorporating basic budgeting and other financial concepts into their curricula and developing exercises related to good financial management for parents and children to do together. (In KS, Interfaith Housing Services Inc. has provided budgeting classes for two Head Start Programs).
- Providing evening financial education courses for parents.
- Partnering with a local IRS Volunteer Income Tax Assistance (VITA) Program site to connect parents with free tax preparation assistance.

# Other Intersections

- Partnering with a local AFI project-or applying to become an AFI grantee-to connect parents with opportunities to save in an IDA.
  - In KS, Interfaith Housing Services, Inc. is contacting Head Start programs, throughout Kansas, to offer Head Start staff and families participation in their IDA program. They have been sharing information about their IDA program at parent meetings. Also, they did meet with the Head Start programs of two KS tribes to offer them a few IDA slots.
  - If you were interested in applying to be an AFI grantee, you could try to see if community colleges would be interested in partnering with you and you could use leverage their existing scholarships for early childhood focused students for an AFI grant application. Also, perhaps, in Kansas City, you could explore using Mid-America Regional Council scholarships for an AFI grant.

# Additional Intersections

- Working with a local bank or credit union to help families open savings and checking accounts.
- Distributing information to families on Federal and State programs that are available to help them. Online tools like [Benefits.gov](http://Benefits.gov) can help families to determine their eligibility for Federal and State benefits.
- Connecting staff to the full range of asset building opportunities. Importantly, helping Head Start staff use IDAs to save for tuition, as they seek to meet credential requirements in 2013 and beyond.



Before we proceed, do you have other suggestions or questions?

How are you already integrating asset building programs into your Head Start programs?

How might you be interested in doing so in the future?



# Key Topics for Planning an AFI Project

# Key Points for AFI IDA Planning

- Organizational or Tribal Fit
- Funding
  - From whom
  - How to get it
  - How to manage Federal and nonfederal funds
- IDA Savings Structure
- Eligibility
  - AFI thresholds
- Staffing & Partners
- Program components
  - Outreach & recruitment
  - Financial education
  - Asset training
  - Credit counseling
  - Deposit monitoring
  - Other participant services
  - Grant administration/  
reporting

# How's the Fit?

- For your tribe?
  - Does it support your economic development plans?
- For your target population?
  - What's the need for asset building in my community or among those I plan to serve?
  - What's the interest?
  - What's the potential for some number to participate, complete the process, and purchase an asset?

# Funding

- Five-year project grants
- Must have firm commitments of cash support from nonfederal sources.
- The commitments must be equal to or greater than the Federal grant amount requested.



# Sources of Non-Federal Funds

- Financial institutions and their foundations
- State and local governments
- Tribal governments
- United Way
- Foundations (local, regional)
- State/Local tax credits
- 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
- Sponsoring organization funds
- Federal Home Loan Banks
- Community Development Block Grants

Making the Business Case: [http://www.idaresources.org/IDA\\_Fundraising](http://www.idaresources.org/IDA_Fundraising)

# Additional Approved Funding Sources

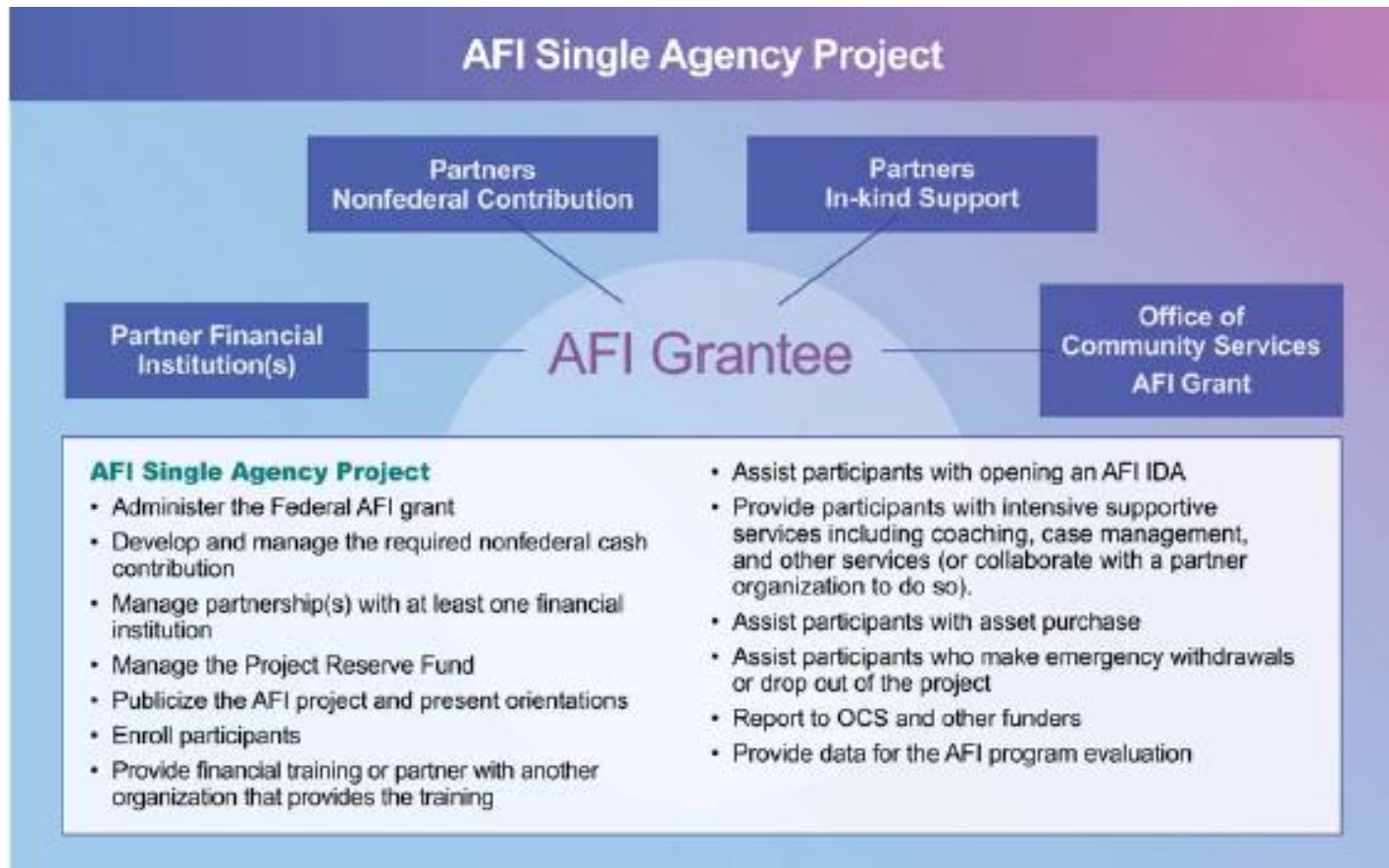
- Indian Community Development Block Grant Program (ICBDG), Native American Housing Assistance and Self-Determination Act (NAHASDA), and Public Law 93-638 (the Indian Self-Determination and Education Assistance Act) are now allowed for use as non-federal match.

# Overview:

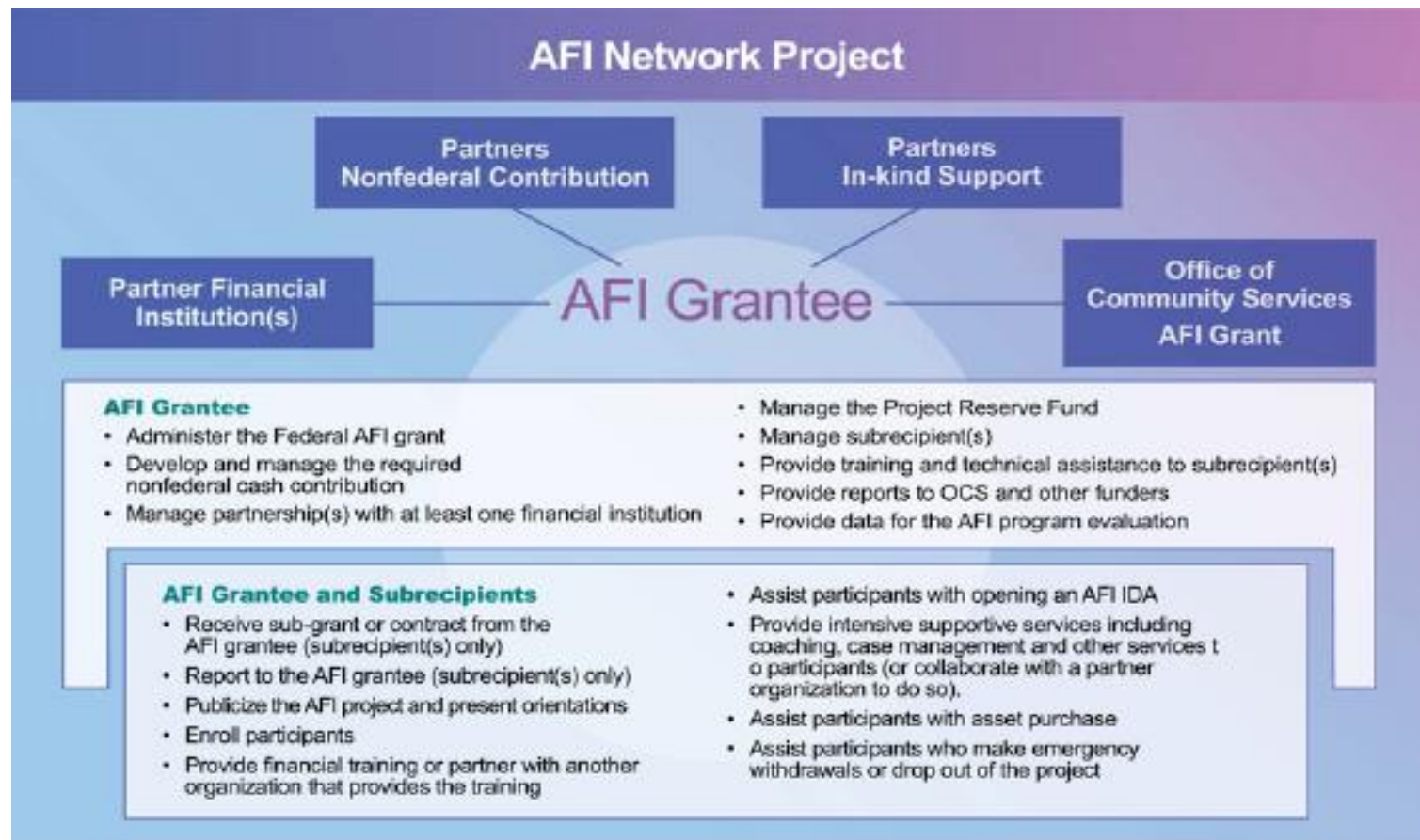
## So Who Administers IDA Programs? Examples of AFI Project Grantees

- Community Action Agencies
- Community Development Corporations
- Community Development Financial Institutions
- Credit Unions
- Faith-Based Organizations
- Government Agencies
- Housing Finance Agencies
- State-Wide and Multi-State Associations
- United Way Organizations
- Workforce Development Agencies
- Youth Agencies
- Tribal Governments

# Single Agency Project



# AFI Network Project



# Overview: Who Can Apply?

Just as with several other economic development initiatives that carry program funding through the Department of Health and Human Services, the AFI legislation mandates that a community-based organization with IRS 501(c)(3) tax exempt status be a primary partner in the application for funding in order to keep IDAs a community-driven initiative.

# Can a Tribe Be the Sole Applicant for an AFI Grant?

States and tribes are seen as governing structures and thus are not able to be sole applicants. However, they are able to be the lead applicant and grant recipient.

AFI, March 26, 2010.

# How Can We Make AFI Work for Our Tribe?

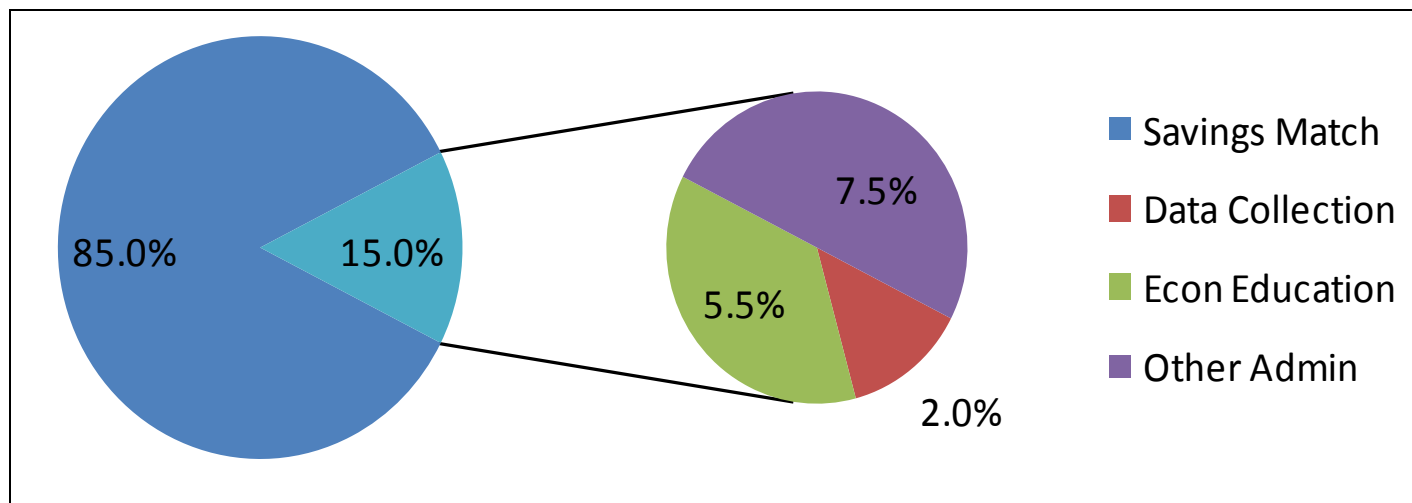
If a tribe has a 501(c)3 in their community, they would not have to partner with a 501(c)3 external to their community.

An example of this is the Choctaw Nation, located in Durant, Oklahoma. They partnered with the Chahta Foundation, an existing 501(c)3 in their Nation. In this case, the Choctaw Nation is the direct grantee.

Some Native communities are partnering with a network or consortium to access AFI funds. These networks or consortiums may be willing to be flexible when signing a Memorandum of Understanding (MOU) with a sovereign nation.

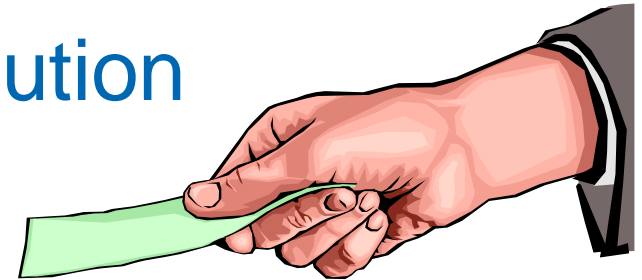
## Uses of AFI Project Funds

- All AFI Project funds are held in a Project Reserve Fund.
- At least 85% set aside to match participant IDA savings
- A total of 15% can be spent on program operation costs.
  - 7.5% for overall administration and program specific activities.
  - 5.5% to cover costs of case management and trainings.
  - Another 2% set aside for costs associated with data collection and reporting.



## Flexible IDA Savings Match Structure

- IDA Savings Match Rates can range from \$1 match for \$1 earned income saved to \$8 match for \$1 earned income saved (About three-quarters of programs offer \$2 to \$3 in matching funds for each \$1 saved in an IDA).
- Maximum Federal Contribution
  - \$2000 per individual
  - \$4000 per household



# Participant Eligibility



- TANF-eligible in their state

OR

- Meet both of the following two criteria

Income: twice the poverty guidelines (about \$44,000 for family of four) OR EITC eligible

AND

Net worth: maximum \$10,000 (less one residence/one vehicle)

- Administrating agencies may apply additional eligibility rules



# Partner Roles: Beyond Funding

- Partnerships are critical beyond project funding
- Partners can provide critical support for:
  - Recruitment
  - Financial education & asset training
    - Microenterprise business plans, cash flow analysis
    - Credit counseling
    - Housing counseling
  - Holding IDAs and Project Reserve Fund
  - Other services





# Preparing a Successful AFI Application

# Request for Proposals: AFI Grants Overview



- FY 2012 Application Cycles
  - January 25, 2012
  - March 26, 2012
  - May 25, 2012
- Up to \$1,000,000 (average \$350,000)
- 2011-2013 Funding Opportunity Announcement:  
[www.AFIFundingAnnouncement.com](http://www.AFIFundingAnnouncement.com)

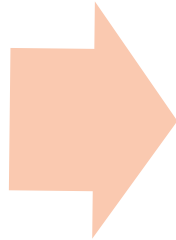
# Application Procedures

- Proposals will be reviewed by a panel of experts in IDAs and implementation
- Follow instructions in the Funding Opportunity Announcement in the application packet closely
- Four general sections:
  1. Project Summary or Abstract
  2. Organizational Capacity
  3. Approach
  4. Budget and Budget Justification
- Some have subsections: use them as outline
- Standard forms and assurances: checklist
- Plus Table of Contents



## Section 1: Project Summary (1 Point)

One  
page



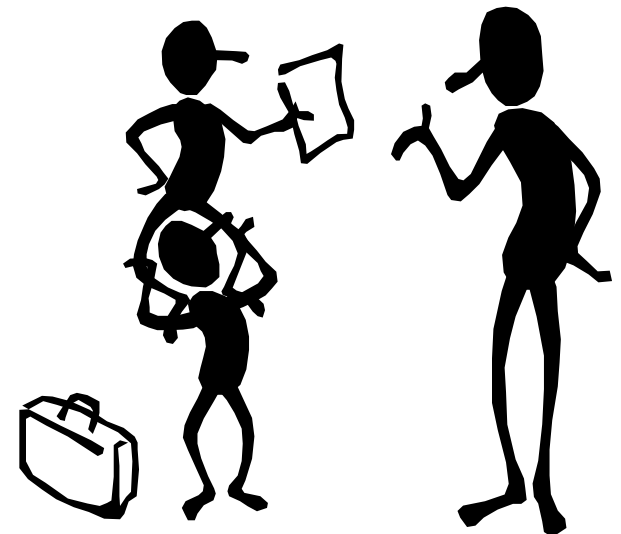
Summarizes the key features of the application:

- Target communities, populations served
- Match rate(s), maximum savings
- Dollars saved and asset purchases planned
- Number of graduates expected
- Key partner organizations
- Financial institution partner
- Sources/amounts of nonfederal funding

# Section 2: Organizational Capacity

## (29 Points)

- Discuss your organization and your partners
- Do you have the capacity to do what you say you will do (10 pts)
  - Not necessary to already be engaged in IDAs
- If you can identify key staff, do so here or provide job descriptions (10 pts)
- Nonfederal cash contribution (9 pts)
  - How much
  - From whom
  - When
  - Documentation of commitment



## Section 3: Approach (Total 60 Points)

- How your program will operate (17 items)
- How your program will:
  - Staff the project
  - Develop partnerships
  - Manage savings accounts and Project Reserve Fund
  - Develop and implement an operations plan
  - Recruit and select participants
  - Deliver training and other assistance to accountholders
  - Assist in purchasing an asset
  - Maintain project data and reports

# Staffing an IDA Project

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

## Section 3a: Work Plan and Timeline (30 Points)

- Outline what you will do when
- Include targets or benchmarks at regular intervals
- Link to key project activities:
  - Deposit of nonfederal cash
  - Draw down of Federal funds
  - Recruitment
  - Enrollment, IDAs open
  - Amount saved
  - Training completed
  - Asset purchases
  - Reporting and data collection
  - Internal reviews

## Section 3b: Tax Services (5 Points)

- How you will connect IDA participants to:
  - Tax Filing Assistance
  - Federal Earned Income Tax Credit (EITC)
  - State Earned Income Tax Credit (if one exists in your state)
  - Child Tax Credit
- Through your agency or a partner
- Linking tax refunds and IDAs or other asset-building opportunities

## Section 3c: IDA Design Features (5 Points)

- Discuss the elements in your Savings Plan Agreement, including:
  - Your match rate per \$1 of earned income saved
  - Maximum participant savings to be matched
  - How long participants can save
  - Policies on lump sum deposits and missed deposits
  - Financial and asset education provided or required
- Savings Plan Agreement
- Other key policies or procedures related to the participant becoming eligible for a matched withdrawal

# Section 3d: Partnerships and Collaborations

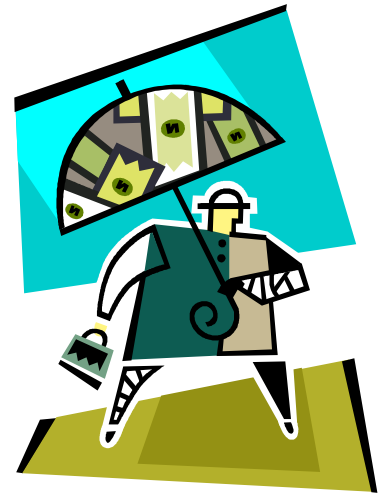
## (5 Points)

- Who will be your public and private partners?
- What expertise will they bring to the project?
  - Financial Institution partner (insured)
  - Service or referral partners
  - Tax filing assistance
  - Training partners
  - Other Federal or nonprofit coordination
  - Other services
- Capacity to manage multi-agency projects?
- Do you have letters of commitment for partnerships or clear roles defined in MOUs?



## Section 3e: Data Reporting for Evaluation and Research (5 Points)

- Use an electronic Management Information System, such as AFI<sup>2</sup>
- Commit to full participation in national demonstration
- Provide timely data to OCS via regular reports and annual data collection



# Section 3f: Participant Description

(5 Points)

- Identify types of individuals or families that you will target for recruitment and enrollment
- Identify and describe the characteristics of the population/community where you will focus your IDA program
  - Strengths and challenges
  - Needs and potential for asset building
  - Demographics or economic characteristics
- Basis for your program design
- See bonus criteria for ACF's priority populations and other community interests

# Section 3g: Expected Outcomes

(5 Points)

- Link your outcomes to overall AFI program-wide outcomes
  - Amount of IDA savings used for asset purchase
  - Number of participants who make asset purchase
  - Ratio of earned income participant savings relative to Federal AFI funds invested
- Demonstrate understanding of framework of AFI grantee-level performance indicators for project management (outcomes, indicators, targets)
  - AFI Performance Management Initiative:  
[http://www.acf.hhs.gov/programs/ocs/afi/AFI\\_PM\\_Initiative\\_Overview.html](http://www.acf.hhs.gov/programs/ocs/afi/AFI_PM_Initiative_Overview.html)

# Section 4: Budget and Justification

(5 Points)

- 424: Request for Federal Assistance:
  - Federal request, nonfederal sources, including applicant
- 424-A Budget Non-Construction Programs:
  - Reflect AFI spending guidelines (e.g., 85/15)
- Detailed Budget Narrative:
  - Explain line items in detailed budget with a narrative
  - Include support above nonfederal requirement
- Consistent budget figures in all three places
- Provide letters or other documentation to prove nonfederal match is committed
- Make sure budget jibes with your work plan!



## **Bonus (Up to 5 pts Total for this Component)**

- Address ACF priorities (families with young children, families in the child support system, children and families in the foster care system, people with disabilities, refugees, Native Americans, survivors of domestic or intimate violence)
- Collaboration or coordination with other community development or revitalization initiatives
- Collaboration with designated types of organizations
- Implementation of an AFI Network project
- Use of AFI<sup>2</sup> Program Management Tool
- Previous successful AFI implementation
- Other interests per program announcement
- Detail the interaction

# Application Submissions

- ✓ Can include up to 50 pages of narrative
- ✓ Attachments not part of 50-page limit
- ✓ Attachments include commitment letters, MOUs, and required Federal forms
- ✓ Please clearly number all pages and attachments
- ✓ Provide applicable certifications such as proof of:
  - 501(c)3 status
  - Treasury certified CDFI
  - NCUA certified low-income designated Credit Union

## Application Submissions (cont'd)

- ✓ Public agencies may apply with nonprofit partner
  - Lead organization signs/submits proposal
- ✓ All applicants (and subgrantees)
  - ✓ **MUST** have a DUNS Identifier
  - ✓ **MUST** have Central Contractor Registration (CCR) (1-866-606-8220); [www.ccr.gov](http://www.ccr.gov)
  - ✓ **MUST** have Project/Performance Site Location(s): SF-P/PSL  
<http://www.acf.hhs.gov/programs/ofs/grants/sfppsl.pdf>
- ✓ Using Grants.gov? Do not wait for due day!

# AFI Resource Center Contact Information

Phone: 1-866-778-6037

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

Web: <http://IDAresources.org>  
<http://www.acf.hhs.gov/assetbuilding/>

2011-2013 Funding Announcement:  
[www.AFIFundingAnnouncement.com](http://www.AFIFundingAnnouncement.com)

## Related Resources

- Handout: Region VII handout on asset building (including VITA site information, national financial education resources, and IDA programs in each state).
- Handout: Information Memorandum to Head Start and Early Head Start Grantees: Child Care and Development Fund (CCDF) Administrators
- Handout: Financial education resources for youth
- Handout: Financial education resources for preschool aged students
- Handout: Native specific financial education resources
- Handouts: Related to the ASSET Initiative and Head Start

# Thank You for Your Time and Participation.

- If you have follow-up questions, please contact Christy Finsel, AFI Regional Consultant.
  - Phone number: (405) 401-7873
  - Email: [christy.finsel@idaresources.org](mailto:christy.finsel@idaresources.org).