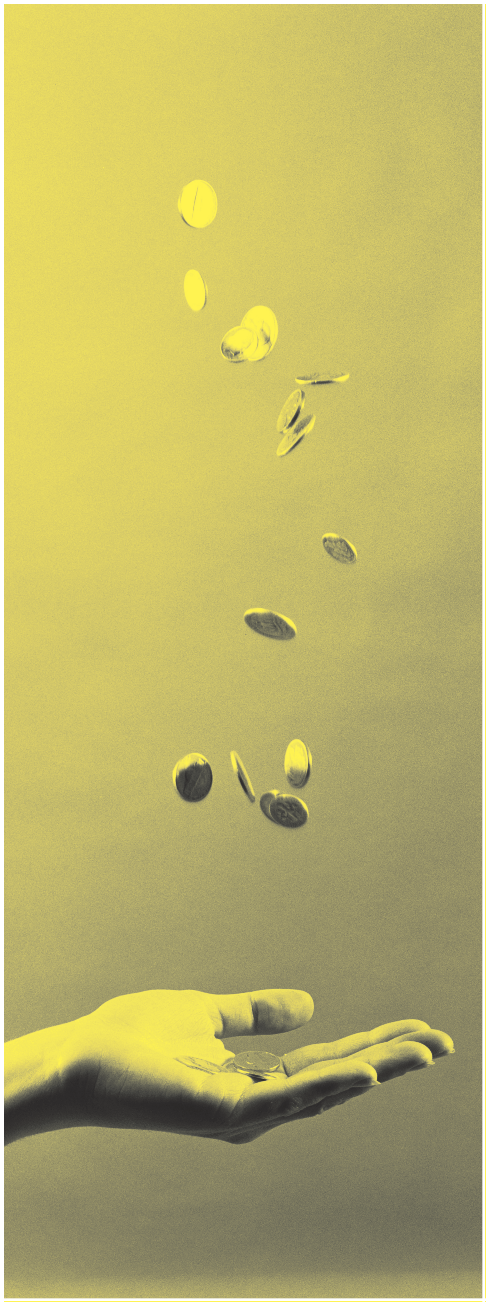

FEBRUARY 2007

Moving to Scale: *Offering IDAs through Large-Site Models*

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

BACKGROUND

NATIONAL ECONOMIC DEVELOPMENT & LAW CENTER

The National Economic Development and Law Center (NEDLC), established in 1969, is a national research, consulting and legal organization dedicated to building economic health in vulnerable communities. It develops and promotes innovative solutions that help people and communities become, and remain, economically secure. It works in collaboration with community organizations, private foundations, corporations and government agencies to (1) Support programs that lead to good jobs (2) Strengthen early care and education systems and (3) Develop programs that enable people and communities to build financial and educational assets.

ACKNOWLEDGEMENTS

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MOVING TO SCALE: OFFERING IDAS THROUGH LARGE-SITE MODELS

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EXECUTIVE SUMMARY

PROJECT BACKGROUND

From the Homestead Act and the G.I. bill to tax deductions for home owners, asset building has long been a part of U.S. economic policy to help middle class families. Using asset development as a strategy for alleviating poverty, however, is a relatively new concept. Widely recognized as the person responsible for this paradigm shift, Michael Sherraden wrote a groundbreaking 1991 book entitled *Assets and the Poor* in which he proposed Individual Development Accounts (IDAs) as a tool to alleviate income- and asset-poverty in the US.

Individual Development Accounts are matched savings accounts designed to help low-income and low-wealth people save regularly and acquire assets. IDA participants' savings and match funds are restricted to investments in financial and productive assets, such as a first-time home, a small business, post-secondary education, or an automobile. Administered by non-profit organizations or public entities, the IDA is accompanied by financial education, asset-specific education, case management, and financial counseling.

To date, roughly 500 IDA programs throughout the nation have offered over 30,000 accounts, funded both by private and public demonstration projects. The hope is that the number of accountholders will someday grow to millions, so that *all* Americans will have the opportunity to accumulate assets and benefit from U.S. tax and asset-development policy.

In 2004, the Mott Foundation embarked on a field learning process to uncover promising practices among cost-efficient, "large-site" IDA programs—or those, for the purposes of this paper, with over 500 accounts. Supported by the Mott Foundation, the National Economic Development and Law Center (NEDLC) convened five large-site IDA providers from across the country for a series of semiannual meetings between 2004 and 2006.[1] The purpose of these IDA Learning Cluster convenings was to share and document the strategies, innovations, promising practices and challenges of operating larger IDA programs, so that new and smaller programs could learn from these pioneers.

The catalyst for creating an IDA Learning Cluster in 2004 was the anticipation of federal or state asset policy which would enable exponential expansion of the number of IDA accounts. One possibility at the time was the proposed federal Savings for Working Families Act (SWFA). SWFA would provide funding through the tax code to support the development of nearly one million Individual Development Accounts nationally, or potentially 20,000 accounts per state. However, many leaders in philanthropy, policy development and practice believed that the IDA service delivery structure was too costly to support this rapid level of growth. Most IDA programs had less than 100 accounts per program. Individual providers needed to increase their capacity to serve more people; the field as a whole needed to lower programmatic costs and gain economies of scale.

[1] It is important to note that these sites are among roughly a dozen IDA programs around the country which have grown to 500 plus active accounts. Other sites could have contributed to this Learning Cluster but it was decided to keep the cohort small to foster trust, build relationships, and facilitate open dialogue.

The Mott IDA Learning Cluster was comprised of:

1. **Community Action Project of Tulsa County** (CAPTC); Tulsa, Oklahoma
2. **EARN;** San Francisco Bay Area, California
3. **Saving for the American Dream**, United Way of Greater Los Angeles; Los Angeles, California
4. **Michigan IDA Partnership** (MIDAP); Michigan
5. **The Mid South IDA Initiative**; Mississippi, Louisiana, Arkansas and Southeast Texas

In addition to their size and innovative practices, these program models were selected because they had the following instructive characteristics:

- Each was exploring cost-efficient technologies, policies, partnerships, and practices to move the field toward the next level of expansion
- Each had a distinct and demonstrative program design and collaborative structure
- Each site was in a different stage of development
- Taken together, the sites represented different-sized geographic service areas (two cities, a multi-county region, a state, and the only multi-state collaborative)
- The sites provided a mix of rural and urban models
- They were all funded by the Charles Stewart Mott Foundation, fostering the formation of a natural peer learning group

The specific purposes of the Learning Cluster were three-fold:

1. To share and document the strategies, innovations, promising practices and challenges of operating large-site IDA programs, so that new and smaller programs can learn from these pioneers
2. To provide the impetus and a forum for leaders of large-site IDA programs to debate and discuss how to expand access to assets for millions of low-income and low-wealth Americans
3. To strengthen and inform the field of practitioners and other stakeholders working diligently to grow asset building strategies

This paper is one of four born out of in-depth conversations with this IDA Learning Cluster. *Market Segmentation in IDA Programs: Practice and Research* explores market segmentation as an innovative technique to help bring IDAs to more people, more effectively; it addresses how to segment the IDA market and applies research lessons on institutional and individual factors that influence savings. Looking beyond the current IDA model, *Developing a Standard Savings Product for IDA Growth* explores a strategy for making the IDA *idea* universal: the creation of a standard financial product that promotes asset-building and includes poor people. Lastly, written for a broader audience, *Large-Scale IDA Programs: Pioneering the Next Level of Expansion* is a shorter, stand-alone document that summarizes all three papers.[2]

[2] These other papers can be downloaded from the NEDLC website at www.nedlc.org.

This case study of the five large-site IDA models seeks to contribute to a best practices literature for advocates interested in expanding IDA programs. It addresses the following questions:

- What success factors do these large-site IDA programs share?
- What are common challenges in launching and administering a large-site IDA program?
- What functions and benefits do collaborative large-site models offer?

The report is designed for organizations interested in taking a lead role in creating or expanding large-scale IDA delivery systems. It will also support the asset development field at large by informing policymakers, philanthropic leaders, and advocates about large-site models. The intended audiences include:

- National, regional, and local foundations;
- Public entities with resources already dedicated to serve low- and moderate-income populations (e.g. a public housing authority or state department of social services); and/or
- Individual or organizational IDA champions who intentionally aim to grow a large-site model

METHODOLOGY

The findings are based on the strategies, innovations, promising practices, and lessons learned from the five large-site IDA models in the Mott Learning Cluster: CAPTC, EARN, MIDAP, Saving for the American Dream, and the Mid South IDA Initiative. As of 2004/2005, these large-site models had opened thousands of accounts and represent many different IDA programs across the country. This level of IDA activity is noteworthy given that 80 percent of IDA programs have less than 100 accounts.

The case studies were conducted by the National Economic Development and Law Center (NEDLC) and benefited from retrospective thinking among program leaders—as the field and their programs have evolved over time. For each site, three to ten key people were interviewed. Most of the interviews were done in person and on-site. Interviewees included: the executive director or president of the lead organizations, representatives from financial institutions, program directors at agencies providing direct service to IDA participants, and other key players in the program delivery system.

NEDLC developed interview protocols and circulated them to representatives of each entity for feedback. The protocols covered five areas:

- History and background, including context and internal and external factors that led to starting up the IDA project
- Structure and services, including start-up, technical assistance and training, fundraising, client records management, financial literacy education, data management, accounts management, brokering services, peer learning, administrative support, and marketing
- Funding, including identified sources, success with funding, and sustainability
- Advocacy and policy development, including policy environment, successes, and partnerships
- Overall challenges, promising practices, and lessons learned

In the Fall of 2004, NEDLC selected the "test site" (EARN) and conducted the first case study. Staff produced a case study draft on EARN, and obtained feedback from EARN staff. Other case studies were conducted in 2005.

All case study information in this report is true as of the original interview dates, either the Fall of 2004 or 2005. Since that time, each of the models has further evolved and advanced. Some have forged new community partnerships; others have expanded into new regions and achieved new numerical benchmarks. Still others have evolved so that the champion organization now plays a less significant role. This report, however, is *not* intended to provide up-to-date information about each model. Rather, the goal is to provide a better understanding of how the models were able to achieve a certain level of scale at a specific point in time as well as the benefits that each derived from the infrastructure which took root.

Fundamentally, this study is about organizational structure and functions of large-site models. It does not calculate the specific costs, benefits, and return on investments for individual accountholders, IDA providers, or funders. Further research and more rigorous data collection would have been required from the inception of each large-site model to report those kinds of results. Similarly, this study does not compare the attributes of large-site models to those of small-site models. Evaluating the outcomes of specific attributes of large-site models vis-à-vis those of small-site models would have required IDA applicants to be randomly assigned to different programmatic models and tracked over time. Such evaluation is beyond the scope of this particular project, which describes the characteristics of large-site models only. Finally, analyzing the number of IDA accounts at which economies of scale are realized or the breaking point at which large-site models can no longer serve more people would require before and after growth comparisons among similar programs. While beyond the scope of this point in time study, all of these questions reflect important issues for the field and are worthy of further research in the future.

TERMINOLOGY

There is no universally accepted terminology to describe the components of an IDA project. This report uses the terms below.

- *Large-site IDA model*: Describes **collaborative networks** designed to offer IDAs across a broad geographic region and/or to a large number of people. Typically, the large-site model includes an intermediary organization which coordinates direct service IDA providers and assists these organizations with services ranging from fundraising and technical assistance to influencing policy.
- *"Scale" versus "large-site"*: for the purposes of this study, large-site refers to IDA programs with at least 500 accountholders; scale, on the other hand, can signify different amounts, depending on the specific context and reader. For example, for an IDA program with 20 accounts, scale can mean growing to 40 or 100 accounts. For a program with 100 accounts, it can mean growing to 200 or 500 accounts. And for the IDA field at large, scale can mean reaching hundreds of thousands of accounts, or millions.
- *Direct service provider:* Refers to an **organization** that works directly with individuals or families involved with IDA activity. "Direct service provider" is used synonymous with IDA program site or IDA provider and is a part of the large-site IDA model.

- *IDA Intermediary:* Refers to an **organization** that plays a coordinating role within the collaborative network. This includes negotiating relationships with banks, funders, and direct service providers. Typically this involves centralizing certain IDA functions that are relevant to and needed by all partners in the collaborative, such as fundraising, training, technical assistance, data management and other "back-office" functions. An "IDA Intermediary" may be a direct service provider who plays a brokerage role or an organization that is itself an intermediary. There may be more than one organization playing an intermediary role within a collaborative, but usually one central intermediary that coordinates other intermediaries.
- *Champion Organization:* Refers to the catalytic or initiating **individual(s) or organization** behind a large-scale IDA model.
- *IDA participant:* Also called an IDA accountholder, "IDA participant" refers to a **person or family** who is taking part in some stage of the IDA process.

Chart 1 on the following page maps out the relationships between these terms, as they apply to the five large-site models profiled in this report.

ORGANIZATION OF THE REPORT

This report is divided into five sections and two appendices. Following this Executive Summary,

- Section I provides a brief policy background on the evolution of asset-building policies as a poverty alleviation strategy;
- Section II describes the successful strategies and key challenges of the five large-site models profiled in this study;
- Section III analyzes seven common elements that make these sites effective: a strong lead organization, financial development and sustainability, strategic selection of community and financial partners, use of market segmentation, cost-efficient infrastructure, and investment in technology.
- Section IV considers three main functions—fundraising, working with financial institutions, and data management – that are managed differently by each large-site IDA model. It also addresses ways in which large-site models build the IDA field by increasing the capacity of partner providers, advocating for policy change, and raising public awareness;
- The final section concludes with innovations for the IDA field as it expands and matures;
- Appendix A supplements Section II with more detailed case descriptions for each site; and
- Appendix B provides a list of interviewees from each site

CHART 1. OVERVIEW OF THE FIVE LARGE-SITE MODELS

Name of Large-Site IDA Model	Name refers to…	Geographic Coverage	Increasing Geographic Coverage ↓↓↓	Catalyst Funder	Champion Organization	Intermediary Role	Direct Service Provider(s)
Community Action Project of Tulsa County (CAPTC)	A CBO with a Large-Scale IDA Program	Tulsa, OK		CFED (ADD); Department of Human Services	CAPTC	Not relevant	CAPTC only
EARN	A Large-Scale IDA Provider and Intermediary	San Francisco Bay Area, CA		AFIA; EARN's own fundraising	EARN	EARN and other partner organizations	EARN and Non-profits
Saving for the American Dream	A Large-Scale IDA Project funded by United Way of Greater Los Angeles (UWGLA)	Los Angeles County, CA		UWGLA; AFIA	UWGLA	UWGLA and other partner organizations	Non-profits
Michigan IDA Partnership (MIDAP)	A State-Wide Network of IDA Providers/ Programs (and the central state office for the Network).	Michigan		Council of Michigan Foundations; Department of Human Services; AFIA	Council of Michigan Foundations & "MIDAP" (the central state office, not the Partnership)	Regional Coordinating Organizations (RCOs)	Non-profits
The Mid South IDA Initiative	A Multi-State Network of IDA oviders/ Programs	Four states: Mississippi, Louisiana, Arkansas and Southeast Texas.		Foundation for the Mid South (FMS); Entergy Corporation; AFIA; LA Dept. of Social Services; AR Dept. of Health & Human Services	FMS	FMS and State-Level Organizations	Non-profits

ACRONYMS DEFINED:

CFED – Formerly *Corporation for Enterprise Development*, a national nonprofit think tank and leader in asset building and economic development.
ADD – *American Dream Demonstration*, a project of CFED's which ran from 1997 to 2004 to demonstrate that poor people can and will save given the incentives and structure such as those offered through an IDA program.
AFIA – *Assets for Independence Act*, federal legislation authorized in 1998 which has to date provided the primary source of federal funding for IDAs.

SECTION I
THE POLICY CONTEXT

BACKGROUND

From the Homestead Act and the G.I. bill to tax deductions for home owners, asset building has long been a part of America's economic policy to help middle class families. Using asset development as a strategy for alleviating poverty, however, is a relatively new concept over the past two decades. Widely recognized as the person responsible for this paradigm shift, Michael Sherraden wrote a book in 1991 entitled *Assets and the Poor* in which he proposed IDAs as a tool to alleviate poverty and critiqued America's welfare policy thus far.

Limits of Traditional Anti-Poverty Policies

Until Sherraden's groundbreaking book, traditional anti-poverty programs focused on increasing people's *income* or reducing their costs. Income transfers (e.g. cash aid), non-cash assistance (e.g. Food Stamps, Medicaid, and public housing assistance), and workforce development strategies (e.g. hard and soft skill development through training) are examples of these kinds of poverty alleviation strategies. However, none of these programs promoted access to *assets* among low-wage and low-wealth individuals as a means to break the cycle of poverty. According to Sherraden, the problem with this approach is that income-based strategies only maintain consumption, whereas asset-based strategies can change people's mindset and orientation toward the world. It is important to note that people's ability to *earn money* to meet their basic needs is a necessary condition before building assets. Therefore, there is a need for *both* programs that support income for low-income people *as well as* programs that support asset building.

Evolution and Promise of Asset-Building Policies

Asset building proponents argue that owning assets enables low-income people to become stakeholders in society by overcoming poverty economically, psychologically and socially. The structure of the IDA program in particular helps poor people conceive of savings as an option with positive consequences for the future.

In *Assets and the Poor*, Sherraden argues that asset holding yields the following behavioral benefits:

- Enables people to focus their efforts;
- Allows people to take risks;
- Orients people toward the future; and
- Encourages the development of human capital.[3]

Sherraden's work sparked two national IDA pilot programs for low-income people; one was privately funded and the other publicly funded. Spearheaded by 11 private foundations, CFED, a national economic development intermediary, designed and led the implementation of the American Dream Demonstration (ADD) from 1997 through 2002. Researchers at Washington University's Center for Social Development, including Michael Sherraden, conducted multi-year evaluation research for ADD. At the end of 2001, fourteen

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[3] Michael Sherradan, *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M.E. Sharpe, Inc, 1991, p. xiv.

IDA programs had a total of 2,364 participants, with an average of 169 participants in each.[4] An evaluation of the demonstration reported that people who were poor, like higher-income people, can and do save toward asset accumulation, given the right incentives. On average, the evaluation found that ADD participants:

- Saved 67 percent of their monthly savings target
- Made deposits in 7 out of 12 months
- Accumulated $900 per year in their IDAs, with an average match rate of 2:1[5]

Beyond their individual successes, the demonstration sites paved the way for future federally-funded programs and began a collection of best practices for other individual IDA programs. (CAPTC, one of five programs featured in this study, was part of that original ADD demonstration and served as the experimental site for evaluation purposes).

Concurrent with ADD, in 1998 Congress passed the first publicly-funded IDA demonstration program and the main source of IDA match funds today: the Assets for Independence Act (AFIA), which is administered through the federal Department of Health and Human Services' Office of Community Services. AFIA was a five-year demonstration, ending in 2003, but was reauthorized on an annual basis in 2004/5, and 2005/6. In the past eight years, Congress has appropriated $160 million in IDA funds, supporting the vast majority of the approximately 25,000 IDAs that have been offered to date. (To receive AFIA funds, it is important to note that non-profit applicants must match the federal award amount with an equal donation from non-federal funding sources.)

The "early generation" of IDA programs, funded through both ADD and the federal government, revealed:

1. Offering IDAs is expensive for nonprofits. Future IDA models would benefit from lowering costs.
2. Some low-income people need extensive supplementary services to be successful savers, while others need fewer, if any, services. Developing different levels of service would create a more efficient delivery system.
3. To offer IDAs, many direct service providers must build capacity in such areas as oversight and governance to comply with federal, philanthropic, or corporate guidelines; financial education; and data management.
4. Sustained funding is critical to continue offering IDAs. This necessitates policy advocacy. Currently, there is no permanent public source of either IDA match or operation funds.

THE NEXT GENERATION OF IDA MODELS

The case studies in this report provide a rich body of experience in the next generation of IDA programs, in which the field moves beyond demonstration to large-site practice. Each sought to create a model that made the best use of resources and maximized efficiency. The following section details each of the models, providing the local context, successful strategies, and challenges that they encountered.

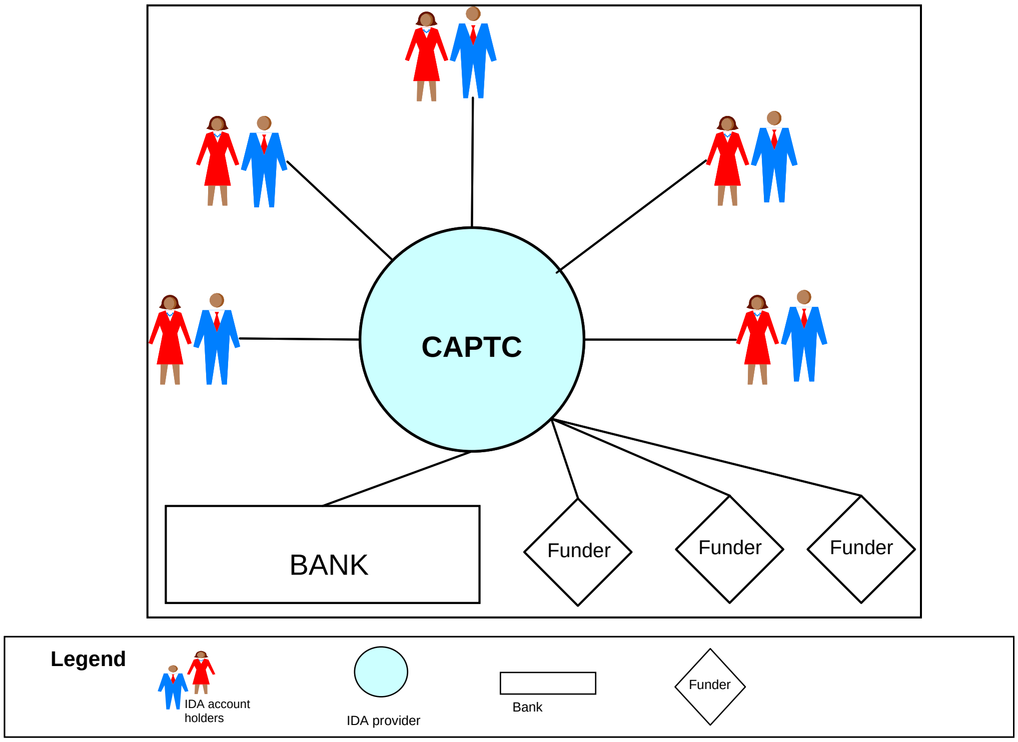
[4] M. Schreiner, M. Clancy, and M. Sherraden. *Final Report: Saving Performance in the American Dream Demonstration*. St Louis, MO: Center for Social Development, George Warren Brown School of Social Work, Washington University in St. Louis, October, 2002.
[5] G. Mills, R. Patterson, L. Orr, and D. DeMarco. *Evaluation of the American Dream Demonstration: Final Evaluation Report.* Cambridge, MA: Abt Associates, August 2004, p. i.

SECTION II

CASE STUDY DESCRIPTIONS

Community Action Project of Tulsa County (CAPTC)
Tulsa, Oklahoma

CAPTC'S PROGRAM MODEL: ONE STOP SHOPPING



NAME OF LARGE-SITE MODEL	COMMUNITY ACTION PROJECT OF TULSA COUNTY
Year Launched	1997
Geographic Area Served	Tulsa County, Oklahoma
ENTITY RESPONSIBLE FOR:	
Providing IDAs	CAPTC
Managing relationships with financial institutions	CAPTC
Client account data management	CAPTC
Providing financial education	Oklahoma State Cooperative Extension
Raising IDA matching funds	CAPTC
Hosting IDAs	Bank of Oklahoma
Policy Advocacy	CAPTC

History and Context

The Community Action Project of Tulsa County (CAPTC) is a nonprofit community-based organization whose mission is to help individuals and families in economic need achieve self-sufficiency. To this end, CAPTC offers a variety of programs and services, including: emergency aid, medical care, housing, tax assistance, community development, education and advocacy. In deciding to apply to be a part of the ADD project, CAPTC recognized that IDAs were a strong compliment to its ongoing focus on income approaches to poverty alleviation, especially among the working poor. The organization was already assisting low-wage workers access Earned Income Tax Credit (EITC) funds, and CAPTC saw IDAs as an opportunity to encourage the savings and investment of their tax refunds. In 1997, CAPTC competed to participate in the first round of the ADD project and was selected.

CAPTC was one of the first organizations to offer IDAs. At that time, there were no known best practices and no research studies from which to learn. One of the benefits of being a pioneer in this field was that the organization had little competition raising funds to support its work. CAPTC had commitments from private foundations prior to being selected for the ADD project. Once it had been selected, the number of funders who supported their IDA offerings grew further. CAPTC was also in a strong position to start offering IDAs because it already had an organizational infrastructure for some of the programmatic pieces and faced minimal start-up costs beyond needing to hire additional staff dedicated to IDA work.

CAPTC's work in the IDA field took place in three phases. First, as an organization in the first round of ADD, CAPTC offered the organization's current clients IDAs, filling between 150-220 slots. Next, CAPTC was selected as the evaluation site for the second round of ADD, recruiting 500 control participants and 500 program participants. Finally, based on its successes as a direct IDA provider, Oklahoma's Department of Human Services approached CAPTC and asked them to offer IDAs statewide through the network of community action agencies in Oklahoma.

Unlike other large-site lead organizations profiled in this report, CAPTC, itself, offered a large number of IDAs, rather than rely on a network of other nonprofit providers to be the primary interface with clients. As a result, CAPTC fulfilled all of the roles that are generally split among the central (or intermediary) organization and its community-based direct service IDA providers.

Successful Strategies

- **Integrating IDAs into the organization's ongoing programs, rather than developing a stand-alone program.** CAPTC is an anti-poverty organization that operates a variety of programs. The organization recognized the potential power of IDAs to help clients of its existing tax preparation and homebuyer assistance programs reach their goals. The organization never viewed IDAs a standalone program but as part of their integrated services to help move families out of poverty.

- **Demonstrating that very poor people could save with minimal incentives.** CAPTC made an intentional decision to target very low-income people as well as to provide the minimum IDA match rate. The organization had the goal of proving that very poor people only needed a minimal incentive to save; through its participation in the ADD project, CAPTC was able to determine the value of this approach and provide evidence that very low-income people can in fact save without large match rates.

- **Segmenting their client population so that they could focus their energy most efficiently.** Applying the concept of market segmentation to its IDA program, the organization categorized their clients into three groups: 1) those that would save without staff encouragement; 2) those that needed other income support and maintenance assistance before they would be ready to save; 3) those that were ready to save but inconsistent in their savings patterns. CAPTC decided to devote most of its staff energy toward assisting the third group of inconsistent savers, who they considered to be at the tipping point between saving and not saving—and for whom staff support would have the largest impact.

- **Prompting technological innovation to enable electronic transfer of account activity information between its strong bank partner and CAPTC.** Highly automated from day 1, CAPTC developed a set of specifications outlining the type and format of information that it needed from banks for ongoing participant account management and reporting. The Bank of Oklahoma paid for the nominal costs of developing the electronic transfer system. With the bank's minimal investment, this system dramatically reduced the amount of time CAPTC's staff had to spend on paperwork and manual data entry, and it prompted other IDA providers across the country to explore establishing this type of electronic transfer system with their financial services partners.

- **Engaging in formal and informal advocacy to promote IDAs and the asset-building field.** Through these advocacy efforts, the organization was the first in the nation to get access to Community Development Block Grant funds to support IDAs; further, CAPTC worked with Oklahoma's Department of Human Services to waive the asset limits from means tests for public benefits. As one of the first entrants into the IDA field through ADD, the organization also played a role in educating funders and policymakers about IDAs.

- **Successfully collaborating with other organizations for delivering of financial literacy classes and cross-marketing programs.** CAPTC developed successful partnerships with the Bank of Oklahoma and the Oklahoma State Cooperative Extension to develop a financial education curriculum.

Challenges

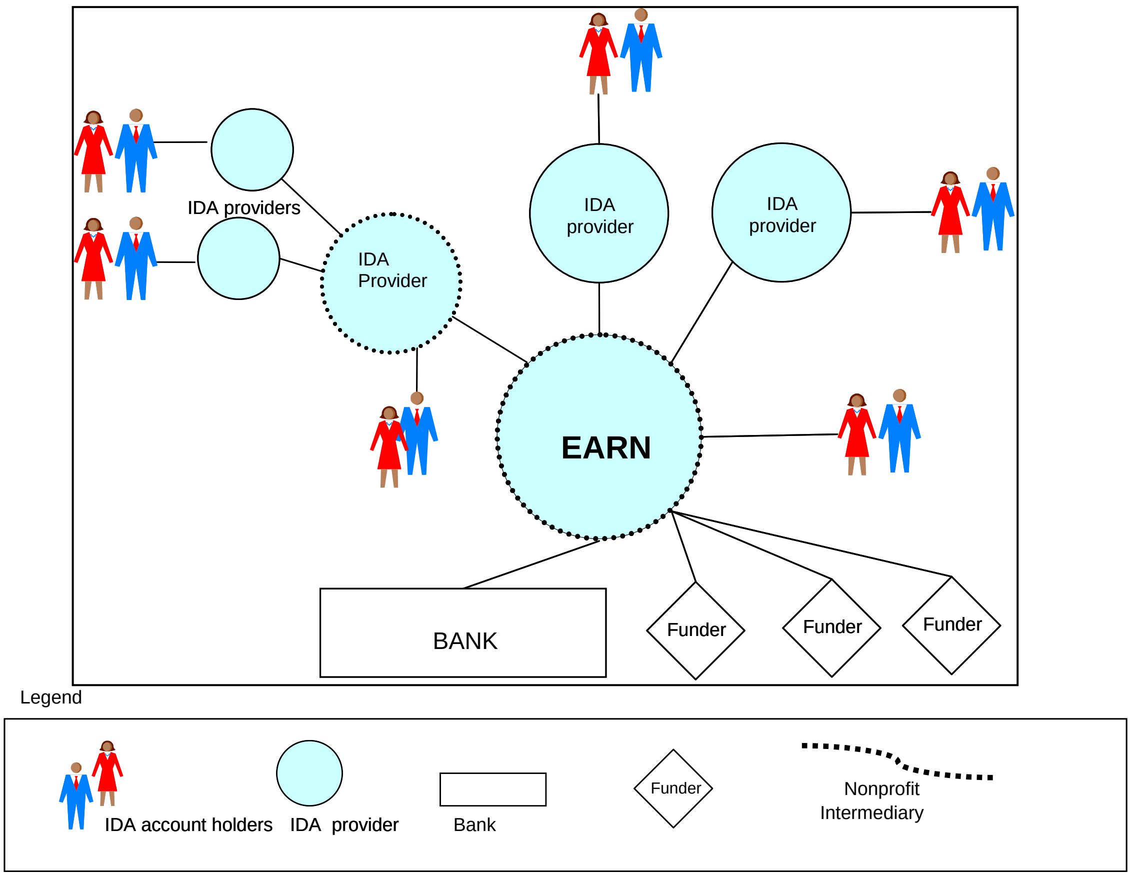
- **Sustainability as a stand-alone IDA operator.** Because CAPTC operated the entire large-scale IDA program itself, rather than supporting other nonprofits to offer the IDAs, the organization faced some significant challenges in delivering services efficiently. CAPTC was concerned that the program structure was too expensive to be sustainable, and that they needed to streamline their efforts. This was what drove the organization to think about segmenting their client population so that staff time was not split among too many clients but was directed toward those who needed it and stood to benefit the most.

- **Reaching beyond existing client pool when expanding to serve larger numbers**. During the first round of the ADD project, when CAPTC offered relatively few IDAs, they were able to draw IDA participants from ongoing programs. To reach the number of eligible individuals needed for the second stage of the ADD program, which involved over 1,000 people, the organization had to do extensive outreach to the broader community. It received a lot of inquiries, but staff had to spend much more time on the recruitment and screening process. Furthermore, these new participants were not already engaged in CAPTC's other services. As a result, the organization was less able to implement its ideal model of providing IDAs as a product add-on to existing programs.

- **Loss of control over programmatic design when implementing a statewide program.** Finally, CAPTC's success in operating its own IDA program led the state's Department of Human Services to approach them to offer a statewide IDA program. According to CAPTC, however, this project was driven by the state. CAPTC had less control over the program design, which was very frustrating and—according to program staff—contributed to challenges in delivering services effectively.

EARN
San Francisco Bay Area, California

EARN'S PROGRAM MODEL: IMPROVING THE PRODUCT



EARN

NAME OF LARGE-SITE MODEL	EARN
Year Launched	2001
Geographic Area Served	San Francisco Bay Area, California
ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit agencies and EARN
Managing relationships with financial institutions	EARN
Client account data management	EARN
Providing financial education	Nonprofit agencies and EARN
Raising IDA matching funds	EARN
Hosting IDAs	Citibank
Policy Advocacy	EARN, via Asset Policy Initiative of California

History and Context

In late 1999 and early 2000, a group of 35 policymakers and public figures in San Francisco came together to create a new organization focused on helping low-income San Francisco residents save money and build assets. Originally known as the San Francisco Asset-Building Initiative, the organization later became the Earned Assets Resource Network, and eventually simply EARN.

Although the Bay Area was already home to some of the most prominent IDA programs in the country, EARN's steering committee saw an opportunity to expand the impact of these programs. They set a goal of helping ten thousand people open IDAs over the next five years, and they aimed to raise $50 million in private and public funds to support the effort.

When the Internet boom turned to bust in late 2000 and early 2001, EARN had to rethink its strategy. Led by its founding Executive Director, EARN shifted its primary focus from opening thousands of IDAs in the short-term to building a model for efficient and effective IDA delivery and advocating for policies that would strengthen asset-building products and services over the long-term. In short, *EARN shifted from **doing** scale to **modeling** how scale can be done in a high quality, cost efficient manner—thereby instructing the field at large.*

After a few years in operation, EARN came to realize that policy change is needed for the field at large to grow to the next level; thus, in 2003, EARN began state-wide advocacy work in California through the development of the Asset Policy Initiative of California.

Ultimately, EARN's hope is to transform IDAs into a financial product widely understood, offered and accessed by the working poor, much the same way as 401(k) retirement accounts are used by middle and upper middle class/income Americans. They refer to this process as the "productization" of IDAs and associated services.

Successful Strategies

- **Adopting a market segmentation approach.** Realizing that case management is the most expensive component of an IDA program, EARN has defined three market segments, which correspond to three types of working poor populations with different levels of case management needs. EARN is working to design and offer products/services that meet the specific needs/preferences for each segment, rather than providing the same one-size-fits-all, full-service approach for *all* savers.

- **Developing a hybrid model.** EARN is a direct provider of IDAs to participants who need less intensive ongoing case management and support to meet their asset-building goals; but EARN partners with other community-based organizations to enable them to add IDAs to their array of ongoing programs and services.

- **Providing technical infrastructure and administrative support.** The support provided to community partners include the management of bank accounts and the maintenance of client information, including personal and account data. Essentially, EARN provides an infrastructure that allows community partners to offer IDA programs with minimal staff time and effort by dividing program functions according to organizational strengths.

- **Centralizing banking relationships.** EARN is responsible for opening accounts and facilitating withdrawals from IDAs. By centralizing this function, it frees nonprofit providers from having to develop their own separate relationships with Citibank, the model's financial partner.

- **Engaging in policy advocacy.** EARN was able to bring its experience as a direct provider of IDAs *and* an intermediary for other IDA providers to bear on its policy advocacy efforts; further, EARN keeps its partners informed and engaged in the ongoing policy discussions that affect their programs' ongoing and future operations.

- **Providing ongoing innovation in program development.** EARN specifically started as a testing ground for new approaches and it continually seeks to be a model program in the asset-building field. Through its creative partnerships with other direct service providers to offer IDAs, as well as with financial institutions and funders, EARN creates new initiatives to help more families build assets.

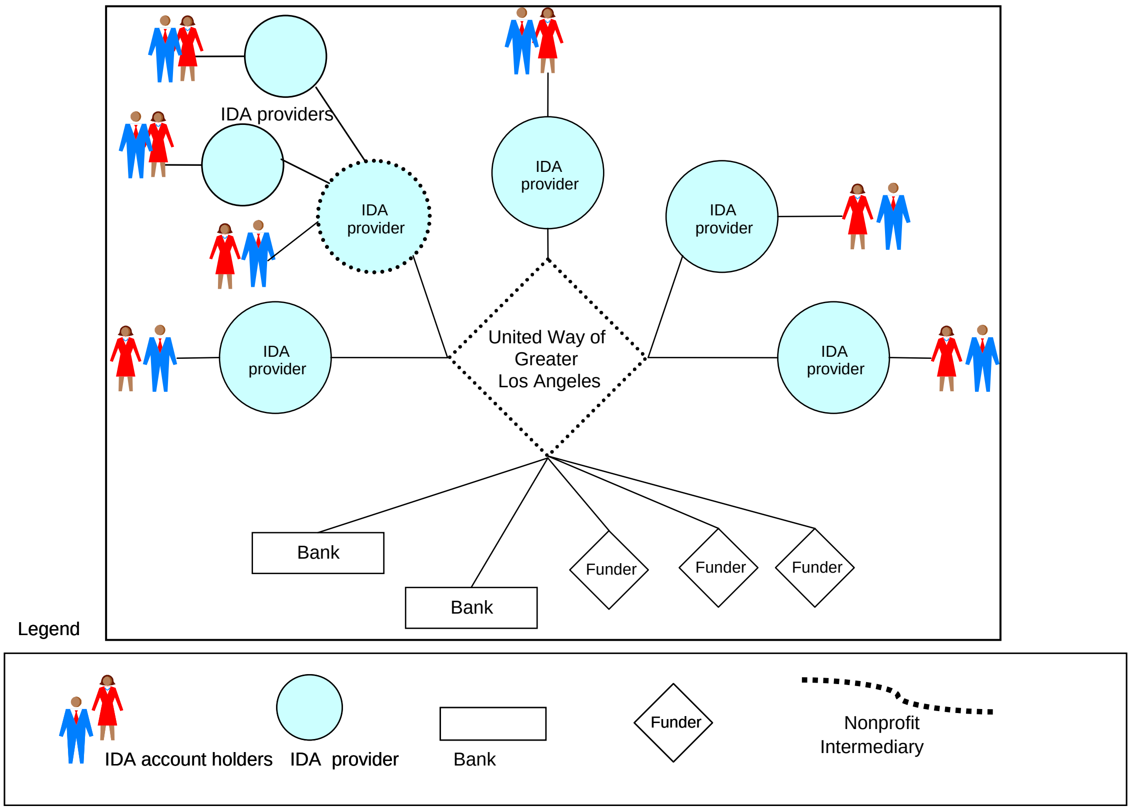
Challenges

- **Growth depends on continual availability of new, strong partners.** EARN wants to open more IDAs and collaborate with more community partners. But it may not be able to find many more organizations that would be appropriate partners in its current market; new partners not already focused on asset-building would require larger investments in capacity-building support and funding. Part of the challenge is that EARN is using partners to help serve higher need market segments. This could only happen if the partners have fairly substantial case management experience, particularly in the asset building area.

- **Finding new sources of match funding to expand the program**. EARN faces some significant challenges in fundraising to support program expansion, particularly in finding funders to match participants' savings. EARN is also exploring the idea of having partner organizations take some responsibility in raising match funds.

Saving for the American Dream
United Way of Greater Los Angeles, California

SAVING FOR THE AMERICAN DREAM'S PROGRAM MODEL: PLAYING TO PARTNERS' STRENGTHS



NAME OF LARGE-SITE MODEL	Saving for the American Dream
Year Launched	2001
Geographic Area Served	Los Angeles County, California
ENTITEY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with financial institutions	United Way of Greater Los Angeles
Client account data management	United Way of Greater Los Angeles
Providing financial education	Mainstream
Raising IDA matching funds	United Way of Greater Los Angeles
Hosting IDAs	Union Bank of California U.S. Bank Various other banks
Policy Advocacy	Collaborating with the California Community Economic Development Association

HISTORY AND CONTEXT

The United Way of Greater Los Angeles (UWGLA) is part of a network of over 1,400 independently incorporated and governed United Way organizations connecting donors and volunteers with community-based organizations. Recognizing the key role that asset-building plays in helping families break the cycle of poverty, the UWGLA launched the planning of ***Saving for the American Dream*** in 2001. The UWGLA engaged in a year-long planning process before beginning its IDA initiative.

Investigating strategies to promote homeownership and other wealth-building opportunities through IDAs, the UWGLA first looked to efforts already underway within United Ways in Atlanta and in St Louis. Both were funding community-based nonprofit agencies that provided IDAs. However, when the staff of the UWGLA looked for nonprofit partners within Los Angeles who were already offering IDAs, they found relatively few. Several organizations that were offering IDAs were struggling with the complexity of the program and offering very few accounts. UWGLA staff quickly recognized that a passive strategy of funding existing programs was not going to build the needed conduit to qualified IDA participants or effectively capitalize on United Way's connections to the broader nonprofit infrastructure and private donors who were likely investors.

UWGLA identified three goals for its participation in IDA programming: (1) build a pipeline of successful participants; (2) build a quality nonprofit infrastructure; and (3) market quality IDA programs to donors. UWGLA staff conducted interviews with economic development experts and nonprofit practitioners throughout the county to determine if IDAs were seen as a viable strategy and to test the three goals for UWGLA's participation in IDAs. UWGLA learned that there was growing interest in the nonprofit sector to engage in IDA programming and there was a surprising degree of support urging UWGLA to take on a leadership role in building a countywide, macro IDA system.

In February 2001, UWGLA launched the "Bridging the Gap Vision Council," to oversee a more in-depth planning process. The Vision Council determined that the IDA system should focus on homeownership and microenterprise IDAs, establish an initial goal of 5,000 IDAs for homeownership and 2,000 IDAs for microenterprise. At this stage, UWGLA was encouraged by the Vision Council to apply for federal AFIA funding for IDAs. While the proposal presented an effective programming strategy involving seven initial program partners, there were two critical areas of weakness in that first rough design: a coordinated approach to partnering with financial institutions and a cost-effective means of providing consistent, countywide financial education. UWGLA did receive a $500,000 AFI grant award in September of 2001 for a more decentralized programming approach with centralized administration and database management. However, from the start, it was clear that UWGLA would need to bring on-board specific financial institution partners and programming efficiencies.

At this time, the UWGLA's efforts were given a significant boost when a staff person successfully pitched the need for a countywide planning process to the large, for-profit, management consulting firm Bain & Company. The pro-bono consultants found that most existing IDA programs were either entirely centralized within one organization that served all aspects of program administration with a low- touch approach to the participants or they were highly decentralized, loosely affiliated networks, with a high-touch participant strategy in which many organizations offered IDAs independently. As an alternative, they recommended a middle path for the UWGLA, one in which each key partner in the project would be able to play to its strengths so that there were enough centralized functions for greater efficiency and accountability, while also maintaining a high-touch, intimate relationship with the participants.

The UWGLA adopted the Bain & Company's hybrid model and the proposed goal of 8,500 IDAs to be opened over five years with a combined investment of $46 million.

Successful Strategies

- **Structuring the IDA delivery system so that IDA providers are able to play to their strengths, while UWGLA takes responsibility for the parts of the program that tend to be most difficult for community-based organizations to manage**.

  - Nonprofit providers are responsible for all services to clients, including recruitment, ongoing monitoring and case management, and helping participants reach their savings goals.
  - UWGLA is responsible for centralized functions, including: fundraising, building and maintaining relationships with financial institutions, managing all client data collection and reporting, and contracting with a technical assistance provider to offer high quality financial literacy training.
  - UWGLA also recruits new nonprofit partners, provides ongoing capacity-building training, offers nonprofit partners a range of templates and tools to enable efficient program operation, and supplies operational grants to support program operations.

- **Brokering master agreements with financial institutions**. Over time, the UWGLA worked with financial institutions to create a system that is now effective for both nonprofit providers and financial partners. The UWGLA holds master accounts, within which individual accounts are clearly identified by their respective partner agency names. This means that the bank partners do not have to interface with numerous community-based organizations; instead they have one point of contact at the UWGLA.

  - UWGLA has assumed the responsibility of the liaison role with the financial institutions, after initially leaving it to the partners to develop their own relationships. The problem with the earlier approach was that it meant that UWGLA had very little information about the number of accounts that were being opened (and the consistency of program participants' savings patterns); it also meant that every organization was putting energy into working with banks rather than with their clients.

- Brokering master agreements with their financial partners required a very concerted effort over the course of a year.

- **Setting up systems with nonprofit and bank partners which benefits all stakeholders.**

  - UWGLA periodically arranges on-site visits from financial institutions to the nonprofit partners so that they can open multiple accounts at one time. This is time saving for everyone involved: program participants, staff of the nonprofit organizations, and the bank staff.
  - UWGLA set up a system in which nonprofits have to request authorization from UWGLA prior to opening IDAs so that UWGLA has real-time information about the number of accounts that are opened.
  - UWGLA staff are resources for their partners: they are involved not only in training staff at nonprofit organizations but also provide technical assistance to bank staff when needed.

- **Strategically selecting partners already engaged in asset building work.** Over time, UWGLA learned to be more rigorous in selecting partners which already have a strong record in helping people acquire assets and want to offer IDAs as a complement to other ongoing existing programs.

- **Developing Letters of Agreement with each nonprofit provider that outline roles, responsibilities, and goals.** Letters of Agreement clearly delineate responsibilities and performance benchmarks so that the UWGLA can try to hold its large number of nonprofit providers accountable to program goals.

- **Leveraging funds from private donors and corporations to match federal funding for IDAs.** The UWGLA is able to draw upon its network of donors to raise additional funds specifically for this project so that its nonprofit partners do not have to spend any time garnering financial support for this project.

- **Connecting nonprofit providers to external resources.** The UWGLA contracted with one specialist organization, called Mainstream, to offer financial education training to every nonprofit partner's program participants, free of charge to the nonprofit partners and the participants. In this way, the UWGLA ensures the financial literacy component of the program meets the UWGLA's quality standards.

Challenges

- **High cost of housing in the Los Angeles Area.** While the program began during a time when there was a large number of vacant homes in Los Angeles, the price of housing in Los Angeles skyrocketed after the program's inception, making homeownership difficult for homes savers even with the support of the IDA program.

- **Growth depends on the availability of appropriate and strong community partners.** The UWGLA's original vision was to engage a large number of nonprofit partners – up to 50. Over time, the UWGLA staff found that there may be fewer appropriate partners with which to work in the greater L.A. area. As a result, they have shifted their original focus from collaborating with a large number of partners offering a few IDAs to fewer partners offering more IDAs.

- **Hard to accurately monitor progress of program *partners* due to a time lag in receiving participant account *enrollment* information.** The only way UWGLA can monitor the nonprofit partners who are recruiting program participants is by getting timely information about participants' enrollment patterns. Originally, UGWLA left it to the individual nonprofit partners to develop relationships with local banks and therefore did not have access to account enrollment information; however, it later centralized the relationship with the financial institutions so that it became the conduit for financial partners and could effectively monitor enrollment goals.

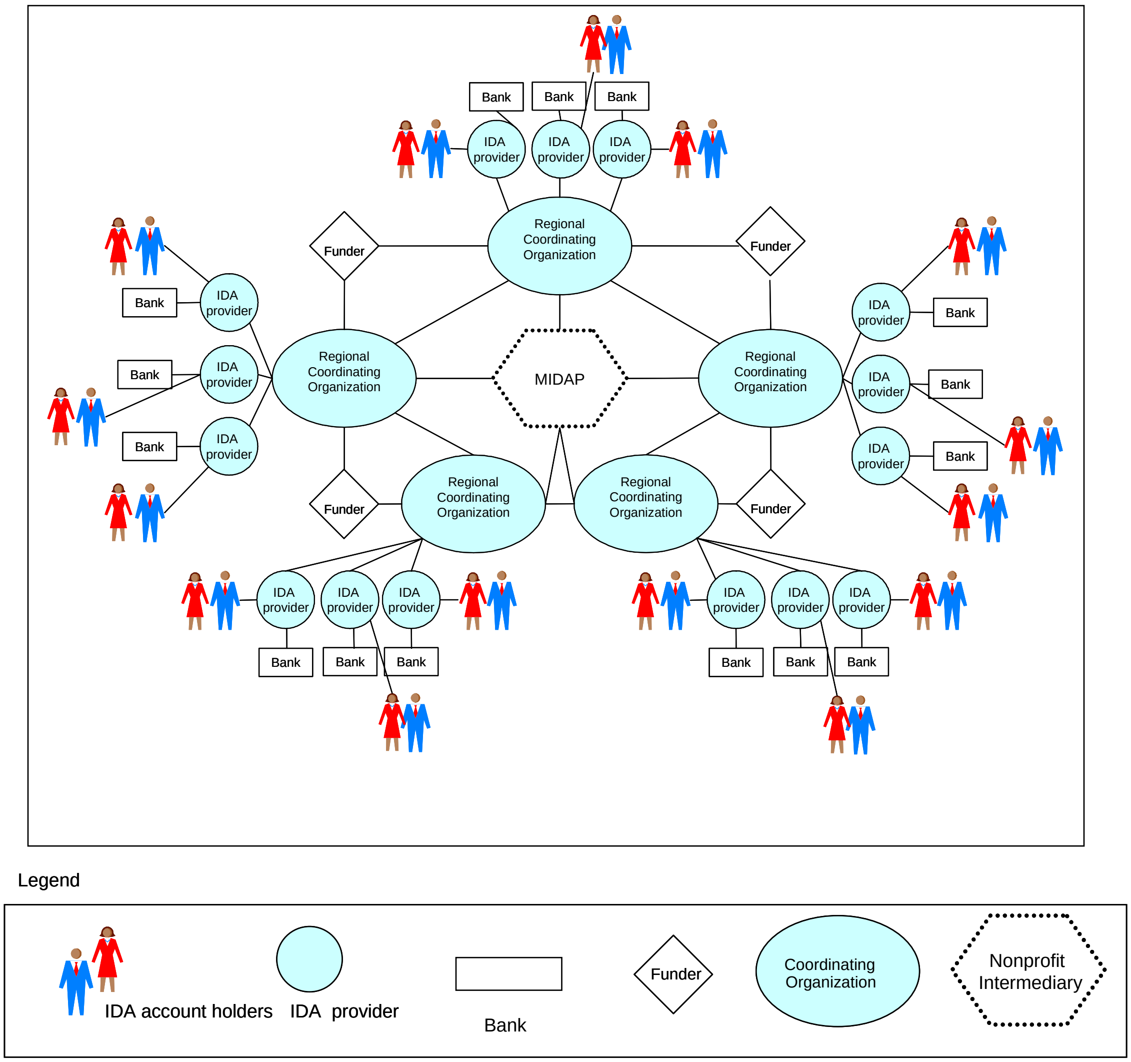
- **Hard to accurately monitor progress of program *participants* due to a time lag in receiving participant *savings* account information.** Rather than on-line, "live" participant account information, UWGLA has only been able to get quarterly savings statements from its banking partners (as of the end of 2004).

- **Lack of electronic transfer of account information.** UWGLA spends a significant amount of staff time manually entering data into their Management Information System for Individual Development Account (MIS IDA) system; therefore, it takes longer to generate the financial data and reports that they and their nonprofit partners need.

- **Deciding how to continue contracting with UWGLA's nonprofit partners.** Thus far, UWGLA has provided a set program grant amount of $30,000 to nonprofit direct service partners. However, it is considering moving toward a more equitable pay-for-performance model of funding since some partners have proven more successful than others.

Michigan IDA Partnership (MIDAP)
Michigan

MICHIGAN IDA PARTNERSHIP'S PROGRAM MODEL: BUILDING REGIONAL HUBS



NAME OF LARGE-SITE MODEL	Michigan IDA Partnership (MIDAP)
Year Launched	2000
Geographic Area Served	Michigan
ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with financial institutions	Nonprofit social service agencies
Client account data management	Regional Coordinating Organization (RCO)
Providing financial education	Nonprofit social service agencies
Raising IDA matching funds	Regional Coordinating Organization
Hosting IDAs	Various banks
Policy Advocacy	MIDAP

MIDAP

History and Context

The Council of Michigan Foundations (CMF) is a membership association of more than 400 grantmakers – including family, independent, community, public, and corporate foundations – working together to increase, enhance and improve philanthropy in Michigan. The primary focus of CMF's work is networking, education, and advocacy on behalf of the philanthropic sector. In addition, CMF staffs several projects, such as the Michigan AIDS fund and the Tobacco Settlement Partnership.

In 2000, the CMF launched a new project, in partnership with the State of Michigan Department of Human Services (DHS), when DHS offered CMF $5 million in surplus TANF funds to launch a statewide IDA program. The focus of this public/private partnership, the Michigan IDA Partnership (MIDAP), was asset-building for low-income families. MIDAP got off the ground quickly, in part, by hiring an Executive Director who previously led the development of a multi-site IDA initiative in Atlanta, Georgia. The Executive Director established an IDA Advisory Group, which was comprised of representatives from banks, state offices, private foundations, and community foundations, to guide MIDAP's development.

Prior to 2000, there were only five organizations offering IDAs in Michigan; two and a half years after MIDAP's launch date, over 50 organizations were offering IDAs; individuals had opened over 1,000 accounts; and 200 program participants had made asset investments in a home, education or small business through the program.

As of the end of 2004, MIDAP was a statewide network that included a central office; five Regional Coordinating Organizations (RCO,) which created regional IDA hubs; and over 45 community-based IDA providers. The Executive Director of MIDAP established a strong central hub for the project's first few years; however, this function was temporary by design. The Executive Director did not seek to create a standalone 501(c)(3), and CMF remained the project's fiscal agent. At the state-level, MIDAP was a lean operation that included the Executive Director, an assistant and, at times, several VISTA volunteers. During this first year, MIDAP's Executive Director developed policies and procedures as well as performance standards for IDA providers; selected Regional Coordinating Organizations; and selected initial community-based organizations to be IDA program providers.

The Executive Director of MIDAP sought to build a statewide partnership that relied on strong networks that were organized at the regional level. Organizing at the regional level enabled the project to have a broader and more comprehensive reach within a large and diverse state. MIDAP's Executive Director hoped this would foster ongoing political support for the partnership throughout the legislature. MIDAP's Executive Director also hoped well-organized regional hubs would enable the Partnership to tap into local, state, and federal funding sources in a more effective way.

Because the Executive Director envisioned that the statewide office of MIDAP would ultimately cease to exist, he saw the RCOs as essential to the long-term success of the project. For this reason, MIDAP's Executive Director proceeded planning cautiously in selecting RCOs, and phased in partners over time. He selected RCOs in three of the five regions, where it was clear who the RCO should be. In the remaining two regions, MIDAP provided planning grants as an interim step before selecting RCOs.

Once RCOs were on board they became responsible for a network of eight to 12 IDA providers in their region. Their role now includes recruiting new IDA providers, providing ongoing training and technical assistance to their network, monitoring providers' performance, developing and overseeing regional pools of matching funds, and monitoring providers' client data management.

In its first year, the central office of MIDAP selected an initial 25 program sites. One of the reasons MIDAP was able to connect to so many programs so quickly was that it tapped into the existing network of community action agencies throughout the state.

The Executive Director decided to recruit a large number of program sites, each of which would offer a few IDAs, rather than selecting a few larger-scale partners. He chose this strategy because it enabled the project to get started quickly, and it enabled MIDAP to get the geographic reach that was so essential to the project's political success.

Program sites that joined MIDAP are responsible for recruiting IDA participants, providing ongoing case management and financial education, tracking and reporting on participants' savings activities, building and maintaining relationships with financial institutions, and ongoing tracking of client information.

Successful Strategies

- **Developing policies and procedures for operating IDA programs.** This enables programs to see how they can integrate IDAs into their current programming with minimal additional training.

- **Developing a strong regional infrastructure to sustain the statewide effort.** MIDAP's central office remains small. Much of the skill and expertise in program operations resides in the regional hubs and in the program sites, themselves. Creating a decentralized network, with regional hubs, means that there is room for experimentation and learning within the system. It also means that MIDAP is able to leverage larger amounts of federal, state, regional, and local funds to support its work. *The limit for single proposals to AFIA is $1 million, but by applying regionally, Michigan was able to garner over $2 million.* And because of the local focus of many private foundations and public sources, RCOs are often in a stronger position to apply for funds than is MIDAP.

- **Linking to the existing nonprofit infrastructure.** MIDAP cast a wide net to identify potential program sites. Some organizations that initially joined as partners were not effective in offering IDAs, but now serve as referral sources for the program.

- **Engaging in ongoing policy advocacy.** MIDAP's Executive Director is engaged in ongoing advocacy efforts to expand policies that support asset-building programs .sites that remain with the partnership. By choosing a large number of partners who devote a small portion of their time to IDAs, rather than a small number of partners who devote a lot of time, MIDAP is able to draw upon existing organizations' expertise and establish a statewide presence with minimal staff and administrative costs. Having many partners throughout the state also strengthens statewide advocacy efforts.

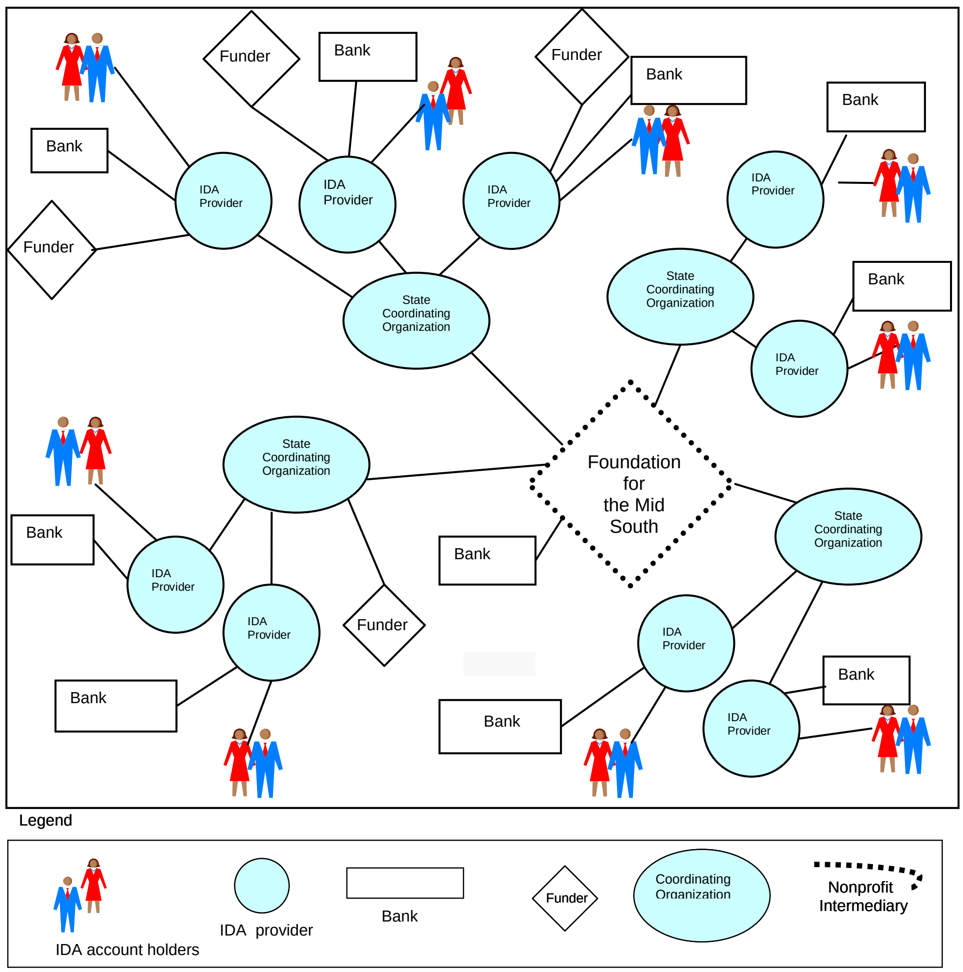
Challenges

- **Future funding for the Regional Coordinating Organizations.** As MIDAP ceases to have a state-level presence, and all of the functions played by MIDAP are taken over by the RCOs, these entities may face some significant challenges in securing funding for IDA matches and program operations.

- **Finding IDA policy advocates outside of the network.** One role that the Executive Director of MIDAP was not able to shift to the RCOs is policy advocacy. Given the importance of this function in sustaining and building the IDA field in Michigan, the Executive Director has had to look for an opportunity outside the network to play this role after MIDAP's central office closes its doors.

Mid South IDA Initiative
Mississippi, Louisiana, Southeast Texas & Arkansas

MID SOUTH IDA INITIATIVE'S PROGRAM MODEL: BUILDING STATEWIDE NETWORKS



NAME OF LARGE-SITE MODEL	The Mid South IDA Initiative
Year Launched	2002
Geographic Area Served	Arkansas, Louisiana, Mississippi, Southeast Texas
PRIMARY ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with banks	Nonprofit social service agencies
Client account data management	Nonprofit social service agencies and State-level agencies
Providing financial education	Nonprofit social service agencies
Raising IDA matching funds	Nonprofit social service agencies and Louisiana IDA Collaborative
Hosting IDAs	Various banks
Policy Advocacy	State-level agencies, including the Arkansas Assets Coalition and Louisiana IDA Collaborative

History & Context

The Foundation for the Mid South (FMS) is a regional development foundation, whose mission is to build philanthropy that promotes community development, leadership development, and innovative grantmaking in Arkansas, Louisiana, and Mississippi. Serving a region with an extremely high poverty rate, FMS staff recognized the potential value of IDAs. With the goal of breaking intergenerational cycles of poverty by providing wealth-creation opportunities for individuals and communities throughout the region, FMS launched the Mid South IDA Initiative in 2002.

Entergy Corporation has been a key partner and funder of the work of the FMS since its founding in 1990, and the Corporation was instrumental in supporting the creation of the Mid South IDA Initiative. At the outset, Entergy committed $1.2 million to the Mid South IDA Initiative, of which $1 million was to be re-granted to community-based organizations within the Corporation's service area. (Entergy's service area includes Southeast Texas; as a result, FMS supported the development of IDAs in Southeast Texas, even though Texas is not normally within its geographic target area).

At the time that FMS established the IDA Initiative, there were only a few organizations offering a small number of IDAs in pockets of Louisiana (although there was a stronger IDA presence in Arkansas). From the beginning, FMS recognized that it could play a useful role by helping to catalyze the implementation of IDAs throughout the region. *Rather than establish an infrastructure that would directly support an ongoing association of IDA providers, the FMS directed its efforts and funds toward supporting several state-level networks and providing seed funding to IDA providers that would continue to offer IDAs after the Foundation ceased to be involved.*

Successful Strategies

- **Providing initial seed funding and capacity building to IDA providers as well as to state-level coordinating bodies.** The Mid South IDA Initiative is an ambitious effort in a large region, where there is limited IDA activity at its outset. Through a multi-pronged approach of providing information and funding opportunities for both community-based organizations and entities with the potential to serve as state leaders, FMS has been able to spark and support a range of IDA activity across the area.

- **Offering training, convening, and information sharing opportunities across the region.** Through the Mid South IDA Initiative, FMS offered annual trainings, ongoing meetings, and opportunities for peer learning that otherwise would not take place. Organizations are able to draw inspiration and information from each other.

- **Supporting different organic models for expanding IDAs within each state.** The Mid South IDA Initiative built on the strengths of the existing nonprofit infrastructure. This meant that it has tailored the type of support it offers to best meet their needs, rather than imposing a cookie cutter approach for rolling out IDAs within the region.
- **Concentrating efforts on supporting state-level agencies already working to promote asset-building policies, rather than developing data management functions at FMS.** FMS does not provide support related to linking to financial institutions, managing client data, or connecting nonprofit providers to external resources in the same way that other large-site lead organizations do. These aspects are either provided by the state-level organizations that the FMS funds or are managed by IDA providers themselves.

- **Implementing a fee for service schedule, in which organizations receive reimbursement for each milestone that they help participants achieve.** This means that some partners simply refer clients to an IDA program, others provide case management services, and the third group offers financial education. Some organizations provide all three of these services. One state-level organization pays a total of $650 for each IDA client that is taken through the entire process from opening an account to making an asset purchase.

Challenges

General Challenges

- **Finding on-going sustainable funding beyond the FMS.** While the Mid South IDA Initiative has been effective in sparking IDA initiatives in the region, the question of whether these will continue to grow is unresolved. As the FMS plans to step out of its role as a funder, the hope is that state level organizations will take the lead in raising funds, convening providers, and offering the kind of technical assistance and training that has been so valuable to IDA providers and the state-level agencies.

- **Need for more policy advocacy at the state-level.** Because, for example, Louisiana has been so focused on program implementation, they have not had the capacity to focus on policy efforts that could enable them to keep TANF funds flowing to IDAs throughout the state.

Challenges Specific to Rural Areas

- **Teaching financial education and asset-specific classes over a large, rural region.** The Mid South IDA Initiative struggles with how to teach classes in a cost effective way, balancing the desire to lower costs by using technology, such as video conferencing, with the desire to develop personal relationships with participants and be responsive to individual needs.

- **Need for more than one financial partner when one financial institution does not have a presence throughout the service area.** Many rural banks are locally owned. Therefore, it is time consuming to establish a relationship for IDAs with a financial institution in one town and then have to replicate that process in the next town.

- **Greater distrust/fear of financial institutions in rural areas.** Some rural residents do not have familiarity with ATMs and fear financial institutions more generally.

SECTION III
WHAT MAKES LARGE-SITE MODELS EFFECTIVE

Culling common lessons learned from each of the five large-site models, this section describes key dimensions that make large-site models effective and cost-efficient.

Some success factors shared by large-site models profiled in this report include:

- Philanthropic champion and/or strong lead organization with strategic planning and advisory groups
- Financial development and sustainability
- Strategic selection of community partner organizations
- Strategic selection of financial partners
- Use of market segmentation
- Cost-efficient infrastructure development
- Investment in technology

PHILANTRHOPIC CHAMPION AND/OR STRONG LEAD ORGANIZATION WITH STRATEGIC PLANNING AND ADVISORY GROUPS

New large-site models need a philanthropic champion and/or a strong lead organization capable of raising funds. Each of the models profiled has a philanthropic champion and/or lead organization with strength in fundraising (three of the five models featured were actually initiated by foundations), strategic planning, and cultivating relationships with public officials and future partner organizations.[6] These philanthropic champions/lead organizations were intentional about developing a large-site IDA model from the inception of the program; they built in considerable time for planning (up to one year,) and organizing advisory groups of stakeholders important to a successful IDA program. Even in the case of MIDAP, where the goal of the lead organization was to build the capacity of regional offices and eliminate the need for the central office over time, the leadership and planning initiative of the statewide entity was an important part of establishing a working large-site IDA delivery system. Conversely, without the backing of a strong champion with financial resources, there are limits to how large an individual, grass-roots IDA program can grow.

FINANCIAL DEVELOPMENT & SUSTAINABILITY

The lead organization or champion of the IDA initiative may expect their own role to end over time. Two of the models studied had catalytic funding organizations that planned for their role to become extinct. In Michigan, the Executive Director who initiated the statewide IDA network set up regional offices and planned for the statewide office to be phased out over time. And, in the Mid South, the FMS sought to empower state-level networks that could continue IDA efforts long after its involvement. Both envisioned a

[6] In the CAPTC model, CAPTC is the strong lead organization who performs all of the IDA functions in-house while relying on partners for referrals.

final structure that was more locally controlled. This structure works best in cases where localized control will be more effective over the long term.

Large-site models initially rely on one major funding source. Most of the large-site IDAs studied started with one major funding source, such as surplus federal Temporary Assistance to Needy Families (TANF) funds, AFIA funding, a private foundation grant, or corporate support. This was a critical step in developing their large-site models. For example, Entergy Corporation has had a close relationship with the FMS since the Foundation's inception, and Entergy was a significant initial funder of the IDA program in the Mid South. This enabled the Foundation to set up a multi-state system for IDA delivery. Similarly, the Council of Michigan Foundations infused significant funding to begin a large, statewide IDA model in Michigan. In the development phase, having significant funding from one source helps to build an infrastructure for large-scale delivery.

The UWGLA provides an interesting case of how funding affected the overall structure of IDA delivery in Los Angeles. When the UWGLA received a large allocation of federal funds through the AFIA, other organizations that were planning on seeking funds approached the UWGLA and were accepted as part of the Saving for the American Dream Program. This created a spirit of collaboration where there might have been competition.

Potential future funding sources must be taken into account when creating structures. One of the reasons the Michigan IDA Partnership empowered regional offices was to maximize the likelihood of local funding. EARN, on the other hand, used its role as an organizer of many IDA providers to raise funds for its direct service providers. Identifying potential funding sources as structures are developed will help to maximize funding over time. Further, achieving economies of scale is incumbent on the availability of future funding, multiyear commitments by funders, and a structure that is flexible enough to expand and contract to meet the changing funding needs.

STRATEGIC SELECTION OF COMMUNITY PARTNERS

Partnerships are instrumental in maximizing resources to serve large numbers of IDA participants. New organizations should evaluate the nonprofit landscape in its targeted geographic region and strategically select partners. CAPTC developed cross-referral relationships and partnered with an educational institution to develop and deliver the financial education curriculum. As documented in the previous case study chapter, other large-site IDA models further extended their collaboration by splitting responsibilities such as centralized "back-office" account management and fund development functions from decentralized "front-line" direct services (recruitment, enrollment, case management, financial education and asset purchase assistance).

In deciding upon the appropriate service delivery structure, new large-scale models should consider:

- the geographic scope of the program;
- the existing nonprofit infrastructure in the target geographic region;
- the existing IDA landscape in the geographic region;

- the diversity of the population and cultural/linguistic capacities of potential partners;
- the infrastructure of financial institutions; and
- the local funding environment.

Structures also evolve and improve over time, so a willingness to change and grow is important for success and sustainability no matter which delivery model is adopted.

New large-site models should evaluate the existing IDA landscape. The structure of a large-site model depends in part upon the existing IDA infrastructure in the targeted geographic region. If there are already mature IDA providers, the role of a lead organization looking to develop a large-site model would be different than if there are limited or no IDA providers. For example, in L.A. there were relatively few IDA providers in the county so UWGLA stepped in to create a macro structure. In contrast, the Bay Area was already home to two relatively developed regional IDA collaboratives, so EARN carved out a role initially only in San Francisco, then expanded as needed. In the Mid South, Louisiana and Arkansas had two organizations playing leadership roles in IDA development, but Mississippi did not have any IDA providers. So when FMS entered the scene, it was instrumental in initiating the state-level organizing body for Mississippi but, in contrast, worked with and built on the statewide networks already in existence in the other two states. Here, there was less of a role for FMS related to linking to financial institutions, managing client data, or connecting nonprofit providers to external resources, compared to other champion organizations of large-site models; those functions were left instead to the state-level organizations that FMS financially supported.

New large-site models should make use of existing service delivery systems. Within a geographic region, the landscape of existing nonprofit service providers also affects how new services will be delivered. Many large-site IDA models involved partnerships among multiple nonprofit agencies in a "hub and spoke" model – that is, providing oversight and support to a number of agencies that each provide IDA case management to clients. Others used a variety of partners who each brought different skills to the collaborative, such as referral partners, case management partners, and financial education partners. The existing network of nonprofits in a given geographical region affects these decisions. Thus, the structure of the nonprofit service delivery system in a particular region will affect the IDA structure. In places like Los Angeles where many nonprofits each cover a key population and have the capacity to add IDAs as a tool for working with their clients, models may set up a structure that includes many "spokes" within one overall region.

To select direct service providers, two distinct strategies emerged in the five large-site IDA models studied: 1) careful selection of partners through up-front screening or 2) casting a wide net and standardizing performance measures. **Pre-selecting direct service providers increases up-front work but decreases changes in the system over time.**

Including as many direct service providers as possible helps to inform the larger nonprofit field about IDAs, but may require more training of partners. As MIDAP started up, any provider who wanted to join received a flat fee of $400 for each IDA opened. The request for proposals was seen as an opportunity to educate the nonprofit field about IDAs. Even those that ceased to offer IDAs became better informed about them and could contribute to the state's collective knowledge, political support, and excitement about this asset-building program.

In selecting front-line partners, direct service providers that are already engaged in asset development are more likely to be successful than those that are not. Many of the large-site models found that direct service providers working with clients towards developing particular assets more easily integrated IDAs into their client services. As opposed to a "stand-alone" IDA program, the IDA becomes an "add-on" product within an existing asset building infrastructure, which substantially reduces costs. UWGLA used input from asset development organizations, such as Fannie Mae and Countrywide Lenders, to add partners already committed to asset development to its IDA delivery structure. The process by which UWGLA selected partners also became more rigorous over time, as it became more concerned with the number of individuals who were able to acquire assets, rather than just the number of accounts opened.

In San Francisco, EARN originally partnered with large social-service organizations that worked with clients to improve wages or family supports. Adding a savings account product to these services, however, was not successful. EARN subsequently selected partners who are already focused on asset-building work and/or specialize in serving a particular market segment. EARN decided to increase the capacity of a few stronger, asset-focused organizations to open many IDAs (as opposed to several, less asset-focused organizations each offering a few IDAs).

On the other hand, as mentioned, MIDAP took the "cast a wider net" approach to identifying potential program sites. Some organizations that joined as partners were not effective in offering IDAs, but ultimately served as referral sources for the sites that remained with the partnership. By choosing a large number of partners who devoted a small portion of their time to IDAs, rather than a small number of partners who devoted a lot of time, MIDAP was able to draw upon existing organizations' expertise and establish a statewide presence with minimal staff and administrative costs. Which approach to take in part depends on the network's goals. EARN is rigorous in its goal of creating the most efficient delivery systems for IDAs; thus, casting a wide net that then required intensive training would not have been the right decision for EARN. In contrast, MIDAP—a public-private initiative—wanted to reach deep into diverse geographic pockets of the state and build a statewide political infrastructure to maintain and grow IDAs at the state level. Thus, the wide net approach made sense.

In a rural area with a weaker nonprofit infrastructure, there is not much choice in nonprofit partner selection. While FMS may have preferred to partner with asset-building organizations, in many situations, it funded the primary or *only* existing nonprofit organization in a small town, which offered a range of services but was not necessarily focused on asset building. Thus, **partnership selection depends both upon the goals of the initiative and the existing nonprofit infrastructure.**

STRATEGIC SELECTION OF FINANCIAL PARTNERS

Large-site models can help to bring financial institutions into the overall IDA program structure. When the UWGLA first created partnerships with direct service providers, the providers were expected to establish relationships with financial institutions. Following that year, however, UGWLA brokered agreements with financial institutions; it held master accounts with banks within which were sub-accounts for each nonprofit provider. This made it easier for UGWLA to collect necessary monitoring data, for the financial institutions to hold multiple accounts with multiple direct service providers, and for the direct service providers to avoid having to create their own relationships.

Partners within the large-site models which already have relationships with a particular financial institution may rely on that relationship as a resource in developing their delivery system. In San Francisco, all accounts through EARN were held at Citibank, which has coverage all over San Francisco. Concentrating many accounts with as few financial institutions as possible helps the financial institutions enjoy efficiency and control costs, while the IDA direct service providers enjoy easier partnerships and adherence to funding regulations. In places that require partnership with multiple financial institutions to cover the region, an intermediary organizing body of the model either brokered agreements with financial institutions or helped local organizations with their own agreements.

Factors to consider in selecting financial partners include their:

- Ability to transfer IDA account information electronically to partner
- IDA Account features (ATM accessibility, minimum balance requirements, withdrawal limitation features, waived fees, etc.)
- Geographic coverage of target area
- Linguistic/cultural capacity of staff to communicate with target population(s)
- Other offerings (e.g. free credit reports, volunteer financial education instructors, willingness to work collaboratively, etc.)

USE OF MARKET SEGMENTATION[7]

IDA participants who need a high level of support services to be successful in an IDA program require greater investment from direct service providers. EARN's structure provides a good example of the need for increased partnership with direct service providers for some populations, using a market segmentation approach. EARN identified three different segments of the working poor population and developed community partnerships with organizations that could meet the needs of those different segments. For populations that needed minimal support, however, EARN offered IDAs directly. This hybrid model offered an efficient way to reach and successfully serve a range of market segments. It also enabled EARN to keeps its operating costs flat, while growing its IDA program.

Similarly, CAPTC developed an intake process which asked questions needed to divide the IDA client pool into so-called "red," "yellow," and "green" savers. Green savers saved regularly, with or without staff support, and yellow savers saved irregularly and unpredictably. Red savers, in contrast, had difficulty saving at all and needed to work on increasing their income and improving their credit before moving toward asset acquisition. After segmenting the market into these three groups, CAPTC allocated very little IDA staff time

[7] For a more thorough analysis of market segmentation, refer to the second paper in this series, *Market Segmentation in IDA Programs: Practice and Research,* available at www.nedlc.org.

on the red savers, no staff time on the green savers, and concentrated staff time and resources on the yellow savers, where the difference between saving or not saving was often times determined by staff support.

Large-site models targeting multiple populations may require a partnership of organizations with varying expertise. Support for IDA participants is more effective when it is sensitive to participants' cultural and economic backgrounds. Differing populations may require case managers to have specialized skills or knowledge areas, such as fluency in other languages, knowledge of immigration law, or cultural sensitivity to savings patterns in communities of origin. In the EARN example, the five partners each served a different population in San Francisco, and together covered a cross-section of San Francisco residents. None of these partners had the expertise to work with all of the targeted populations, so multiple direct service providers were necessary. Similarly, in Michigan, regional offices accounted for differences of populations by geography—northern Michigan residents held accounts with providers that knew their local communities, whereas those in the south worked with case managers familiar with southern communities.

COST-EFFICIENT INFRASTRUCTURE

Economies of scale occur at certain thresholds which are not reached during initial operation. IDAs are costly, and during the initial stages of large-scale delivery, cost efficiencies may not be realized. Understanding what economies of scale may eventually be reached enables planners to set up structures that will be cost-effective in the long run. Each of the large-site models had a different strategy for the number of direct service providers that joined the network and the start-up funding they received. In the Mid South, funding not only matched participants' savings, but also provided up to $20,000 for the agency's operational support. Similarly, in Los Angeles, direct service providers received $30,000 for start-up expenses in addition to matching funds. On the other hand, two other IDA models, Michigan and EARN, offered flat fees, so potential long-term IDA partners would be compensated for continuing to offer IDAs. This minimized investment in early partners who did not remain in the collaborative.

Centralizing certain functions lowers costs and yields economies of scale. As will be elaborated on in the next section, functions such as data management, fundraising, and bank relations are often most cost effective when centralized through a lead or intermediary organization. It is duplicative to have each partner organization invest in the infrastructure for data management. Economies of scale are realized through centralized data management. Similarly, building the capacity of many partner providers at once and creating standardized forms and processes are also more efficient when centralized.

INVESTMENT IN TECHNOLOGY

Large-site models make investments in technology to increase efficiency and reduce costs. CAPTC worked closely with its financial partner from the beginning to develop a process for electronically transferring participant bank account data. This saves considerable costs and staff time which would otherwise be devoted to manually inputting data. All of the models invested in the Management Information System for IDA programs, MIS IDA, which standardizes data collection and funder reporting requirements. EARN is BETA testing an on-line, web-based IDA product and has piloted an on-line financial education program. Lastly, MIDAP invested in list-serves and a common database system to link service providers across regions.

The Foundation for Midsouth invested in the Louisiana's management information system, IDACL-IS (IDA Collaborative of Louisiana Information System). IDACL-IS was developed to facilitate the process by which applicants form across the state were pre-qualified, approved for enrollment, and monitored on a monthly basis to track their savings account activity as well as their completion of the required trainings. It was also designed for provider partners across the state to submit monthly reports that captured the progress of their clients but also provided invoice information. These up-front and continual infrastructure developments save money and time in the long-run.

SECTION IV
FUNCTIONS OF LARGE-SITE MODELS

Many large IDA initiatives develop approaches in response to the direct service providers in their regions, playing to their strengths and providing functions to fill in capacity gaps within their local landscape. In doing so, large-site models foster efficiencies and improve programmatic components common to all IDA initiatives, in addition to building the IDA field as a whole. This section highlights the benefits of providing both common and broader field-building functions through large-site models.

Large-site models centralize these common components of all IDA programs, thus creating efficiencies in program management:

- Fundraising
- Data management
- Working with financial institutions

Large-site models build the IDA field by serving these functions:

- Increasing the capacity of partner providers
- Advocating for policy change
- Raising public awareness

COMMON IDA FUNCTIONS

Fundraising

Large-site models provide centralized fundraising efforts. Centralized fundraising efforts result in more efficient fundraising from federal and state funds, foundations, and corporations. In most cases, an intermediary or lead organization raised significant dollars that were disbursed to direct service providers as operating grants and as matching funds for the IDAs. In Michigan's case, however, fundraising was not centralized because the collaborative realized that it could access *more* federal AFI dollars through separate regional applications, rather than through one statewide application. In this case, MIDAP still helped coordinate fundraising by offering grant templates and marketing materials.

Participation in a large-site model makes it easier for many direct service partners to access funding for their own programs as well. Because foundations tend to support collaborations over individual programs, this enables IDA programs to provide more IDAs than they otherwise would have been able to do. Partners in the collaborative can demonstrate greater impact through the larger aggregate numbers served in a collaborative, another attractive feature to the philanthropic community.

Large-site models leverage existing connections to funders for support of the large-scale IDA program. The UWGLA was able to use its extensive connections with private donors and corporations to get more money for the local IDA field. Similarly, EARN leveraged its success in the IDA field to get three grants from the federal AFIA, and to get private foundation and corporate support within the Bay Area.

Data Management

A major function of many of the large-site models' centralized functions related to data management.

Data management is more efficient if centralized. Data management is a time-consuming and costly portion of all IDA provider operations, and is made much more efficient if centralized, especially as programs and accounts grow in number. Rather than each individual provider investing in the data collection infrastructure, one lead or intermediary organization purchases one MIS IDA for the collaborative, which ensures adherence to federal reporting guidelines, saves money, and creates economies of scale. Systems may also be set up in large-site models to streamline necessary information from financial institutions and direct service providers. This ensures better compliance with funding guidelines, and increases likelihood of renewal funding.

Working With Financial Institutions

In addition to using their influence to pull financial institutions into the structure of the IDA program, large-site models also play a functional role in working with financial institutions to improve the IDA product and delivery system.

Large-site models manage relationships with financial institutions to make their participation more effective. Paving the way for later IDA providers, CAPTC was the first to work with its banking partner to develop a mechanism to electronically transfer participant account information, saving time and money from manually inputting the required data into MIS IDA. The UWGLA and EARN manage master accounts with financial institutions, within which are sub-accounts for each nonprofit provider. EARN also centralizes the process for opening accounts and making withdrawals from their financial partner, Citibank, so that the bank's participation is more efficient and cost-effective and the direct service providers can focus on their strength: client services.

FIELD BUILDING FUNCTIONS

Increasing Capacity

Beyond developing individual programs, large-site models build the field by increasing the capacity of direct service providers. This function enhances the success of IDA programs, expands programs to more participants, and provides the oversight and governance to comply with federal funding, foundation, or corporate guidelines. It also provides innovation for the field to become more effective.

Large-site models build capacity of nonprofits by giving grants for operating support. Many of the large-site models identified that their new direct service provider partners required operating support. UWGLA gave direct service providers start-up grants of $30,000. In the Mid South, FMS gave out funding geared toward building the capacity of direct service providers. Organizations applied for up to $20,000 for program operating funds. In the second year of funding, the FMS directed its dollars towards operating support since the matching funds were easier to raise through existing funding sources for IDAs.

Large-site models convene advisory committees to build a large-scale infrastructure for IDAs. Many of the large-site models studied pulled together advisory committees. The committees serve many functions. First, they provide oversight and expertise in developing a strategic plan for expansion. Second, they become ambassadors for IDAs in their respective fields, and third, the committees provide a structure for funders to remain involved in the implementation of large-site IDA delivery. The United Way's "Vision Council" consists of a work group of local partners to guide the UWGLA's efforts. Both EARN and the MIDAP formed steering committees of diverse stakeholders to guide the planning and expansion process. The FMS on behalf of the Mid South IDA Initiative brought representatives from financial institutions to serve on its advisory committee.

Large-site models help standardize policies and procedures. Providing quality standards helps to manage performance and assess effectiveness. In MIDAP, the central state-level office provides an oversight role and comprehensive policies and procedures to ensure providers' effectiveness. UWGLA developed letters of agreement with each direct service provider outlining roles and responsibilities and establishing benchmarks so that providers are accountable. And, both UWGLA and EARN equip partners with manuals containing forms and templates to standardize policies and procedures. EARN also provided direct service providers with a financial literacy curriculum based on national models. Standardizing these forms and practices reduces cost, since each direct service provider does not have to create these materials for their own program.

In addition to standardizing forms and manuals, the UWGLA also standardized the training that participants received through one provider. They contracted with a training provider to provide financial literacy training to participants at no cost to the provider or the participant.

Large-site models allow for opportunities for peer learning and field building. Lead or intermediary organizations of large-site models convene members and direct service partners of the collaborative to provide opportunities for partners to learn from one another. The Mid South IDA Initiative provides ongoing meetings and other opportunities for peer learning where lessons from the field are brought to bear on problems in the service delivery.

Large-site models build capacity at the local and/or direct-service-provider levels by facilitating training sessions. The Mid South IDA initiative offers an annual conference called the Mid South IDA Training Institute. Initially this was to provide basic information about IDAs, but over time, it began offering training on many different aspects of providing IDAs. In addition to planned training sessions, all of the models offer individual technical assistance to build the capacity of non-profit partner organizations. In Michigan's case, technical assistance requests are diverted to regional coordinators to build a system that would work over the long term, without the central initiating office.

Large-site models develop mechanisms to evaluate the direct service providers with which they partner. EARN supplies standard forms for providers to use, which helps them to scale up operation quickly, but this standardization also enables EARN to evaluate direct service providers. EARN also distributes quarterly information from the financial institution so that direct service organizations can benchmark their own performance. The UWGLA also focuses much of its efforts on monitoring program activities and is considering moving to performance-based contracting with its partners, rather than its current flat fee.

Policy Change

Large-site models advocate for policy changes that promote asset building at the local and the statewide level, such as:

- Securing long-term funding, e.g. a line item in the state budget
- Aligning state requirements with federal requirements so that states can use IDAs for assets like microenterprise
- Excluding savings in IDAs from means testing for public benefits

Large-site models cultivate relationships with public agencies which might have an interest in the funding streams surrounding asset building programs, or with city, county, state, or federal legislators whose support could aid asset building programs or policies. Large-site models also harness the power of coordinated advocacy: lead organizations with political and financial contacts represent community partners with diverse constituencies across an area.

Not all models have a focus on policy, since the successful implementation of an IDA system is challenging enough. However, as systems continue to mature and stabilize, intermediaries are freed up to play a larger role in policy development and advocacy.

Large-site models test new approaches and can move innovative practices to the larger field. EARN specifically includes program innovation in its efforts to model a scaleable IDA system. And, because large-site models are more able to connect with the field at large, they can transfer knowledge about what is working or not working in their programs and in doing so contribute to a broader Learning Cluster.

Large-site models cultivate relationships with public agencies and political entities. Many models dedicate time to develop relationships with key political officials, either city or state policy directors, or those willing to move the issue of IDAs within their jurisdiction. This relationship building is one of the ways in which IDA funding gets written into city and state budgets, and helps move some officials to become champions for IDAs in the future.

Large-site models work within existing local, state and national networks. Many models spend time marketing IDAs in other fields, such as with local corporations, professional and civic groups, and funders. This expands the IDA field and furthers policy change. Some of these entities become advocates, and some go on to become active partners. EARN, for example, was an active member of other asset development strategies and programs in the San Francisco Bay Area, such as the United Way of the Bay Area's Earned Income Tax Credit Campaign.

Large-site models start new policy networks on local, state, and national levels. EARN initiated the Asset Policy Initiative of California (APIC) in 2003 to address statewide policies to promote asset development. APIC provides a mechanism for the IDA providers to discuss statewide policy and integrate their programs into other asset programs in the state. Similarly, CAPTC has taken a leadership role in building state and national asset building policies through advancing, for example, a split tax refund program with H&R Block, as well as Oklahoma's participation in piloting universal accounts at birth.

Lead or intermediary organizations of large-site models inform their networks of changing policy. Local direct service providers rely on lead organizations to provide policy information and to link their smaller programs to a larger policy context. Intermediaries can also supply information about advocacy activities so that smaller IDA providers are able to affect policy development.

Raising Public Awareness

Large-site models play a role in raising awareness of IDAs. This marketing function contributes to the number and quality of partners who provide direct services to participants. It also affects fundraising efforts throughout the geographic region covered, and fosters advocacy and public will around policy change. Lastly, marketing also helps to recruit participants to IDA programs. Most of the people interviewed at the five models saw marketing as a critical function of their work.

SECTION V
CONCLUSION

These five case studies capture promising practices and lessons learned from each of the large-site models. While they are not necessarily a recipe for starting a new large-site IDA program, they do provide information about the strategies and innovations employed by each of the programs.

As these programs look forward, they are considering additional ways to expand, developing new structures based on some of the factors highlighted in this report. One issue that has faced some of the models is how to build the capacity of nonprofit providers who were not ready to be part of initial expansion. Additional support may be necessary to get them to the same place as early, stronger partners. The FMS, for example, has given grants to build computer networks in areas where there were not yet fully developed asset development programs.

EARN was considering the development of an alumni association of participants who have made an asset purchase. Models can play a role in helping former IDA participants to preserve their assets, and potentially strengthen existing IDA programs.

Like most IDA programs today, these models face fund development challenges in an uncertain policy environment, where no permanent public source of match or operating funds exists. The AFIA demonstration program ended in 2003 and was reauthorized on an annual basis in fiscal years 2004 and 2005. The Savings for Working Families Act, a federal bill which would provide tax credits for financial institutions to fund IDA programs, came close to passage but ultimately never made it through the legislative process. Given the uncertainty of federal funding, many IDA supporters have focused on advocacy at the state level and have taken advantage of state TANF dollars. With new federal restrictions on the use of TANF funding as match sources, continued state funding may be more challenging in the future.

For all of these reasons, the large-site models studied here, and others, have recognized the importance of raising public awareness and policy advocacy to support the continuation and further development of IDA programs and the field at large. Without a permanent source of funding, ultimately no IDA program is sustainable in the long-run.

Some leaders in the field have suggested creative ideas to raise private funds, including the development of a National Match Fund with a public champion which could inspire large-scale private donations to support IDAs. The models profiled in this report creatively leveraged public and private funds to support thousands of IDAs nationwide. Whatever the source of funding, the techniques employed by these large-site providers – streamlined data management and account withdrawal processes, standardization of forms and practices, centralization of back office functions, capacity building, maximization of existing nonprofit infrastructures, and use of technology – ultimately improve the service delivery process and control costs.

These five models profiled in this report are not the only ones to offer IDAs on a large scale, but they represent a group of pioneers effectively working to expand the use of IDAs so that more people can move, and remain, out of poverty. A more detailed case study report for each of these IDA initiatives can be found in the report's appendices. Understanding the *unique ways* in which each of these programs developed can help others think about how to create or expand IDA delivery systems.

APPENDIX A
FIVE CASE STUDIES

Below are more detailed accounts of the five large-site models profiled in this report. All case study information in this report is true as of the original interview dates, either the Fall of 2004 or 2005.

COMMUNITY ACTION PROJECT OF TULSA COUNTY (CAPTC)
TULSA, OKLAHOMA

Overview: Key Elements of CAPTC's Model

- **Integrating IDAs into the organization's ongoing programs, rather than developing a stand-alone program.** CAPTC is an anti-poverty organization that operates a variety of programs. The organization recognized the potential power of IDAs to help clients of its existing tax preparation and homebuyer assistance programs reach their goals. The organization never viewed IDAs a standalone program but as part of their integrated services to help move families out of poverty.

- **Demonstrating that very poor people could save with minimal incentives.** CAPTC made an intentional decision to target very-low income people as well as to provide the minimum IDA match rate. The organization had the goal of proving that very poor people only needed a minimal incentive to save; through its participation in the ADD project, CAPTC was able to determine the value of this approach.

- **Segmenting their client population so that they could focus their energy most efficiently.** Applying the concept of market segmentation to its IDA program, the organization categorized their clients into three groups: 1) those that would save without staff encouragement; 2) those that needed other income support and maintenance assistance before they would be ready to save; 3) those that were ready to save but inconsistent in their savings patterns. CAPTC decided to devote most of its staff energy toward assisting the third group of clients, who they considered to be at the tipping point between saving and not saving—and for whom staff support would have the largest impact.

- **Prompting technological innovation to enable electronic transfers of account activity information between its strong bank partner and CAPTC.** Highly automated from day 1, CAPTC developed a set of specifications outlining the type and format of information that it needed from banks for ongoing participant account management and reporting. The Bank of Oklahoma paid for the nominal costs of developing the electronic transfer system. With the bank's minimal investment, this system dramatically reduced the amount of time CAPTC's staff had to spend on paperwork and manual data entry, and it prompted other IDA providers across the country to explore establishing this type of electronic transfer with their financial services partners.

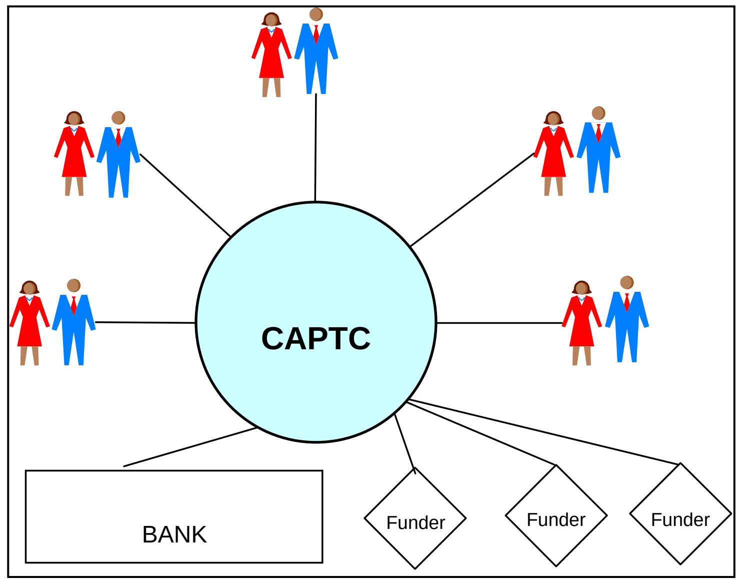
- **Successfully collaborating with other organizations for delivering of financial literacy classes and cross-marketing programs.** CAPTC developed successful partnerships with the Bank of Oklahoma and the Oklahoma State Cooperative Extension as well as other nonprofit organizations that referred clients to CAPTC for an IDA.

History and Context

The Community Action Project of Tulsa County (CAPTC) is a nonprofit community-based organization whose mission is "to help individuals and families in economic need achieve self-sufficiency." To this end, CAPTC offers a variety of programs and services, including: emergency aid, medical care, housing, tax assistance, community development, education and advocacy. CAPTC recognized that IDAs were a strong fit with its ongoing focus on income approaches to poverty alleviation, especially among the working poor. The organization was already assisting low-wage workers access Earned Income Tax Credit (EITC) funds, and CAPTC saw IDAs as an opportunity to encourage the savings of their tax refunds. In 1997, CAPTC competed to participate in the first round of the ADD project and was selected.

CAPTC was one of the first organizations to offer IDAs. At that time, there were no known best practices and no research studies from which to learn. One of the benefits of being a pioneer in this field was that the organization had little competition raising funds to support its work. CAPTC had commitments from private foundations prior to being selected for the ADD project. Once it had been

CAPTC's Program Model: ONE STOP SHOPPING



NAME OF LARGE-SITE MODEL	Community Action Project of Tulsa County (CAPTC)
Year Launched	1997
Geographic Area Served	Tulsa County, Oklahoma
ENTITY RESPONSIBLE FOR:	
Providing IDAs	CAPTC
Managing relationships with financial institutions	CAPTC
Client account data management	CAPTC
Providing financial education	Oklahoma State Cooperative Extension
Raising IDA matching funds	CAPTC
Hosting IDAs	Bank of Oklahoma
Policy Advocacy	CAPTC

selected, the number of funders who supported their IDA offerings grew further. CAPTC was also in a strong position to start offering IDAs because it already had an organizational infrastructure for some of the programmatic pieces and faced minimal start-up costs beyond needing to hire additional staff dedicated to IDA work.

CAPTC's work in the IDA field took place in three phases. First, as an organization in the first round of ADD, CAPTC offered the organization's current clients IDAs, filling between 150-220 slots. Next, CAPTC was selected as the evaluation site for the second round of ADD. Finally, based on its successes as a direct IDA provider, Oklahoma's Department of Human Services approached CAPTC and asked them to offer IDAs statewide through the network of community action agencies in Oklahoma.

Structure

From the beginning, CAPTC thought of IDAs as a tool rather than a standalone program; for this reason, IDAs were integrated fully into the rest of the organization. This meant the target population for IDAs was the same as for CAPTC's other programs. CAPTC focused on low-wage workers who were at the top end of EITC eligibility. During the first round of the ADD project, CAPTC did not find recruiting participants for the program difficult, because of the strong synergy between their existing programs and the IDA product. Unlike other ADD sites that struggled with recruitment, CAPTC had to implement a rigorous selection system through which they screened out potential participants.

CAPTC did experience more difficulty in recruiting participants for the second round of ADD, for which they needed to recruit over 1,000 participants. In addition to recruiting from its base of thousands of tax assistance clients, CAPTC relied on mass media to recruit participants – such as public advertisements on the radio – as well as outreach through the Housing Authority to broadcast information about the program. According to program staff, they got "ten applications for every eligible person" that actually became a program participant. Moving to a larger scale meant that program staff had to devote more time to the recruitment and eligibility screening process.

CAPTC's IDA participants could use IDAs for home purchases or repair, education, micro-enterprise, and retirement savings.[8] CAPTC staff saw the benefits of offering IDAs to complement existing programs such as home buyers' counseling. At the same time, launching the IDA program prompted CAPTC to start a new program for participants interested in microenterprise.

Function

Unlike other large-site intermediaries profiled in this report, CAPTC offered the large number of IDAs itself, rather than relying on a network of other nonprofit providers to be the primary interface with clients. As a result, CAPTC fulfilled all of the roles that are generally split between the central (or intermediary) organization and its community-based providers. CAPTC did not do this work alone, however, the

[8] CAPTC proposed and got approval to add retirement savings to the type of savings allowed within the ADD program design. CAPTC wanted to allow for retirement savings because it seemed like an important way to enable participants to achieve improved financial well-being.

organization partnered with the Bank of Oklahoma to host accounts and the Oklahoma State Cooperative Extension to provide participants financial education.

Funding

CAPTC found it relatively easy to raise funds to support its initial efforts. Participating in a national demonstration project was a way to bring new attention to the work CAPTC was doing in Tulsa and to try out innovative approaches to poverty alleviation. Many private funders were attracted to this opportunity. Among the funders who supported their work were: The Corporation for Enterprise Development (which administered funds supporting ADD); eleven private foundations, including: Kellogg, Mott, MacArthur, and Fannie Mae; a number of in-state sponsors, including: the Bank of Oklahoma, Kaiser Foundation, Zarrow Foundation, Federal Home Loan Bank of Topeka; and, through the City of Tulsa, HOME and CDBG funds. Many other partners also contributed to the effort through in-kind contributions.

Services

CAPTC's IDA participants received a 2:1 match for home purchase and 1:1 matches for other uses such as post-secondary education, microenterprise, home repair, and retirement savings. CAPTC intentionally designed the program with a relatively low match rate because it wanted to demonstrate that low-income people could and would save, even without a large match rate as an incentive. The maximum matchable savings was $2,250, and the maximum asset accumulation allowed under the program was $4,500.[9] Participants could withdraw funds between six to 42 months after enrollment.

To help CAPTC's IDA participants reach their asset building goals, CAPTC required they participate in six sessions (12 hours) of general financial education prior to opening an IDA. Participants also had to attend asset-specific education sessions prior to withdrawing matching funds. The Oklahoma State Cooperative Extension developed and provided instruction for the financial education component of the program. Oklahoma State Cooperative Extensive was fully engaged in the effort. As one of CAPTC's staff described it, they "considered it *their* program as well, they [were more than] partners." CAPTC also integrated IDAs into its ongoing tax assistance program. The organization encouraged participants to put some of their EITC tax refund into an IDA.

Linking to Financial Institutions

CAPTC worked exclusively with the Bank of Oklahoma, the largest bank in the state of Oklahoma, to hold IDAs. The Bank of Oklahoma selected five of its approximately thirty branch locations in the Tulsa area to offer the IDA, rather than offering the service across all branches. The bank trained staff on the IDA program at these branches. IDA clients received a document from CAPTC that indicated that they were eligible to open an IDA, and CAPTC signed authorization forms that gave the bank permission to share account information with CAPTC. The accounts were non-custodial, meaning the clients were able to withdraw funds whenever they wanted without the signature of CAPTC. The Bank mailed participants quarterly savings statements.

[9] This describes CAPTC's IDA program design for the second phase of the American Dream Demonstration project.

The Bank of Oklahoma made small modifications to an existing savings product to create a unique IDA savings account that paid interest on balances and waived minimum-balance requirements as well as service charges. Further, the Bank created a mechanism by which CAPTC could download account activity data on a monthly basis. While this did not require much effort or resources from the bank, it provided significant efficiency gains for CAPTC. It dramatically reduced the amount of paper exchange required, and it meant that CAPTC did not have to manually input information from the Bank into its own MIS IDA database. This was a true success of the CAPTC program in building a strong relationship with its financial partner.

Partnering with CAPTC on this project was neither highly profitable nor very costly for the Bank. The Bank was not able to garner significant profits because of the small balances the accounts carry, the resources the Bank needed to create a file transmission system so that CAPTC could download account data, and the cost of mailing statements to the participants on a regular basis. At the same time, participating in the program was not extremely expensive for the Bank, and the Bank generated positive press and received CRA credit for their involvement in the innovative matched savings program.

Client Data Management

According to CAPTC's Executive Director, the program was "highly automated from day 1." CAPTC created a database to complement and supplement the general MIS IDA database. As described above, on a monthly basis, CAPTC was able to receive electronic data transfers of account activity from the Bank of Oklahoma into their MIS IDA database. This was a critical innovation, and one that other programs around the country began to emulate. This resulted in tremendous savings in terms of time and effort on the part of CAPTC and Bank of Oklahoma's staff. As a result, CAPTC was able to produce program reports quickly and send participants' monthly statements that showed their accumulated savings – both those they had saved and those they were eligible through matching funds.

Sustaining the Asset Development Field

Through its participation in the ADD projects, CAPTC provided evidence of best practices and paved the way for other organizations to begin offering IDAs. Because CAPTC developed and operated a large-scale program, through which it offered all of the IDAs itself, the organization needed to focus staff efforts in the most efficient way possible. One of the things they did early on was "market segmentation" of IDA clients into three groups so that staff could focus on those clients who were most likely to benefit from their support and assistance. The "green" group of clients included those who were already financially savvy and regular savers; staff devoted little time to this group because they were able to make use of the IDA product on their own. The "red" group included people who had a hard time saving and had no real experience doing so. CAPTC thought this group might be able to save at some point in the future, but, in the present, would benefit more from programs with an income building and maintenance focus rather than one that was focused on savings and asset-building. The "yellow" group of clients consisted of those who were periodic savers. This is the group on which CAPTC focused most of its staff time. As CAPTC's Executive Director describes it, these clients were at the "tipping point," between saving and not saving; without CAPTC's support these participants would be unlikely to save and build assets, but with IDAs and the assistance of CAPTC's staff they could be encouraged to do so.

CAPTC engaged in formal and informal advocacy to promote IDAs and the asset-building field. Because of their participation in the large-scale demonstration, the Executive Director felt a responsibility to actively engage in the policy process. Through these efforts, the organization was the first in the nation to get access to Community Development Block Grant funds to support IDAs; further, CAPTC worked with Oklahoma's Department of Human Services to waive the asset limits from means tests for public benefits. The organization also played a role in educating funders and policymakers about IDAs.

Challenges

As one of the pioneers in the IDA field, CAPTC faced some unique challenges. First, as the Executive Director describes, "there were no best practices." They had to innovate without tested knowledge about what had worked or had the potential to work with their clients. Organizations beginning or continuing to offer IDAs can benefit from research findings from CAPTC and other organizational pioneers in the IDA field.

Second, because CAPTC operated the entire large-scale IDA program itself, rather than supporting other nonprofits to offer the IDAs, the organization faced some significant challenges in delivering services efficiently. CAPTC was concerned that the program structure was too expensive to be sustainable, and that they needed to streamline their efforts. This was what drove the organization to think about segmenting their client population so that staff time was not split among too many individuals but was directed toward those who needed it and stood to benefit the most.

During the first round of the ADD project, when CAPTC offered relatively few IDAs, they were able to draw IDA participants from ongoing programs. To reach the number of eligible individuals needed for the second stage of the ADD program, which involved over 1,000 people, the organization had to do extensive outreach to the broader community. They received a lot of inquiries, but staff had to spend much more time on the recruitment and screening process. Furthermore, these new participants were not already engaged in CAPTC's other services. As a result, the organization was less able to implement its ideal model of providing IDAs as a product in conjunction with ongoing programs.

Finally, CAPTC's success in operating its own IDA program led the state's Department of Human Services to approach them to offer a state-wide IDA program. According to CAPTC, this later IDA project was driven by the state. CAPTC had less control over the program design, which was very frustrating and, according to program staff, this contributed to challenges in delivering services effectively.

Looking Forward

After playing a catalyzing role in the IDA field, CAPTC stopped offering IDAs through its agency in 2004. CAPTC never considered the IDA a program, per se; to them, it was another tool in their toolbox to alleviate poverty. The organization was most interested in demonstrating the combination of factors and supports that were most cost-effective and helpful to prompt low-income people to save. Moving forward with offering IDAs would have required the organization to apply for federal AFIA funds, which would have meant being subject to new program design restrictions. Rather than continue to offer IDAs under these restrictions, the organization has continued to pursue other innovative approaches to income building and maintenance for low-income people. The organization remains committed to providing asset-building opportunities, particularly those that encourage people to save at the moments when they are most motivated to take this step themselves. For example, the organization is very interested in offering children's savings accounts; currently CAPTC is in the experimental design stage for a new college savings account. CAPTC's Executive Director is interested in finding ways to encourage low- and moderate-income individuals build assets that do not require the support of an extensive nonprofit infrastructure. He recognizes the potential of mechanisms like payroll deduction and direct deposit into IDAs, which would require little of nonprofit organizations' staff time and effort, but which could dramatically increase low- and moderate-income households' savings.

CAPTC encourages nonprofits that are entering or continuing in the field to focus their work on clients who are periodic or inconsistent savers. CAPTC's Executive Director sees a clear role for banks in creating products that make saving simple and accessible to low-income households that are ready to save on their own, without enrollment in an IDA program. Finally, he advocates for a holistic approach to poverty alleviation and asset-building, in which income support, maintenance, and asset-building are all critical components, and in which IDAs are one more tool at low-income households' disposal to meet their financial and life goals.

EARN
SAN FRANCISCO, CALIFORNIA

Overview: Key Elements of EARN's Model

- **Adopting a market segmentation approach.** Realizing that case management is the most expensive component of an IDA program, EARN defined three market segments, which correspond to three types of working poor populations with different levels of case management needs. EARN is conducting analyses to design and offer products/services that meet the specific needs/preferences for each segment, rather than providing the same one-size-fits-all, full-service approach for *all* savers.

- **Developing a hybrid model.** EARN was a direct provider of IDAs to participants who needed less intensive ongoing case management and support to meet their asset-building goals; but partnered with other community-based organizations to enable them to add IDAs to their array of ongoing programs and services.

- **Providing technical infrastructure and administrative support.** The support provided to community partners included the management of bank accounts and the maintenance of client information, including personal and account data. Essentially, EARN provided an infrastructure that allowed community partners to offer IDA programs with minimal staff time and effort.

- **Centralizing banking relationships.** EARN was solely responsible for opening accounts and facilitating withdrawals from IDAs. By centralizing this function, it freed nonprofit providers from having to develop their own separate relationships with Citibank, the model's financial partner.

- **Engaging in policy advocacy.** EARN was able to bring its experience as a direct provider of IDAs and an intermediary for other IDA providers to bear on its policy advocacy efforts; further, EARN was able to keep its partners informed and engaged in the ongoing policy discussions that affected their programs' ongoing and future operations.

- **Providing ongoing innovation in program development.** EARN specifically set out to be a testing ground for new approaches and it sought to be a model program in the asset-building field. Through its creative partnerships with other direct service providers to offer IDAs, as well as with financial institutions and funders, EARN created new initiatives to help more families build assets.

History and Context

In late 1999 and early 2000, a group of 35 policymakers and public figures in San Francisco came together to create a new organization focused on helping low-income San Francisco residents save money and build assets. Originally known as the San Francisco Asset-Building Initiative, the organization later became the Earned Assets Resource Network, and eventually simply EARN.

Although the Bay Area was already home to some of the most prominent IDA programs in the country, EARN's steering committee saw an opportunity to expand the impact of these programs. They set a goal of helping ten thousand people open IDAs over the next five years, and they aimed to raise $50 million in private and public funds to support the effort.

When the Internet boom turned to bust in late 2000 and early 2001, EARN had to rethink its strategy. Led by its founding Executive Director, EARN shifted its primary focus from opening thousands of IDAs in the short-term to building a model for efficient and effective IDA delivery and advocating for policies that would strengthen asset-building products and services over the long-term. In short, *EARN shifted from **doing** scale to **modeling** how scale can be done in a high quality, cost efficient manner—thereby instructing the field at large.*

EARN's hope is to transform IDAs into a financial product widely understood, offered and accessed by the working poor, much the same way as 401(k) retirement accounts are used by middle and upper middle class/income Americans. They refer to this process as the "productization" of IDAs and associated services.

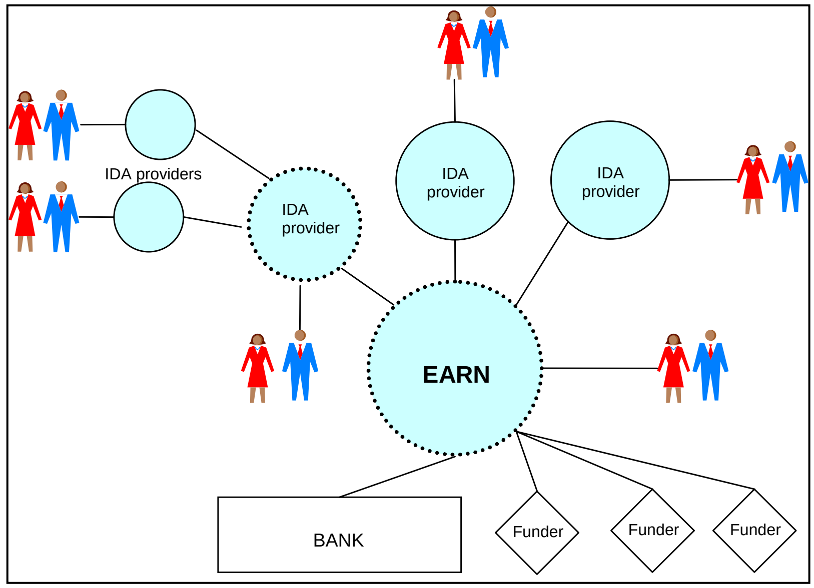
Structure

EARN played four distinct roles in promoting IDAs and asset building. First, EARN provided IDAs directly to San Francisco residents. Second, EARN served as an IDA intermediary, providing services and support to other IDA providers. Third, EARN sought to serve as an advocate, to convince other organizations and industries, such as the financial services industry, that they too might be able to offer large numbers of IDAs cost-effectively. Finally, EARN engaged in policy development to promote asset building locally and across the state.

Originally, EARN aimed to develop an IDA intermediary model along the lines of a "hub-and-spoke" model. In other words, EARN would serve as the "hub," providing assistance and support to the "spokes," the direct service organizations actually offering IDA programs to clients.

Initially, EARN also pursued a strategy of partnering with big social-service organizations to reach large numbers of clients. EARN soon found it was more efficient to choose partners who already had an asset-building focus. Even if these organizations served a smaller client base and, therefore, offered EARN the chance of opening fewer accounts, EARN did not have to spend much time selling the idea of IDAs to these organizations or spend time training staff to think from an asset-building perspective. While they might have fewer clients, more of these organizations' clients were ready and able to successfully participate in the IDA program.

EARN's Program Model: IMPROVING THE PRODUCT



NAME OF LARGE-SITE MODEL	EARN
Year Launched	2001
Geographic Area Served	San Francisco Bay Area, California
ENTITY RESPONSIBLE FOR	
Providing IDAs	Nonprofit agencies and EARN
Managing relationships with financial institutions	EARN
Client account data management	EARN
Providing financial education	Nonprofit agencies and EARN
Raising IDA matching funds	EARN
Hosting IDAs	Citibank
Policy Advocacy	EARN, via Asset Policy Initiative of California

As of 2004, EARN played this role of supporter and service-provider to five community partners. In the collaborative that developed, EARN and the community partners had complementary roles. The community partners had the history, connections, client base and expertise relating to the populations they served. They were responsible for recruiting potential clients, conducting orientation sessions to familiarize participants with the IDA program, providing financial education classes, and supporting clients through case management and other services. In selecting community partners, EARN chose organizations that served a wide variety of populations in order to reach a diverse cross-section of San Francisco residents.

Incidentally, one of the community partners, Juma Ventures, also acted as an intermediary itself, linking EARN and other youth-serving organizations in the San Francisco Bay Area. In addition to providing EARN accounts directly to its clients, Juma Ventures recruited other organizations (including the San Francisco Conservation Corps and a technology training organization called OpNet), to open EARN IDAs for their clients. Juma Ventures trained these organizations' staff on recruitment, intake, and case management for IDAs, while relying on EARN to manage these accounts.

Over time, EARN expanded its capacity and focus so that it not only offered IDAs through other direct service providers but also offered IDAs directly to "walk-in" clients. EARN came to understand that it could not effectively model scale and its market segmentation approach without directly serving any client who walked in the door wanting to open an IDA. EARN's leadership understood that many potential clients might benefit from the specific and intensive training delivered by the community partners, but they thought that other clients could be able to be successful in an IDA program with less assistance. EARN provided IDAs directly to clients that needed less intensive case management and support, such as those who were students at City College or already participating in programs that help people file for the Earned Income Tax Credit (EITC). Ultimately, by offering IDAs directly and through community partners, EARN was able to segment the market of potential IDA participants and ensure they got the level and type of services that best met the needs/demands of different segments of the working poor. As of late 2004, about half of the 600 clients with IDAs through EARN worked directly with EARN staff, while the other half through one of the community partners. *Using market segmentation and a hybrid approach to service delivery, EARN was able to grow a high quality IDA program while keeping operating costs flat.* Serving clients directly also allowed it to continually test out new ideas and approaches in the provision of IDAs.

EARN's goal in structuring its IDA service delivery system this way is to meet both the supply and demand side of the asset building market:

Functions

Funding

One of the primary benefits that EARN provided to its community partners was access to funding. EARN secured the majority of its funding for IDA matching dollars from the federal government through three successful proposals under AFIA funding program. EARN completed the application for the AFIA funding and served as a conduit for each of its five community partners. EARN was also successful at soliciting funding from foundations and corporate sponsors in the Bay Area and nationwide.

Together, AFIA and local match funds paid for up to $4,000 in matching funds for each IDA. In addition to the matching dollars, EARN provided each community partner with a one-time payment of $400 for each account opened; this $400 was meant to provide operating support to cover the cost of partners' staff time and training. From EARN's perspective, this was a far more cost-effective method of offering IDAs than if they had offered all of the IDAs themselves.

EARN also forged partnerships that provided access to other sources of match funding, such as the Individual Development Account and Empowerment (IDEA) Program, a down payment assistance program operated by the Federal Home Loan Bank of San Francisco that is targeted towards participants in IDA programs. Finally, EARN also had a successful track record in raising funds to support special projects and policy advocacy.

Training and Technical Assistance

EARN served as the primary technical assistance provider for its five community partners, offering its partners a detailed notebook explaining all EARN policies and procedures as well as sample materials to use with clients. These included forms the community partners could use for intake, to open accounts, and to set asset goals with clients. EARN also gave its community partners a financial literacy curriculum that was based on the Corporation for Enterprise Development's "Finding Paths to Prosperity" curriculum and set standards, such as the minimum number of hours of instruction, for the financial education component of the IDA program.

Several of the organizations needed intensive support from EARN; others needed less. In part because they worked with a relatively small number of community partners, EARN staff members were available to provide the level of consultation, troubleshooting, and advice partners needed.

Linking to Financial Institutions

One main aspect of EARN's back-end support function was that it developed and maintained the relationship with the financial institution that housed participants' IDAs. EARN and each community partner worked together in such a way that the relationship between the two organizations was largely invisible to the community partners' clients. While clients might have known that their accounts were offered through EARN, they interacted almost exclusively with staff members of the community partner agency. A program coordinator or counselor at the community partner helped clients fill out forms needed to open an IDA at the bank; the community partner then forwarded this information on to EARN staff who were able to process it quickly. EARN opened all of the accounts and facilitated withdrawals for all of the IDA clients, including those it had enrolled and those of its community partners.

Client Data Management

EARN managed a database of client information, receiving information from Citibank about deposits, withdrawals, and other account activity. EARN then provided each community partner with quarterly reports of participant enrollment and account activity, which partners were able to use for their own reporting to funders and for evaluation. EARN also sent account statements directly to clients, who could follow up with community partner staff if they had any questions.

The community partners and EARN collaborated to continuously improve information sharing. One community partner worked closely with EARN to create a tool that would allow for electronic file sharing with Citibank, thereby reducing the amount of staff time needed to input client information.

Connecting Nonprofit Providers to External Resources

EARN served as a broker of services, connecting the community partners to external organizations that could provide services or resources. For example, EARN provided a monthly calendar of asset-related opportunities, including workshops and classes on specific asset purchases such as homeownership.

EARN also provided community partners with access to a range of professional and civic groups they might not otherwise access on their own. For instance, EARN developed a partnership with an association of financial planners where volunteers taught financial planning workshops to IDA participants.

EARN worked with several of the five community partners to develop pilot programs testing out new methods and materials. Working with LIFETIME, as of 2004, EARN had begun testing online financial education developed by a Pennsylvania-based organization, the Women's Opportunity Resource Center, and was also planning to begin piloting online account management system through a program developed by Doorways to Dreams (D2D).

In addition, EARN had other partnerships with a number of organizations and agencies, wherein the partners referred clients who might benefit from an IDA program to EARN. For instance, San Francisco's Department of Human Services referred clients who were or had recently been on public assistance to EARN and provided matching dollars to support the accounts of those participants.

Sustaining the Asset Building Field

Innovation in Asset Building Programs

EARN's pioneering market segmentation/hybrid approach allowed it to grow its IDA program without raising operating costs. EARN was intentional, rigorous, and systematic in identifying segments within the working poor population and community partners who could best meet the needs of the different segments. This innovation enabled it to model scale both efficiently and effectively.

EARN also took initiative to become a regional and national leader in the asset development field. In the Bay Area, EARN worked with local partners to develop new programs and asset-building models. For instance, EARN was a partner in the United Way of the Bay Area's "Earn It, Keep It, Save It" campaign aimed at helping low-income families access the Earned Income Tax Credit (EITC). Once families claimed the EITC, the project encouraged them to deposit some of their tax credit in an IDA or other savings account. EARN also played a key role in San Francisco's fledgling Working Families Tax Credit, a unique program that offered a local match to the federal EITC in an effort to further support working families who earned low wages. Another project EARN embarked on was the development of the Asset Poverty Index, a measure designed to track the level of asset poverty in the Bay Area.

EARN created a number of new partnerships with community partners, financial institutions, and other organizations. Working with Ameriquest, EARN developed a new product that will provide financial education for families and involve multiple generations in saving and investing for education. Another initiative involved close collaboration with Wells Fargo Bank and the San Francisco City Treasurer's Office to try to develop a different financing mechanism for IDAs.

Coordinating Policy Efforts in California

Two years after EARN was founded, it realized that in order to go to scale changes in public policy were necessary. Thus, EARN developed a distinctive role as a research and advocacy organization for asset building policy in California. In 2003, EARN launched a statewide network devoted to asset development policy, the Asset Policy Initiative of California (APIC). APIC began convening partners, conducting research and identifying priorities for asset-building policy in California. APIC planned to host the first statewide Asset Development Symposium in Los Angeles in early 2005.

While less tangible than other services, EARN's role as a leader in asset development policy could provide a real benefit for the Bay Area community partner organizations and for the asset-building field. As one community partner explained, working with EARN allowed community partners to stay up to date on shifts in asset policy, both in California and on a national level, and afforded the community partners the chance to become part of a wider asset-building world. At the same time, because EARN worked closely with these five community-based organizations running IDA programs for different populations, EARN was able to draw on the experience of a broad set of programs in order to inform its policy development and advocacy.

Challenges

As a large-site IDA intermediary, EARN faced several challenges. EARN's Executive Director wanted EARN to open more IDAs and collaborate with more community partners. EARN was concerned that it would not be able to find many more organizations that would be appropriate partners, and that new partners would require larger investments in capacity-building support and funding.

EARN also faced some significant challenges in fundraising to support program operations expansion, and particularly in finding funders to provide the local match for the secured AFIA match funds.

Looking Forward

With an eye to the future, EARN continues to fine tune its market segmentation approach to appropriately match IDA products and services to the needs of different segments. EARN is currently developing a wide range of new products, partnerships and services to increase the number of IDAs and promote other asset-building programs and policies. While EARN's accounts and the accounts sponsored through its partner organizations are currently targeted primarily to San Francisco residents, EARN is currently expanding to other counties in the Bay Area. Another project already in the pipeline is the development of an alumni association for EARN savers, including those who have saved through EARN directly and those who have been clients of community partners. EARN will be piloting a matched retirement savings account for its alumni. Through the alumni association, EARN hopes to create ongoing support to help clients after they have made an asset purchase so that they preserve and improve their assets and overall financial well-being.

In addition, EARN has also recently started efforts to facilitate more collaboration among IDA programs in the Bay Area. When interviewed in late 2004, EARN staff were planning a kick-off regional meeting for December 2004 as a way of getting IDA program managers to know one another and begin sharing strategies and resources. Finally, through APIC, EARN staff and community partners were gearing up for the first statewide assets symposium and new efforts aimed at developing new asset-building policies in California.

SAVING FOR THE AMERICAN DREAM,
UNITED WAY OF GREATER LOS ANGELES

Overview: Key Elements of Saving for the American Dream Program Model

- **Structuring the program so that IDA providers were able to play to their strengths, while the UWGL took responsibility for the parts of the program that tend to be most difficult for community-based organizations to manage.** Nonprofit providers were responsible for all direct services to clients, including recruiting them to the program, providing ongoing monitoring and case management and ensuring participants reached their savings goals. The UWGLA centralized functions related to fundraising, building and maintaining relationships with financial institutions, and managing all client data collection and reporting.

- **Brokering master agreements with banks**. The UWGLA worked with banks to create a system of account management that was effective for nonprofit providers as well as their financial partners. The UWGLA held master accounts, within which were individual participant accounts that were clearly identified by their respective partner agency names. This meant that their bank partners did not have to interface with numerous community-based organizations; instead they had one point of contact at the UWGLA.

- **Developing Letters of Agreement with each nonprofit provider that outlined roles, responsibilities, and goals.** Letters of Agreement clearly delineated responsibilities and performance benchmarks so that the UWGLA can try to hold its large number of nonprofit providers accountable to program goals.

- **Leveraging funds from private donors and corporations to match federal funding for IDAs. The UWGLA was able to draw upon i**ts network of donors to raise additional funds specifically for this the Savings for the American Dream project so that its nonprofit partners did not have to spend time garnering financial support for this project.

History and Context

The United Way of Greater Los Angeles (UWGLA) is part of a network of over 1,400 independently incorporated and governed United Way organizations connecting donors and volunteers with community-based organizations. Recognizing the key role that asset-building plays in helping families to break the cycle of poverty, the United Way launched ***Saving for the American Dream*** in 2001.

Saving for the American Dream is the IDA component of a larger asset-building strategy UWGLA initiated in January 2000, after the release of ***American Dream Makers***, a report on the emerging Latino community in the greater Los Angeles area. The report identified several goals, including "fuel the 'economic engine of the Latino community,'" and the key action step of "establish[ing] Individual Development Accounts (IDAs) to promote savings and investment for homeownership, education, and business start-ups." The time was right for a program that would promote homeownership in Los Angeles; throughout many parts of the city, large numbers of homes had been repossessed and stood vacant or contributed to neighborhood blight as crack houses. The Enterprise Foundation, Fannie Mae, and the City of Los Angeles had launched an effort to purchase foreclosed properties throughout the area. These funders, lenders, and the City of Los Angeles were eager for a new pipeline of homebuyers who would contribute to neighborhood revitalization by purchasing these properties.

UWGLA staff began to investigate strategies to promote homeownership as well as other wealth-building strategies through IDAs. They looked first to efforts already underway within United Ways in Atlanta and in St Louis. Both of these United Ways were funding community-based nonprofit agencies that provided IDAs. When the staff of the UWGLA looked for nonprofit partners within Los Angeles who were already offering IDAs, however, they found relatively few. The several organizations they did find that were offering IDAs were struggling with the complex program and offering very few accounts. UWGLA staff quickly recognized that a passive strategy of funding existing programs was not going to build the needed conduit to qualified IDA participants or effectively capitalize on United Way's connections to the broader nonprofit infrastructure and private donors who were likely investors.

After attending a Corporation for Enterprise Development (CFED) conference in 2001, UWGLA staff learned about the nationwide IDA movement and confirmed that it was an appropriate strategy for UWGLA to pursue in Los Angeles County. UWGLA identified three goals for its participation in IDAs:

(1) build a pipeline of successful participants;
(2) build a quality nonprofit infrastructure; and
(3) market quality IDA programs to donors.

For several months following the CFED conference, UWGLA staff conducted interviews with economic development experts and nonprofit practitioners throughout the county to determine if IDAs were seen as a viable strategy and to test the three goals for UWGLA's participation in IDAs. UWGLA learned that there was growing interest in the nonprofit sector to engage in IDA programming and there was a surprising degree of support urging UWGLA to accept a leadership role in building a countywide, macro IDA system.

UWGLA then proceeded to identify appropriate volunteer leadership to advise the development of the system. In February 2001, UWGLA launched the "Bridging the Gap Vision Council," to oversee a more in-depth planning process. The Vision Council determined that the IDA system should focus on homeownership and microenterprise IDAs, with an initial goal of 5,000 IDAs for homeownership and 2,000 IDAs for microenterprise. At this stage, UWGLA was encouraged by the Vision Council to apply for federal AFIA funding. While the proposal presented an effective programming strategy involving seven initial Program Partners, there were two critical areas of weakness in that first rough design: lack of a coordinated approach to partnering with financial institutions and lack of a cost-effective means of providing consistency countywide in basic financial literacy education. UWGLA did receive a $500,000 AFI grant award in September of 2001 for a more decentralized programming approach with centralized administration and database management. However, from the start, it was clear that UWGLA would need to bring on-board specific financial institution partners and programming efficiencies.

At this time, the UWGLA efforts were given a significant boost when a young staff person successfully pitched the need for a countywide system planning project to the large, for-profit, management consulting firm Bain & Company. After dedicating three months of full-time pro bono consulting, the consultants found that most existing IDA programs were either entirely centralized within one organization that did all aspects of program administration with a low-touch approach to the participants or they were highly decentralized, loosely affiliated networks, with a high-touch participant strategy in which many organizations independently offered IDAs. As an alternative, they recommended a middle path for the UWGLA, one in which each key partner in the project would be able to play to its strengths. This middle path would provide enough centralized functions for greater efficiency and accountability, while also maintaining a high-touch, intimate relationship with the participants.

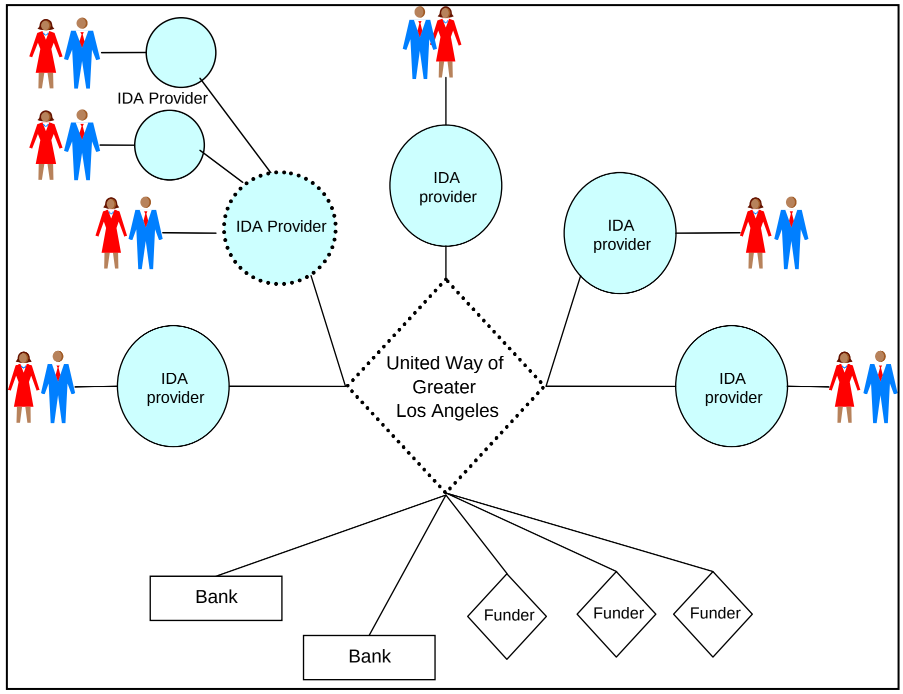
Bain & Company presented their research and the matrix model to the UWGLA Board of Directors who adopted the model and the proposed goal of 8,500 IDAs to be opened over five years with a combined investment of $46 million.

Structure

There were three key players in The Saving for the American Dream program model: the UWGLA, nonprofit IDA providers, and banks. The UWGLA was responsible for the following activities:

- Fundraising for local match dollars
- Brokering master agreements with banks
- Contracting with a technical assistance provider to offer high quality financial literacy training
- Selecting nonprofit partners
- Providing ongoing capacity-building training to nonprofit partners
- Offering nonprofit partners a range of templates and tools to enable efficient program operation
- Supplying operational grants to support program operations
- Linking partners to external resources (e.g. mortgage downpayment assistance, other matched savings programs for homeownership, and free tax and earned income tax assistance).

Saving for the American Dream Program Model,
United Way of Greater Los Angeles:
PLAYING TO PARTNERS' STRENGTHS



NAME OF LARGE-SITE MODEL	Saving for the American Dream, United Way of Greater Los Angeles
Year Launched	2001
Geographic Area Served	Los Angeles County, California
ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with financial institutions	United Way of Greater Los Angeles
Client account data management	United Way of Greater Los Angeles
Providing financial education	Mainstream
Raising IDA matching funds	United Way of Greater Los Angeles
Hosting IDAs	Union Bank of California U.S. Bank Various other banks
Policy Advocacy	Collaborating with the California Community Economic Development Association

Freed from many of the tasks that make offering IDAs complex and onerous to operate – raising local match dollars, managing client data, and maintaining relationships with financial institutions – nonprofit partners were responsible for providing services to program participants, including:

- Client recruitment;

- Ongoing case management;
- Asset specific education; and
- Ensuring that participants reach their savings goals.

The UWGLA's method of identifying nonprofit partners evolved over time. In its first year, UWGLA recruited seven nonprofit partners. Some of these were organizations with which the UWGLA was already familiar. Others had intended to apply for AFIA grants on their own, but they approached the UWGLA after learning that UWGLA would be making a large-scale application and securing the matching funds. In this way, the UWGLA turned potential competitors into partners, but the partnership was borne more of opportunity than of strategic intention. Some of the original program partners found that the AFI guidelines for IDAs were not a match with their approach to IDAs or that the 200% of poverty income eligibility criteria did not match the housing markets they were serving. Those organizations left the partnership and were replaced by other agencies in the first and second years of the grant.

When preparing a proposal for a second AFIA grant, the UWGLA was more intentional about proactively selecting partners. UWGLA staff got input from Fannie Mae, Countrywide Lenders, and other financial institutions to ask them for suggestions of organizations that were already effectively working with community members on homeownership and micro-enterprises. The second AFIA grant increased the number of program partners to sixteen. After receiving its third AFIA grant, UWGLA staff performed even more due diligence, conducting pre-assessment site visits before engaging organizations as partners. The number of program partners grew again from 16 to 20 with one of the partners representing a collaborative of four additional agencies. Additionally, two other agencies who did not require program funding to run IDA programs requested match funds for their successful participants, bringing the total number of partners to over 25.

The UWGLA developed several practices over time, which staff credit for making its work with nonprofit partners particularly successful. First, UWGLA involved nonprofit partners who were mission-compatible and had strong track records offering homeownership, microenterprise, or programs that helped adults further their education. The UWGLA's most effective partners were those that offered IDAs as a complement to other ongoing existing programs. Second, the process by which the UWGLA selected partners became more rigorous over time. The UWGLA was interested in not just increasing the number of IDAs that were opened but in increasing the number of individuals who were able to reach their saving goals and actually make an asset purchase. The UWGLA spent a significant amount of time assessing whether organizations were appropriate partners before contracting with them. Third, the UWGLA developed a formal contract with each partner that was outlined in a Letter of Agreement. In a multifaceted partnership in which role clarification was particularly important, these documents were one way the UWGLA ensured every partner was clear about what was expected of them. The Letters of Agreement provided the framework for accountability that UWGLA could fall back on when needed. The UWGLA also devoted a lot of its attention to monitoring and quality control, which these kinds of formal agreements made possible. Financial partners in the Saving for the American Dream program were responsible for working with UWGLA to make it as easy as possible for participants to open interest bearing, fee-free IDAs and for providing ongoing account management and reporting.

Functions

Funding

The UWGLA provided every organization a $30,000 grant to support program operations. The nonprofit partners were able to use these funds for any program-related expense; without this type of operational support, many of UWGLA's partners might have had difficulty devoting time to the IDA program. With this operational support, partners could allocate needed staff time and organizational resources to delivery of IDA program services. The UWGLA also provided all of the local matching dollars for the IDAs. This freed all of its partners from having to spend time raising these funds, and it meant that their IDA programs did not compete with other agency programs for grant dollars.

Training and Technical Assistance

The UWGLA tried to provide the level of support that partners needed in order to offer IDAs effectively. The UWGLA staff worked to build relationships not just with senior and executive level staff, but also the case management and program staff whose buy-in to the IDA program was critical for success. The UWGLA was sensitive to the high level of staff turnover and transition prevalent within its nonprofit partners; it tried to be proactive about working with organizations that were undergoing these types of transitions by reaching out to new program staff and offering both informal and formal trainings on an ongoing basis. As a result, the overall collaborative model was more equipped to endure these types of changes.

The staff of the UWGLA also provided a full range of tools and templates to make the work of the program managers easier. By providing sample savings logs, welcoming letters, and case file checklists, the staff at UWGLA freed every nonprofit partner from the task of developing their own program-related forms. Not only was this cost-effective, it promoted a level of quality and consistency across the nonprofit partners.

Linking with Financial Partners

The UWGLA became more adept at working with financial institutions over time. The UWGLA's original seven partners were left to fend for themselves in establishing relationships with banks. The problem with this approach was that it meant that UWGLA had very little information about the number of accounts that were being opened and the consistency of program participants' savings patterns; it also meant that every organization was putting energy into working with banks rather than with their clients.

The UWGLA applied for a second round of funding from AFIA of $500,000 at a time when AFIA was having difficulty distributing its funds. They were informed that if they were able to formalize their partnerships with banks they would receive an additional $500,000 for the program. This hastened the UWGLA's work to build these kinds of relationships. To do this, their lead staff person concentrated much of his efforts on working with two banks – U.S. Bank and Union Bank. One of these banks was new to the L.A. area and was interested in getting established in the community. The other bank had recently purchased a check cashing business, and was interested in migrating these customers into full bank customers. Despite the fact that the UWGLA was able to find banking partners who were interested in the program, they still had much to do to work out the details of the relationship so that it was mutually beneficial. This required a very concerted effort; it took nearly a year to work through one of the partner's legal department in order to forge a master agreement.

The UWGLA worked with the banks to convince them that they should offer fee-free, interest-bearing accounts, accounts that would be high cost and low yield for the banks. Armed with Bain & Company's research and the UWGLA's internal analysis, the UWGLA was able to effectively make the case that this would be an opportunity for banks to develop new, profitable customers who ultimately would be in need of car, business and home loans.

In the end, UWGLA set up a system by which the IDAs were held as custodial accounts that were held dually with the program participant and the UWGLA. UWGLA had a master account with the bank, within which are the individual participant accounts. The fact that UWGLA brokered the relationships with the banks was beneficial to both the banks and to the nonprofit partners. It meant that the banks did not have to interface with numerous community-based organizations; instead they had one point of contact at UWGLA. Nonprofit partners benefited from having UWGLA play this role because it meant that they could focus on their core expertise rather than having to expend limited resources on building relationships with the banks. While some of the UWGLA's original nonprofit partners chose to continue to work with the bank they had a prior relationship with, UWGLA facilitated the relationships with banks for every nonprofit partner that wanted this support.

The UWGLA initiated several practices as the intermediary between banks and nonprofit organizations that paved the way to IDAs. First, the UWGLA eased some of the logistical challenges facing its partners in enrolling new participants into the IDA program and opening accounts. In some situations, UWGLA scheduled on-site visits from financial institutions to the nonprofit partners so that they could open multiple accounts at one time. This was time saving for everyone involved: program participants, staff of the nonprofit organizations, and the bank staff. Second, UWGLA set up a system in which nonprofits had to request an authorization from UWGLA prior to opening IDAs so that UWGLA had real-time information about the number of accounts that were opened. Third, UWGLA staff were resources for their partners: they were involved not only in training staff at nonprofit organizations but also the IDA specialists at the banks. (In fact, a half-time position, Program Analyst, was added to the Saving for the American Dream initiative to manage the bank statements and database management functions).

Client Data Management

UWGLA staff took responsibility for centralizing the tracking of client data in MIS IDA. The nonprofit partners submitted data to them on spreadsheets, which the UWGLA staff transferred into the central database. This arrangement eased the data management burden on nonprofit organizations, and it allowed UWGLA staff to stay informed about participant recruitment, enrollment, and case management. The quarterly collection and auditing of participant data also allowed UWGLA to immediately address the need for corrective action in program partner compliance and to provide timely training and technical assistance to all the partners.

Connecting Nonprofit Providers to External Resources

The UWGLA contracted with one organization, called Mainstream, to offer basic financial literacy education training to every nonprofit partner's program participants. In this way, the UWGLA was able to contract with a specialist organization that offered the financial curriculum of the FDIC (Federal Deposit Insurance Corporation) and was based in the L.A. area. This ensured the financial literacy component of the program met the UWGLA's quality standards. While some of the program partners continued to offer their own financial training curriculum rather than use Mainstream's services, they did not get reimbursed for this work by UWGLA; other partners chose to take advantage of the services offered free of charge to them or their clients through Mainstream.

Sustaining the Asset Building Field

During its first several years of operation, the UWGLA maintained a focus on program implementation and support, although they had moderate activity around policy working in collaboration with the California Community Economic Development Association (CCEDA), a nonprofit trade association. The UWGLA Vice President of Community Investment also served on the Asset Policy Initiative of California (APIC), a policy development collaboration.

Challenges

Growing from an idea to a program that engaged a wide variety of nonprofit partners, financial institutions, and that helped a large number of participants open IDAs was not an entirely smooth process. The UWGLA encountered some significant challenges, which pushed the staff to rethink their strategies and, in some cases, make adjustments to their program design. The Saving for the American Dream program was launched at a time when the housing market in greater Los Angeles was soft. It is difficult to imagine today the kinds of challenges facing communities with large numbers of vacant homes, but that was exactly the situation that catalyzed interest among funders, lenders, and the UWGLA to launch an IDA program to support homeownership. After the inception of the program, however, the price of housing in Los Angeles skyrocketed. Soon there were few homes that were in reach of program participants, even those who were able to save the full amount in their IDAs and take advantage of other programs to help first-time and low-income home buyers.

As homeownership became more of an elusive goal for many program participants, the UWGLA and its nonprofit partners had to question whether it was realistic or wise to continue to focus on helping participants save for a home purchase. The UWGLA later expanded its focus from IDAs for homeownership and microenterprise to include IDAs for postsecondary education. In some cases, the staff of the UWGLA's nonprofit partners worked with program participants to revise their own saving goals, recognizing that homeownership might not be a realistic or sustainable option for them. For the smaller subset of program participants who wanted to move forward with home purchases, the UWGLA staff found themselves learning more and doing more to help leverage forms of financing beyond the IDA program in order to make this possible.

The UWGLA's ability to lead the Saving for the American Dream program relied to a great extent on the strength of its relationships with its partners and its ability to hold them accountable to the broader program goals. Because UWGLA is one step removed from program participants who were opening and saving in IDAs, the only way it could monitor the nonprofit partners who were recruiting and supporting program participants to reach their financial goals was by getting timely information about participants' saving patterns. While the UWGLA hoped to get on-line access to account information or monthly statements, as of the end of 2004, they had only been able to get quarterly statements. UWGLA requested the banks send two copies of statements, one for the program staff and one for the participants, but the banks wanted to charge extra for this. As a result, the banks sent one copy to UWGLA, which then made copies of the statements, and sent them on to their nonprofit partners and the participants. This added an additional layer of administrative work and time. Because the UWGLA staff were not able to download on-line account information from the banks, they spent a significant amount of time entering data into their MIS IDA system so that they would be able to generate the financial data and reports that they and their nonprofit partners needed. UWGLA's staff's strong data management skills compensated for this to some extent, but it was a somewhat inefficient work-around solution. Nonetheless, the UWGLA staff continued to try to build stronger relationships with the banks, and their new involvement in training bank IDA specialists was one further demonstration of this.

The structure of the UWGLA's Saving for the American Dream program meant that to a great extent the organization was dependent on having strong partners in the nonprofit sector who were able to recruit and support IDA participants to save for asset purchases. The UWGLA's original vision was to engage a large number – up to 50 – of nonprofit partners. Over time, the UWGLA staff found that there may be fewer appropriate partners to work with in the greater L.A. area. As a result, they have shifted their focus from working with a large number of partners, each of which will offer a few IDAs, to a fewer number of partners, each of which will offer more IDAs.

Looking Forward

Since the outset of the program, the UWGLA has developed individual Letters of Agreement with each of its nonprofit partners and provided a set program grant amount of $30,000. As some partners have proven more successful in helping participants open and successfully close IDAs, the UWGLA has considered moving toward a more equitable pay-for-performance model of funding. At the time of the interview, however, the UWGLA has not made a decision to make this fundamental shift in how it contracts with its nonprofit partners.

To maximize the potential impact of IDAs to benefit the poor and their communities in Los Angeles County, it is clear that IDAs will need to become one strategy in a much larger economic development initiative. The lead staff for Saving for the American Dream is currently analyzing the data and drafting a variety of models that would be capable of producing even greater value from UWGLA's investment in IDAs.

MICHIGAN IDA PARTNERSHIP (MIDAP)
MICHIGAN

Overview: Key Elements of MIDAP's Model

- **Developing comprehensive policies and procedures for operating IDA programs.** This enabled programs to see how they could integrate IDAs into their current programming with minimal additional training.

- **Developing a strong regional infrastructure to sustain the statewide effort.** MIDAP's central office remained small. Much of the skill and expertise in program operations resided in the regional hubs and in the program sites, themselves. Creating a decentralized network, with regional hubs, meant that there was room for experimentation and learning within the system. It also meant MIDAP was able to leverage larger amounts of federal, state, regional, and local funds to support its work.

- **Linking to the existing nonprofit infrastructure.** MIDAP cast a wide net to identify potential program sites. Some organizations that joined as partners were not effective in offering IDAs, but ultimately served as referral sources for the sites that remained with the partnership. By choosing a large number of partners who devoted a small portion of their time to IDAs, rather than a small number of partners who devoted a lot of time, MIDAP was able to draw upon existing organizations' expertise and establish a statewide presence with minimal staff and administrative costs.

- **Engaging in ongoing policy advocacy.** MIDAP's Executive Director was engaged in ongoing advocacy efforts to expand policies that supported asset-building programs.

History and Context

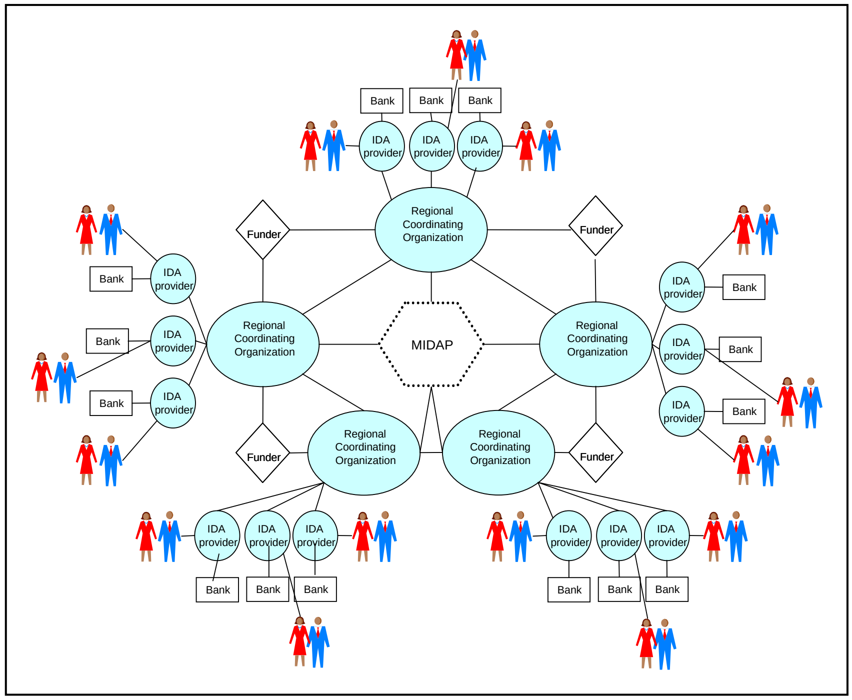
The Council of Michigan Foundations (CMF) is a membership association of more than 400 grantmakers – including family, independent, community, public, and corporate foundations – working together to increase, enhance and improve philanthropy in Michigan. The primary focus of CMF's work is networking, education, and advocacy on behalf of the philanthropic sector. In addition, CMF staffs several projects, such as the Michigan AIDS fund and the Tobacco Settlement Partnership.

In 2000, the CMF launched a new project, in partnership with the State of Michigan Department of Human Services (DHS), when DHS offered CMF $5 million in surplus TANF funds to launch a statewide IDA program. The focus of this public/private partnership, the Michigan IDA Partnership (MIDAP), was asset-building for low-income families. MIDAP got off the ground quickly, in part, by hiring an Executive Director who previously led the development of a multi-site IDA initiative in Atlanta, Georgia. The Executive Director established an IDA Advisory Group, which was comprised of representatives from banks, state offices, private foundations, and community foundations, to guide MIDAP's development.

Prior to 2000, there were five organizations offering IDAs in Michigan; two and a half years after MIDAP's launch date, over 50 organizations were offering IDAs; individuals had opened over 1,000 accounts; and 200 program participants had made asset investments in a home, education or small business through the program.

Structure

MIDAP's Program Model: BUILDING REGIONAL HUBS



As of the end of 2004, MIDAP was a statewide network that included a central office, five RCOs, which are IDA regional hubs, and over 45 community-based IDA providers. The Executive Director of MIDAP established a strong central hub for the project's first few years; however, this function was temporary by design. The Executive Director did not seek to create a standalone 501(c)(3), and the CMF remained the project's fiscal agent. At the state-level MIDAP was a lean operation that included the Executive Director, one assistant and, at times, several VISTA volunteers. During this first year, MIDAP's Executive Director developed policies and procedures as well as performance standards for IDA providers; selected RCOs; and selected initial IDA direct service providers.

NAME OF LARGE-SITE MODEL	**Michigan IDA Partnership (MIDAP)**
Year Launched	2000
Geographic Area Served	Michigan
ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with financial institutions	Nonprofit social service agencies
Client account data management	Regional Coordinating Organization (RCO)
Providing financial education	Nonprofit social service agencies
Raising IDA matching funds	RCO
Hosting IDAs	Various banks
Policy Advocacy	MIDAP

The Executive Director of MIDAP sought to build a statewide partnership that relied on strong networks that were organized at the regional level. Organizing at the regional level enabled the project to have a broader and more comprehensive reach within the large and diverse state. MIDAP's Executive Director hoped this would foster ongoing political support for the partnership throughout the legislature. MIDAP's Executive Director also hoped well-organized regional hubs would enable the Partnership to tap into local, state, and federal funding sources in a more effective way.

Because the Executive Director envisioned that the statewide office of MIDAP would ultimately cease to exist, he saw the RCOs as essential to the long-term success of the project. For this reason, MIDAP's Executive Director proceeded cautiously in selecting RCOs, and phased in partners over time. He selected RCOs in three of the five regions, where it was clear who the RCO should be. In the remaining two regions, MIDAP provided planning grants as an interim step before selecting RCOs.

Once RCOs were on board they became responsible for a network of eight to 12 IDA providers in their region. Their role included recruiting new IDA providers, providing ongoing training and technical assistance to their network, monitoring providers' performance, developing and overseeing regional pools of matching funds, and monitoring providers' client data management.

In its first year, the central office of MIDAP selected an initial 25 program sites. One of the reasons MIDAP was able to connect to so many programs so quickly was that it tapped into the existing network of community action agencies throughout the state. In 1998, the Michigan Community Action Agency Association had promoted the idea of IDAs among its members. As a result, many community action agencies were already familiar with the concept of IDAs when MIDAP launched, and they were eager to join the Partnership.

The Executive Director decided to recruit a large number of program sites, each of which would offer a few IDAs, rather than selecting a few larger-scale partners. He chose this strategy for several reasons. First, this approach enabled the project to get started quickly. Second, it enabled MIDAP to get the geographic reach that was so essential to the project's political success. Third, because MIDAP's program sites were provided operating support based on the number of open accounts rather than a flat fee, MIDAP had little to lose if program sites were not successful in offering IDAs. Based on his experience in Atlanta, MIDAP's Executive Director knew that even if some of the initial program sites dropped out of the project over time, this would not be a significant detriment to the project. Ultimately, these organizations would be familiar with IDAs and MIDAP, and they could be useful referral partners for program sites that remained in the program.

Program sites that joined MIDAP were responsible for recruiting IDA participants, providing ongoing case management and financial education, tracking and reporting on participants' savings activities, building and maintaining relationships with financial institutions, and ongoing tracking of client information.

Functions

Funding

MIDAP played a central role in fundraising for the project, initially, but this changed within a short amount of time. For example, while the original funding from TANF and several large grants from private foundations went through MIDAP, the Executive Director of MIDAP arranged for subsequent funds to go directly to the regions. While MIDAP played a large role in putting together the original applications for AFIA grants, the regions submitted them. As a result, all of the federal AFIA funds went directly to the regions; the same was true of the Michigan State Housing Development Authority's investment and new TANF resources that have been given to the project.

Shifting the fundraising responsibility and authority to the regions was an important step in transferring more autonomy to the RCOs, but it was also a strategy to leverage more federal funds for IDAs across the state. The limit for single proposals to AFIA is $1 million, but by applying regionally, Michigan was able to garner over $2 million. Because of the local focus of many private foundations and public sources, RCOs were often in a stronger position to apply for funds than MIDAP was. At the outset of MIDAP, the CMF promised to raise $5 million in private funds to match the initial TANF dollars. For this reason, MIDAP's Executive Director continued to work with the RCOs on their fundraising efforts. MIDAP developed a fundraising template, wrote a one-page document to educate funders about IDAs, and created marketing materials.

Originally, MIDAP provided the IDA programs with matching funds, in particular TANF funds; later, match funding was increasingly allocated through regional funding pools raised and maintained by their RCO. Program sites typically received funds to provide 3:1 matches for participants who were saving up to $1,000 for homeownership and 2:1 matches for participants saving for businesses or education. Further, all of the program sites that joined MIDAP received $500 per year in operating support for three years to support each participant in their IDA program.

Training and Technical Assistance

MIDAP developed policies and procedures, with the goal of standardizing practices across program sites that joined the IDA partnership. By creating a complete set of policies, the Executive Director hoped that it would be easy and inexpensive for community-based organizations to join as direct service provider. The Request for Proposals for IDA program sites was designed to be an educational as well as a recruitment tool; it provided information on best practices in operating IDA programs, on the roles of the different entities that would be part of the partnership, and templates for basic agreements between financial institutions and program sites.

While MIDAP provided training and technical assistance to program sites, it soon began to do these activities in conjunction with the RCOs. At the outset of the project, MIDAP held a number of group trainings, including an Effective Practice training that every organization participated in. MIDAP also sponsored a training on data collection and management using the MIS IDA system. In addition, MIDAP's Executive Director provided one-on-one technical assistance, through in person visits and phone calls. At the end of the first year of the project, MIDAP hosted a statewide conference for Michigan. As soon as was reasonably possible, however, RCOs began to take on more responsibility for providing technical assistance and training to program sites in their regions. Over time, when program sites called MIDAP and asked for assistance, they were referred first to their RCOs. Coordinators held regional meetings at regular intervals so that program sites could get ongoing support from them as well as their peers.

MIDAP also developed a set of performance standards; these included benchmarks which program sites were expected to meet after one year. After one year of operation, MIDAP conducted an initial site visit to every program site. MIDAP's Executive Director brought the regional coordinator along on these visits, so that the program sites could get accustomed to this relationship and also so that the regional coordinators would be comfortable playing this role into the future.

MIDAP also provided every IDA provider with tools, research, forms and information to help establish and run an effective program. For example, free copies of a financial literacy curriculum, Paths to Prosperity, were provided to all programs, however, they were not required to use it.

Linking to Financial Institutions

Program sites were responsible for developing and maintaining relationships with banks in their areas. Because there were many different banks operating within Michigan, and many of the program sites already had relationships with financial institutions, this was not a function that MIDAP centralized.

Client Data Management

While MIDAP had access to the data on IDA participation throughout Michigan, the RCOs were responsible for ensuring that participant data reported in the MIS IDA system for the program sites in their area were correct and up to date. One of the regional partners took the lead on maintaining the MIS IDA data across the state, and that RCO received additional funding to play this role. As a result, at the state level, MIDAP did not need to employ a staff person in this capacity. This is another way that MIDAP was able to rely on RCOs to perform key functions in the partnership. MIDAP actually brought many external resources to program sites and either used e-mail distribution directly or shared information with RCOs so they could be seen as the source of useful external resources.

Sustaining the Asset Building Field

After its initial role in launching the project, the central office of MIDAP remained responsible for supporting and convening the five RCOs and for ongoing policy work on behalf of the partnership. MIDAP was able to win some significant victories for IDAs and asset-building in the state. For example, MIDAP was able to get the state agency overseeing TANF funds to change their rules so that they could use these funds to match participants' savings for micro-enterprises. Whereas MIDAP was originally funded with one-time surplus TANF funds, the project ultimately was able to secure a line item in the state budget for TANF funding for IDAs. MIDAP successfully lobbied to make sure that funds saved in IDAs and even 529 Education accounts did not disqualify participants from receiving public benefits.

While the Executive Director tried to keep the regional coordinators informed and involved in the process of policy advocacy, he did not transfer responsibility to this group. In order to sustain the policy effort, as of the end of 2004, the Executive Director of MIDAP hoped to shift the policy advocacy role to another existing trade group: the Community Economic Development Association of Michigan.

Challenges

As MIDAP ceases to have a state-level presence, and all of the functions played by MIDAP are taken over by the RCOs, these entities are likely to face some significant challenges in securing funding for IDA matches.

One role that the Executive Director of MIDAP was not able to shift to the RCOs was that of policy advocate. Given the importance of this function in sustaining and building the IDA field in Michigan, the Executive Director had to look for an opportunity outside the network to play this role after MIDAP's central office would close its doors.

Looking Forward

As of the end of 2004, MIDAP was still working toward its goal of opening 2,000 accounts but the economy and available funding limited the total number of available account to 1600 across Michigan. In a little over four years, the project successfully opened 1,100 accounts and helped over 450 families use IDA savings and match to make investments in homes, education, or small businesses. The project also had achieved coverage of nearly 90% of the state. (As of December 2005, 700 families have made asset investments including 475 new homes, 133 education uses, and 93 business uses).

One of the key roles that MIDAP has played in bringing IDAs to scale in Michigan is engaging in ongoing advocacy efforts to increase support for asset building policies within the state. At the time the interviews for this case study were conducted, the Executive Director of MIDAP was hoping to launch an effort designed to effect policy change in the area of Asset Building activities including IDAs. His goal was to shift the policy role to the Community Economic Development Association of Michigan by creating the "Asset Building Policy Project." The future of IDAs in Michigan will likely depend to some degree on the future success of this endeavor.

THE MID SOUTH IDA INITIATIVE
ARKANSAS, LOUISIANA, MISSISSIPPI, SOUTHEAST TEXAS

Overview: Key Elements of the Mid South IDA Initiative Model

- **Providing initial seed funding to IDA providers as well as state-level coordinating bodies.** The Mid South IDA Initiative was an ambitious effort in a large region, where there was little to no IDA activity at its outset. Through a multi-pronged approach of providing information and funding opportunities for both community-based organizations and entities with the potential to serve as state leaders, the Foundation for the Mid South was able to spark and support a range of IDA activity across the area.

- **Offering training, convening, and information sharing-opportunities across the region.** Through the Mid South IDA Initiative, FMS offered annual trainings, ongoing meetings, and opportunities for peer learning that otherwise would not have taken place. Organizations were able to draw inspiration and information from each other.

- **Supporting different organic models for expanding IDAs within each state.** The Mid South IDA Initiative built on the strengths of the existing nonprofit infrastructure. This meant that it tailored the type of support it offered to best meet their needs, rather than imposing a "cookie-cutter" approach for rolling out IDAs within the region.

History and Context

The Foundation for the Mid South (FMS) invests in people and strategies that build philanthropy and promote racial, social, and economic equity in Arkansas, Louisiana, and Mississippi. Serving a region with an extremely high poverty rate, FMS staff recognized the potential value of IDAs. With the goal of breaking intergenerational cycles of poverty by providing wealth-creation opportunities for individuals and communities throughout the region, FMS launched the Mid South IDA Initiative in late 2002.

Entergy Corporation has been a key partner and funder of the work of FMS since its founding in 1990, and the Corporation was instrumental in supporting the creation of the Mid South IDA Initiative. At the outset, Entergy committed $1.2 million to the Mid South IDA Initiative, of which $1 million was to be re-granted to community-based organizations within the Corporation's service area. Entergy's service area includes Southeast Texas; as a result, FMS supported the development of IDAs in Southeast Texas, even though Texas is not normally within its geographic target area.

At the time that FMS established the IDA Initiative, there were only a few organizations offering a small number of IDAs in pockets of Louisiana (although there was a stronger IDA presence in Arkansas). From the beginning, FMS recognized that it could play a useful role by helping to catalyze the implementation of IDAs throughout the region. *Rather than establish an infrastructure that would directly support an ongoing association of IDA providers, FMS directed its efforts and funds toward supporting several state-level networks and providing seed funding to IDA providers that would continue to offer IDAs after the Foundation ceased to be directly involved in the effort.*

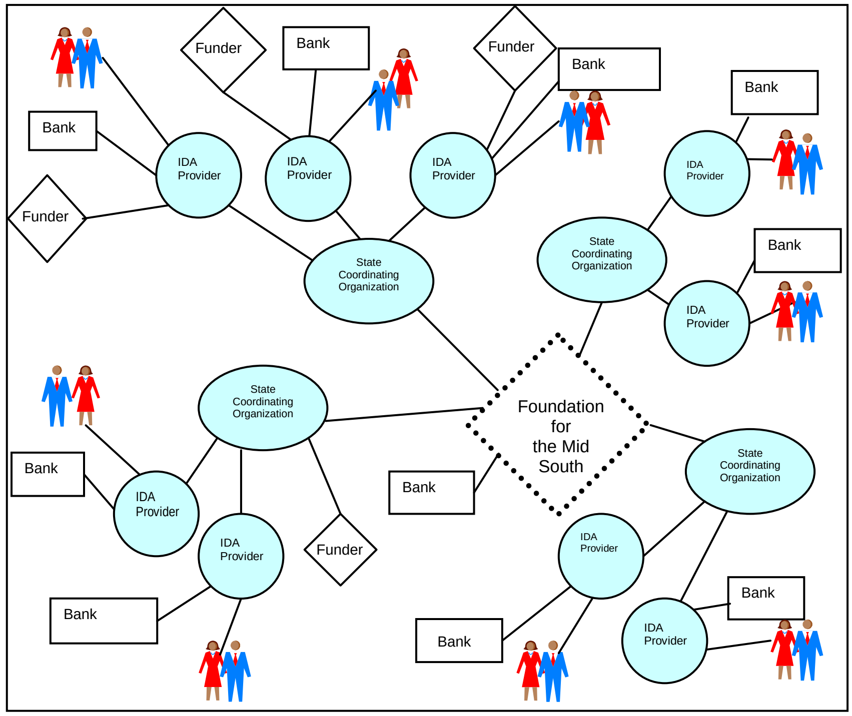
Structure

Initially, FMS played a multifaceted role in the Mid South IDA Initiative, including: 1) raising awareness and providing information about IDAs; 2) creating networking opportunities by convening practitioners, funders, and financial institutions; 3) funding IDA programs in strategically located nonprofit organizations; and 4) offering capacity-building support to the state-level organizations which will remain in place after the Mid South IDA Initiative ends.

The initial focus of FMS was to build awareness of IDAs. The Mid South IDA Initiative staff traveled throughout the region and gathered service providers together to talk and answer questions about IDAs. FMS wanted to make sure that when they released their initial RFP there would be sufficient interest at the community level to get involved – not just because the funds were available – but because organizations truly understood how IDAs could benefit their clients and communities.

The nonprofit organizations that joined the Mid South IDA Initiative as IDA providers were varied; most of these organizations did not have an asset building focus. In many situations, FMS funded the primary or only existing nonprofit organization in a small town. These organizations often offered a range of services, from direct food assistance to health care, and they had an existing client base. These organizations were poised to offer IDAs as one more

The Mid-South Initiative:
BUILDING STATEWIDE NETWORKS



NAME OF LARGE-SITE MODEL	The Mid South IDA Initiative
Year Launched	2002
Geographic Area Served	Arkansas, Louisiana, Mississippi, East Texas
ENTITY RESPONSIBLE FOR:	
Providing IDAs	Nonprofit social service agencies
Managing relationships with financial institutions	Nonprofit social service agencies
Client account data management	Nonprofit social service agencies State-level Coordinating organizations
Providing financial education	Nonprofit social service agencies
Raising IDA matching funds	Nonprofit social service agencies Louisiana IDA Collaborative
Hosting IDAs	Various banks
Policy Advocacy	State-level agencies, including the Arkansas Assets Coalition and Louisiana IDA Collaborative

additional service from which their clients could benefit. Other organizations that joined the Initiative were already focused on financial education or homeownership, and offering IDAs was a natural extension of the work they were already doing.

Organizations that received grant support from FMS offered IDAs for the three main types of asset purchases that are supported by federal AFIA grants – homeownership, micro enterprise, and post-secondary education. In addition, because these organizations served areas where there was already a high homeownership rate, but where there were low property values, FMS encouraged many of the organizations to raise additional funds to match participants' saving for home repairs. While FMS provided initial funding and training to these organizations, the nonprofits were responsible for identifying sustainable sources of long-term funding, building partnerships with local banks, and managing all ongoing aspects of their IDA programs.

From the beginning, the Mid South IDA Initiative focused not only on providing direct support to nonprofit providers but also on building the capacity of state-level organizations. FMS's relationship to these coordinating bodies was different in each state. In Louisiana, FMS provided capacity-building funds to an existing collaborative, helping it grow to the scale that was needed to initiate a large number of IDAs within a very short period of time. In Arkansas, FMS supported one statewide organization to work on state policy and provide technical assistance to a coalition of IDA providers. In Mississippi, FMS played a more formative role, organizing key players to determine how to bring IDAs to the state. Further, FMS had some involvement in areas of Texas that were in the Entergy Corporation's service area.

Functions

Funding

During the Initiative's start-up period, FMS provided seed funding to help nonprofit organizations launch new or expand existing IDA programs. In the first grant cycle in 2003, FMS funded a total of 22 programs in Louisiana, Arkansas, Southeast Texas, and Mississippi. At the time, only nine of these grantees were operating IDA programs. Organizations could apply for up to $20,000 in program operating funds and $50,000 in matching funds for program participants. These organizations were not required to provide their own matching funds for their IDA participants. The remaining 13 organizations that received grants during this first program cycle were new to the IDA field, and they applied for funding from FMS to help them learn more about IDAs and design an IDA program that would be appropriate for their clients.

In 2004, FMS offered a second round of funding. FMS already had begun shifting away from providing extensive direct support for IDA programs by funding a slightly smaller set of nonprofit organizations, most of which received funding during the first grant cycle. Only three of the 17 organizations were new IDA Initiative grantees; they were included in the second cohort of grantees because they expanded the geographic reach of the Initiative into strategically important areas, including Little Rock, Arkansas, and Marks, a small town in northwest Mississippi. FMS provided smaller grants in the second cycle, and it directed dollars toward operational support rather than for IDA matching funds, because it had found that its grantees faced more challenges garnering support for this purpose. In 2005, FMS released a targeted RFP for two types of grants: one for operating funds for existing IDA programs and the other for statewide coalitions with a focus on advocacy and outreach.

Training and Technical Assistance

FMS played a central role in promoting the IDA concept and providing training through the Mid South IDA Training Institute. The focus of this annual conference changed over time. Initially, the Institute was an opportunity to expose as many people as possible to information about asset building and the logistical aspects of providing IDAs. Beyond providing opportunities for information sharing, these annual conferences were opportunities to convene the diverse constituencies involved in offering IDAs throughout the region. As the field became more sophisticated, FMS surveyed participants and developed training agendas based on their needs and interests. FMS diversified its training to include information on using management information systems, providing financial education, helping clients with credit repair, and engaging in the policy process. FMS provided more specific trainings to be both proactive and responsive to their grantees' and regional needs.

Linking to Financial Institutions, Client Data Management, and Connecting Nonprofit Providers to External Resources

FMS did not provide support related to linking to financial institutions, managing client data, or connecting nonprofit providers to external resources in the same way that other champion organizations of large-site models did. These aspects were either provided by the state-level organizations that FMS also funded or were managed by IDA providers themselves. The primary role FMS played in connecting nonprofit providers to external resources was through its support for state-level organizations working to promote the asset-building field. The role of FMS and the work of these state-level organizations are described in more detail in the sections that follow.

Sustaining the Asset Building Field

Unlike other champion organizations of large-site models that primarily worked to sustain the asset building field by engaging in policy advocacy, FMS lent its support to state-level organizations working to promote IDAs. The section below describes the field-building activities of each of the state-level organizing bodies in Louisiana, Arkansas, and Mississippi.

LOUISIANA

Based at the Tulane Levy-Rosenblum Institute for Entrepreneurship at the A.B. Freedman School of Business at Tulane University, the **Louisiana IDA Collaborative** grew out of a project in New Orleans that helped public housing residents open IDAs. In 2000, the project's director submitted a funding proposal to AFIA to support her work. FMS approached the project director when she had already received her first round of funding from AFIA, but while the project was still focused solely on helping individuals within the greater New Orleans area open IDAs.

Things changed suddenly when the state Department of Social Services released an RFP for a project that could launch a statewide IDA effort using surplus TANF funds. At that time, with only 100 accounts, the Louisiana IDA Collaborative was the largest of just a few organizations in the state that were already offering

IDAs. Upon receipt of these TANF funds, the IDA Collaborative of Louisiana immediately shifted its focus to supporting organizations throughout the state to open IDAs rather than managing their own IDA program. Whereas FMS had originally approached the organization as a potential grantee given its work as an IDA provider, the Foundation shifted the focus of its support to help the Louisiana IDA Collaborative be more effective in its role as the state-level organizing body for IDAs.

The Louisiana IDA Collaborative partnered with over 55 partners throughout the state to offer IDAs. Because the Collaborative often did not have a choice about who to work with, particularly in areas where there was only one potential partner, there was wide variation within the Collaborative in terms of partners' level of capacity and expertise, and some different degrees of success in offering IDAs.

The Collaborative provided matching funds for IDA participants, helped organizations broker relationships with banks, and offered quarterly trainings and on-site coaching. The Collaborative implemented a fee for service schedule, in which organizations received reimbursement for each milestone that they helped participants achieve. This meant that some of their partners simply referred clients to an IDA program, others provided case management services, and the third group offered financial education. Some organizations provided all three of these services. The Collaborative paid a total of $650 for each IDA client that was taken through the entire process from opening an account to making an asset purchase. The Louisiana IDA Collaborative also provided $20,000 grants to partner organizations for computer system upgrades. This was essential so that they could provide data to the centralized program database that the Collaborative developed and hosted.

The first round of funding from FMS enabled the Louisiana IDA Collaborative to develop an on-line database. Staff of the Collaborative identified this as one of the key elements that enabled them to grow to scale so quickly. The on-line data system allowed them to track their nonprofit partners' participation in the IDA program, including: the number of individuals they recruited for the program, their savings patterns, and the completion of their asset purchases. Because of the geographic reach, the large amount of funding, and the quick ramp up of the program, the Collaborative needed this central database in order to keep track of this critical information and ensure that they had the state funds to match participants' savings.

The huge opportunity that came with the $4 million of surplus TANF funds also had a downside. The staff at Tulane faced challenges raising funding from other sources, finding it difficult to make the case that they needed support when they had such a large amount of state funding available. When the TANF funding ended, the Collaborative relied on the much smaller amount of funds that it was able to raise from AFIA.

The main challenge facing the Collaborative was to find a sustainable source of state funding. Because they had been so focused on program implementation, they had put little effort into policy efforts that might have enabled them to keep TANF funds flowing to IDAs throughout the state. Recognizing how critical this will be to the future of the project, as of 2004, FMS shifted its capacity-building support to fund the Collaborative's policy efforts.

ARKANSAS

The Southern Good Faith Fund was launched in 1988 in order to provide residents of Arkansas access to credit. The idea was to make micro loans that banks were not able or willing to make, based on a peer-lending model that was used at the Grameen Bank in Bangladesh. The size and scope of the Southern Good Faith Fund's programs expanded over time. In 1998, the organization's Executive Director learned about IDAs at a conference and she became convinced that IDAs could provide a critical avenue to ending poverty for the organization's clients.

The role of the Southern Good Faith Fund in promoting IDAs in Arkansas evolved organically; as of 2004, the organization had three distinct functions. First, the organization housed the Arkansas Asset Coalition, a network that worked on state policy, convened all of the IDA providers in the state on a regular basis, and provided ongoing technical assistance to its members. Second, the organization was one of the largest IDA providers in the state. Third, the organization served as an intermediary for four rural IDA providers, for which the Southern Good Faith Fund provided account management and provided all of the matching funds for IDA participants. The Southern Good Faith Fund was instrumental in leveraging state and federal funds, as well as getting substantial support from private foundations including an unrestricted grant of $2 million from the Kellogg Foundation, a portion of which the Fund could use for matching IDAs and ongoing program operations. Through its involvement in the Mid South IDA Initiative, the Southern Good Faith Fund received support for each of its functions and it was able to provide technical assistance and lead policy efforts that benefited other Foundation grantees.

The Southern Good Faith Fund initiated the Arkansas Assets Coalition in 1998, hiring a policy director whose first project was to draft a piece of legislation that would provide state funding for IDAs through the Department of Human Services (DHS). In 1999, they were successful in getting a bill passed that created an IDA demonstration project in Arkansas. Expanded within a year, the legislation provided $500,000 in TANF funds each year for IDAs. The Assets Coalition had a diverse membership base, including all of the nine providers that offer IDAs in the state, the Federal Reserve, local and state banks, and FMS. The Coalition held monthly meetings and conference calls, and it hosted annual conferences. The Coalition achieved some major policy successes beyond its initial victory in getting the allocation of TANF funds for IDAs. These included increasing revenue for IDAs in the state by over $50,000 and exempting savings in accounts when participants apply for TANF funds, Medicaid, childcare, and food stamp assistance.

Without the work of the Coalition to establish a network and convene the different constituents, there would likely have been far less coordination and communication among IDA providers in Arkansas. Staff of the Arkansas Assets Coalition have helped organizations during the start-up phase of initiating IDA programs. Further, because FMS was a member of the Coalition, the Coalition was able to rely on them to provide training and networking opportunities for its members as well.

Of the roughly 200 asset purchases (as of the Fall of 2004) that the Southern Good Faith Fund facilitated, 150 were their own clients' accounts, and 50 were accounts that belonged to clients of their partner organizations. As an intermediary, the Fund helped small community-based organizations by completing all data management and reporting requirements and fundraising for matching funds. In some cases, the Fund also provided financial education for its partners and helped them establish relationships with banks. These were loose partnerships, in which the Fund did not provide operational support directly to its partners, so it had to find organizations that were interested, motivated, and had the capacity to provide IDAs as an additional service to their clients. Establishing these kinds of mutually beneficial but loosely structured relationships enabled the Southern Good Faith Fund the ability to offer more IDAs and offer them in communities that they otherwise would not be able to reach.

Despite successes in advancing policy that support IDAs, establishing ongoing collaborative relationships among diverse partners, and increasing the number of IDAs throughout the state, as of the end of 2004, IDA providers in Arkansas faced some challenges. Finding sustainable funding, in particular, required on-going effort. It was able, however, to leverage large amounts of private foundation and federal funds to supplement the state DHS dollars, and the state seemed willing to continue its support, as it had been for several years. Nevertheless, the Southern Good Faith Fund's original intent was never to provide ongoing fundraising, financial education, and data management support for all IDA providers in the state.

MISSISSIPPI

Prior to the launch of the Mid South IDA Initiative, there were few individuals or organizations even talking about IDAs in Mississippi, and no IDAs had been opened in the state. FMS helped initiate the **Mississippi IDA Partnership** (Partnership). The Partnership was initially a large working group, which included financial institutions, several universities, and a number of non-profit organizations. Given the level of difficulty in convening the different constituencies and deciding on a course of action, it was unlikely that much of this forward progress would have been possible without the support of FMS. FMS was particularly involved in outreach to financial institutions—some of which were credit unions and small local banks that were interested in hosting participant accounts. Others were larger institutions that could, in addition to hosting participant accounts, also play a role in providing financial support and in offering financial education programs. The substantial amount of technical assistance the Partnership received from FMS was just one part of a complex network of support that was needed to implement a statewide IDA project in Mississippi.

In part, the progress of the Partnership began to accelerate as a core advisory board was established to actively handle the development process. This coupled with an aggressive plan of action from the Mississippi Association of Community Action Agencies (MACAA), helped to propel program development. Within several months, the Partnership received significant funding, which also assisted in pushing the initiative forward; and sparking increased interest and participation around the State. Through their State office, the MACAA has not only acted as the fiscal agent for the IDA Partnership, but also provides administrative oversight of the project, as well.

TEXAS

A project of Covenant Community Capital Corporation in Houston, the **Texas Asset Building Coalition** (formerly known as the Texas IDA Network) was launched in 2002. The initial purpose was to help build and connect the few, nascent IDA programs with each other and with new groups considering starting IDA programs in Texas. The Covenant Community Capital Corporation (Covenant) had already developed a local IDA program and other asset building programs as a certified community development finance institution

(CDFI) in Houston. Covenant hoped to share its learning from these experiences with other groups in the state by creating the Texas Asset Building Coalition (Coalition).

The Coalition provided technical assistance, program development expertise, and, in some cases, back-office support to organizations interested in creating IDA programs, with the goal of expanding IDA programs throughout Texas. In later years, the loosely-based affiliation has grown to roughly 300 organizations whose members focus on IDAs, homeownership, financial education, micro-enterprise development, post-secondary education, tax assistance, and other savings and asset building strategies. The Coalition's work also expanded from connecting and growing IDA programs to developing and promoting a statewide advocacy campaign (known as RAISE Texas) to increase financial success among low-income populations in Texas.

Although the Foundation for the Mid South's geographic reach does not normally include Texas, FMS became involved when Entergy Corporation funded FMS to support IDAs in areas where their customer base resides—including Southeast Texas (which is about eighty miles east of Houston). FMS identified Covenant as a strong local partner and provided a grant to explore, along with other local organizations, the feasibility of developing IDA programs and a network in this corner of Texas. Without other groups in Southeast Texas stepping up at the time and given its prior IDA experience, Covenant ultimately decided to take the lead; it provided match money (from FMS, Christus Health and AFI), back-office support, technical assistance, policies, procedures, and forms for organizations in Southeast Texas and beyond, which were interested in offering IDAs but did not want to manage all of the programmatic pieces internally. While it took two years for IDAs to gain traction in Southeast Texas, a few key partners have been able to enroll nearly two dozen IDA participants and move the program forward.

More broadly, the FMS funding helped support the development of the state-level IDA/asset building body in Texas. With its most recent FMS grant, the Texas Asset Building Coalition organized a summit of fifty stakeholders from around the state and, out of that, developed the RAISE Texas campaign and an initial list of recommendations to guide its work in the asset building field and publicize the importance of increasing wealth. The Coalition followed the state summit with strategic regional meetings across the state and across sectors; the goal is to build broad-based support for specific asset building strategies and a legislative agenda in Texas. The FMS funding has also been contributing to the development of an interactive website on asset building opportunities and resources around the state. In turn, the Coalition has participated in FMS' peer learning meetings with Arkansas, Mississippi, and Louisiana.

APPENDIX B
CASE STUDY INTERVIEWEES

Community Action Project of Tulsa County

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Derek Martin, Senior Vice President Consumer Product Management for the Bank of Oklahoma

Jen Roby, former Program Director, Community Action Project of Tulsa County

Steven Dow, Executive Director, Community Action Project of Tulsa County

Savings for the American Dream, United Way of Greater Los Angeles

523 W 6th St |Los Angeles, CA 90014|213.688.0177|www.unitedwayla.org

Alex Marcelino, Community Investment Program Analyst, United Way of Greater Los Angeles

Alison Towle, Vice President of Community Investment, United Way of Greater Los Angeles

Azusena Favela, Program Coordinator, Homebuyer Counselor, New Economics for Women

Bruce W. Solomon, Manager, NeighborWorks Homeownership Center

Denise Fairchild, Executive Director, Community Development Technology Center

Ignacio Valenzuela, Vice President, Promotions Manager, Union Bank of California

Kristine Williams, Director of Community Investment, United Way of Greater Los Angeles

Namoch Sokhom, IDA Manager, Pacific Asian Consortium in Employment (PACE)

Victor Ramirez, formerly with United Way of Greater Los Angeles, currently Vice President, Community Relations, Citibank

Yolanda Brown, Senior Vice President, Union Bank of California

Michigan IDA Partnership

www.cmif.org/IDA/IDAHome.htm

Denese S. Brown, Executive Director, POWER

Eric Muschler, Executive Director, Michigan IDA Partnership

Gary Heidel, Director, Program Policy and Market Research, State of Michigan, Department of Labor and Economic Growth, Michigan Housing Development Authority

Gaylotta Murray, Director of Community Planning, United Way of Southeastern Michigan

Jennifer Fitch, Program Site IDA Manager, Community Action Agency Serving Jackson, Lenawee & Hillsdale Counties

Kamala J. Massey, Program Manager, POWER (People-Organized-Working-Evolving-Reaching)

Kate Martin, Planning and Community Development Director, Community Action Agency Serving Jackson, Lenawee & Hillsdale Counties

Rob Collier, President & CEO, Council of Michigan Foundations

Susan Lindson, Program Coordinator, Michigan IDA Partnership

Toby Budd, Community Development Manager, Community Action Agency Serving Jackson, Lenawee & Hillsdale Counties

EARN

235 Montgomery Street, Suite 300| San Francisco, CA 94104 | Ph 415.217.3668|www.sfearn.org

Ben Mangan, President & CEO, EARN

Emily Waterbury, Asset Services Manager, EARN

Mimi Frusha, Asset Services Program Manager, Juma Ventures

Anita Rees, Program Director, LIFETIME

Khin Khin Wong, Asset Development Associate, Women's Initiative for Self-Employment

Mona Masri, Community Relations Director, Citibank

The Mid South IDA Initiative

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Angela Duran, President, Southern Good Faith Fund

Beverly Trahan, Manager, External Affairs, Entergy Services, Inc.

Denise Barrett, Program Officer, Foundation for the Mid South

Donna Darensbourg, Senior Program Coordinator, IDA Collaborative, National Center for the Urban Community, Tulane University

Frankeye Stanley, Human Resource Specialist, Black Community Developers, Inc.

Kaye Lassiter, Director, Micro Enterprise Program, Central Arkansas Development Council

Lina Stern, Associate Director, Levy-Rosenblum Institute for Entrepreneurship,

A.B. Freeman School of Business, Tulane University

Linda Tucker, Consumer Credit Counseling Service

Lyn Harlason, Federal Reserve Bank of St. Louis, Department of Rural Services

Miriam Karanja, Director, Arkansas Women's Business Development Center, Southern Good Faith Fund

Nancy Montoya, Community Development Manager, Louisiana and Mississippi Region, Federal Reserve Bank of Atlanta, New Orleans Branch

Neill Goslin, Coordinator, IDA Collaborative of Louisiana

Pearlie Tyler, Housing Counselor, Neighborhood Housing Services

Phyllis Cassidy, Executive Director, Good Work Network

Ramona McKinney, Program Director, Asset Builders, Southern Good Faith Fund

Stephanie Sikora, Arkansas Assets Coalition, Southern Good Faith Fund

Sunada Henderson, Vice President, Whitney National Bank

Woody Widrow, Project Director, Texas Asset Building Coalition