

# Policy Report

## Recommendations from the Field: Individual Development Accounts as Part of a Universal Asset-Building System

Robert O. Zdenek and Beverly Stein

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## About the Authors

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## **I. Introduction**

Since the late 1980s, asset-building strategies for addressing the problem of poverty have been widely promoted on both the state and the national level. Individual Development Accounts (IDAs) have been one of the major policy vehicles for implementing the asset-building approach. A diverse range of IDA programs, supported by a variety of funding mechanisms, have been developed around the country. There is currently IDA policy in 34 states, and national legislation both passed and pending. According to the Center for Social Development (CSD) and the Corporation for Enterprise Development (CFED), current estimates indicate that the total number of IDAs in the United States is approximately 20,000 (Boshara, 2001; Edwards & Mason, 2003).

More than a decade has passed since the asset-building approach to social welfare policy began to garner public attention. There is now rich field experience and national-level interest to draw on in studying the conditions of the field and promoting efforts to take IDAs to scale. CSD has taken up the challenge of examining IDA policy in the states, in order to advance strategies for increasing the effectiveness and inclusiveness of current efforts. CSD contracted with consultants Robert Zdenek and Beverly Stein to draw lessons from the field and explore potential strategies and policy directions at the state and national levels.

The authors' principal mode of inquiry into the field consisted of 40 interviews with state level practitioners and policy advocates, and representatives of selected national networks (see Appendix A for the list of individuals interviewed, and Appendix B for the survey instruments). The interviews, conducted mainly in January and February of 2003, generated a wealth of creative and practical ideas that may help form a framework for strategies and policy directions for taking IDAs to scale. Also, the interviews addressed critical challenges facing IDA and other asset-building strategies in a distressed fiscal climate. Several interviewees focused on how to connect IDAs to a range of other initiatives and broaden IDA support through engaging a diverse array of stakeholders and partners.

At the conclusion of the interviews, the consultants organized recurrent and salient issues that had emerged into the following thematic groups: program design, program administration, barriers, reaching new constituencies and linking with other groups, funding and resources, strategies to promote at the national level, strategies to promote at the state level, and strategies for using national IDA networks. These thematic groups are elaborated upon in Appendix C.

Next, the consultants developed preliminary recommendations based on information gathered from the interviews. The recommendations were tested and expanded at an IDA Policy Roundtable, hosted in April 2003 by CSD, at which selected leaders from the IDA field reflected on the authors' research and furthered the discussion of how IDAs might be taken to scale. Ideas generated at this meeting contributed to the final recommendations in this report. Highlights and notes from the meeting are reproduced in Appendix D.

This report explains the rationale for taking IDAs to scale, which formed the foundation of the authors' final recommendations, as well as the roundtable discussion, and introduces a vision of a universal asset-building system. The report then proposes recommendations for better realizing

a move to scale. Utilizing the data and ideas from the interviews and roundtable along with their own expertise, the authors describe the conditions that call for paradigm shifts or action, and then outline actions that might be taken, including crucial first steps. The authors make five key recommendations:

- Develop asset-building products and services that align with the vision of a universal asset-building system.
- Position community-based organizations as supportive partners in the delivery of asset-building products and services.
- Utilize marketing principles and technology to create new IDA program efficiencies.
- Aggressively build a broad-based asset-building coalition.
- Pursue policy opportunities that increase the scale, inclusiveness, and funding of asset-building products and services.

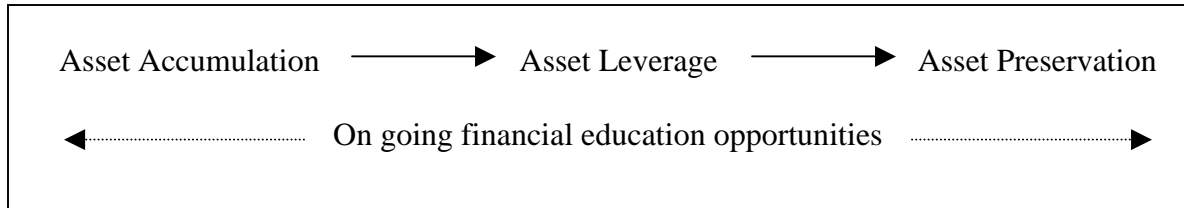
Finally, this report also contains several valuable appendices, including themes from the interviews (Appendix C) and a discussion on the potential for increased involvement of national networks in asset-building efforts (Appendix E).

## **II. The Vision: A Universal Asset-Building System**

The original vision of IDAs included a large, universal and inclusive asset-building system, establishing a “large-system” implementation plan and delivery structure, allowing a large number of accounts to be established in an expeditious and portable fashion. This vision has yet to be realized. Over the past ten years, IDA pilot and demonstration policies and programs have developed rapidly across the U.S., and thousands of individuals and families have benefited from the asset-building opportunities that IDAs provide. However, most of these programs and policies are designed for delivery through relatively small, community-based programs that are set up for the short-term and limited to individuals from specific low-income populations. Success is most often defined by the purchase of an asset within one to three years of a participant’s enrollment in an IDA program (Edwards & Mason, 2003). Even though the vision for hundreds of thousands – indeed millions – of IDAs being established through a large-scale asset-building system has not yet been realized, it has certainly not been abandoned.

In 1998, CFED and CSD convened the Growing Wealth Work Group to explore issues of expanding the scale of IDAs. The group recommended that IDAs and other asset-building policies be inclusive, progressively funded, easy to administer, designed with input from program participants, and enduring over the participant’s life course. These recommendations were also reflected in the interviews and roundtable conducted for this report. In addition, the interviews and roundtable revealed a shared belief that to expand the scale of IDAs, a vision of a universal asset-building system should be adopted. Roundtable participants defined this vision as, “A universal system covering a continuum [of individuals] from rich to poor, progressively funded, and based on a broad asset-building approach, with multiple products and services.”

This report suggests that the long-term success of IDAs will be better ensured by incorporating a universal approach to asset-building in any public policy designed to support individuals, families, and community economic development. A universal approach would provide a continuum of asset-building products, tools and resources, some of which would be available to individuals as early as birth. All individuals would have access to asset-building opportunities, not just those who already have significant resources to build upon. To conceptualize the continuum, roundtable participants created the following general diagram of a universal asset-building system:



Full implementation of the system diagrammed above is a long-term goal. Multiple stakeholders – including program practitioners, policy advocates, policymakers, researchers, funders, and national networks – will need to collaborate and pursue strategies over the short- and long-term.

### III. Realizing the Vision

Below are five recommendations for moving toward a universal asset-building system in the U.S. that incorporates IDAs in a more effective and inclusive way. Each recommendation calls for multiple strategies to be implemented and then proposes the most viable first steps. For each of these steps, key stakeholders are identified who can collaborate to put these steps into practice.

#### **Recommendation 1**

#### **Develop asset-building products and services that align with the vision of a universal asset-building system.**

IDAs were initially envisioned as a tool for creating wealth for all citizens. Over the past ten years, numerous program models have been developed and, in more recent years, some effective practices have emerged. As IDA programs continue to develop, it is important that their design be consistent with the vision of a continuum of asset-building products and services. In addition, programs should keep in mind the long-term goal of creating a standardized, nationally administered program that incorporates local innovation and application. Following are seven elements to incorporate in a continuum of asset-building products and services:

*Broadened product use.* Broadening the uses of IDAs and other asset-building products may increase program participation and appeal to the general population. The traditional three uses of an IDA are homeownership, post-secondary education, and small business capitalization. Additional uses could include home repair, computers, assistive technology equipment for individuals with disabilities, automobiles needed for employment, retirement, work-related equipment, and subsistence-related land acquisition.

*Children's savings accounts.* Strategies and policies to develop a universal, progressive asset-building policy for children in the U.S. should be promoted. CFED is currently sponsoring the Saving for Education, Entrepreneurship, and Downpayment (SEED) Policy and Practice Initiative, which may lead to such state or federal level demonstrations and policies. Universal asset-building policy for children was recently adopted in the United Kingdom, that will provide every child with a trust fund account at birth.

*State 529 plans.* State 529 plans are college savings plans that enable the accountholder to make tax-benefited deposits for future higher education expenses. Some state 529 plans encourage low-income families to save by providing matching provisions (e.g., Rhode Island, Michigan, and Louisiana) (Clancy, 2003). Linkages between 529 plans and state IDA initiatives should be developed. State 529 plans could also be connected with the IDA-like children's savings accounts described above.

*Life-Long Learning Accounts (LiLAs).* LiLAs are portable savings accounts that enable individuals to invest in their own learning over an extended period of time. LiLAs are currently being piloted – with the assistance of the Council for Adult and Experiential Learning – with the Illinois Restaurant Association, the Workforce Investment Board in Northwest Indiana, and the health care sector in California. LiLAs could also be linked with the Individual Training Accounts (ITAs) authorized by the Workforce Investment Act (WIA).

*IDAs as a mainstream product.* To be considered a mainstream product, IDAs should be linked to multiple resources and programs, both public and private. Some of these should support the general population (as opposed to supporting low-income groups exclusively). For example, IDAs could be linked to community economic development initiatives such as Community Development Block Grant (CDBG) funding, Empowerment Zones, Enterprise Communities, state and federal tax credit programs, and incentive tax credits such as those proposed in the Savings for Working Families Act (SWFA). Models of such linkages already exist, such as the Asset-Building Collaborative in North Carolina, which has connected multiple state departments and resources for IDAs. These resources include the North Carolina Department of Labor (which administers an Assets for Independence Act or AFIA grant), the Division of Community Assistance (which administers CDBG funds), and the State Housing Finance Agency (which provides match dollars along with local banks).

*Collaborative efforts.* Collaborative IDA and asset-building programs offer centralized functions that can reduce costs associated with fundraising, record keeping, reporting, advertising, technical assistance, and training. Collaboratives can occur at the metropolitan, regional, state, multi-state and national levels. One example of a state collaborative model is the Michigan Individual Development Account Program (MIDAP). MIDAP is a partnership between the Michigan Family Independence Agency and the Council of Michigan Foundations. MIDAP has 50 local program sites and five regional coordinating organizations, and has opened over 1000 accounts across the state. MIDAP provides a statewide infrastructure which may facilitate its future efforts to expand by partnering with the larger-scale state 529 plan and WIA programs.

*National asset-building products and services.* As presently implemented, IDAs and other asset-building products respond to local community needs. However, when delivered through community-based programs, they are somewhat costly to develop and operate (Sherraden, 2002). In order to achieve scale, nationally available asset-building products and services need to be developed. Some could be delivered online through a comprehensive website that provides information on IDAs, children's savings accounts, a national network of homeownership assistance centers, and more.

Potential first steps in the development of a continuum of asset-building products include the following:

1. **Expand the eligible uses of IDAs in AFIA and Temporary Assistance for Needy Families (TANF).** Both policies are undergoing reauthorization in 2003. Expanding allowable uses to include home repair, transportation, retirement, and assistive technology may lead to greater program participation. Key stakeholders are policy advocates and policymakers.
2. **Explore and improve connections between IDA initiatives and other state-level initiatives.** Other state-level initiatives include CDBG grants, HOME funds, the Public Housing Family Self Sufficiency Initiative, Housing Trust Funds, Empowerment Zones, Workforce Investment Boards (WIBs), and other business revitalization initiatives. Key stakeholders are practitioners and state officials.
3. **Identify strategies and policies that move toward universal, progressive asset-building for children.** Starting points include the SEED initiative, state 529 plans, and any other child-focused initiatives. Key stakeholders are practitioners, researchers, and policy advocates.

## **Recommendation 2**

**Position community-based organizations as supportive partners in the delivery of asset-building products and services.**

Much of the growth of the IDA field is attributed to the creativity and commitment of community-based organizations (CBOs). In many cases, the CBO has led the design and implementation of the IDA program and, hence, has become synonymous with the program itself. In a universal asset-building system, the delivery of products and services would be broadened so that CBOs are an important – though not necessarily the lead – partner in IDA and other asset-building programs.

Potential first steps to position CBOs as supportive partners include the following:

1. **Partner CBOs with financial institutions and employers to provide a myriad of supports.** These supports include marketing and outreach, recruitment, financial education, asset-specific services, and support services. Large institutions are going to turn to CBOs to perform these functions within an investment context. Key stakeholders are practitioners and private sector institutions.

2. **Pursue contracts and reimbursements from a broad array of funders.** CBOs have relied mostly on grants and donations for supporting their IDA work, but in the near future funding opportunities will also become available from diverse sources for contracts and reimbursements. Key stakeholders are practitioners and private sector institutions.
3. **Link IDAs and other asset-building strategies to a broader array of anti-poverty and human service resources.** These resources include TANF, WIA, the Earned Income Tax Credit (EITC), Supplemental Security Income (SSI), and Family Self-Sufficiency (FSS). Such linkages will expand the number of participants accessing IDAs. Key stakeholders are practitioners, policy advocates, and policymakers.
4. **Participate in citywide, countywide, regional and statewide IDA collaboratives that combine decentralizing and centralizing functions.** CBOs can serve as decentralized entities in most of their direct contacts with the IDA participants, but may not be appropriate as the lead organization/intermediary. Key stakeholders are practitioners and state and local officials.

### **Recommendation 3**

#### **Utilize marketing principles and technology to create new IDA program efficiencies.**

Some IDA and asset-building initiatives are incorporating marketing principles and advanced technology into their programs. These new strategies increase the effectiveness and efficiency of programs. For example, programs have increased enrollment and more participants are achieving their asset goals. In addition, operating and administrative costs are lowered, allowing more participants to be served. The broader IDA and asset-building field should follow this lead.

Marketing principles to incorporate into IDA programs include the following:

*Develop new markets.* IDAs can open new markets for financial institutions. Viable new markets include the growing number of immigrants and the more than 20% of individuals in the U.S. who are unbanked. IDAs can be viewed as a scalable strategy for creating financial relationships and building assets for millions of Americans.

*Develop diverse markets.* Diverse markets require a variety of products. For example, expanding IDAs to individuals with disabilities would target IDA uses to adaptive technology equipment or disability-related home improvements.

*Advance market segmentation.* IDA initiatives need to develop more expertise in market segmentation. Not all IDA participants need extensive support services. Some may need just the opportunity to open an IDA or asset-specific training.

*Create awareness and branding.* IDAs are not a household word. An essential strategy for expanding IDAs is to create product awareness and branding. IDAs need to be visible, understood and respected by participants, funders, and the general population. People generally

align themselves with support organizations that they know, trust and feel good about. Branding requires a positioning or identity statement, followed by supporting statements.

Technologies to incorporate into IDA programs include the following:

*Universal direct deposit mechanisms.* Electronic direct deposits are crucial for higher savings levels. In its evaluation of the American Dream Demonstration (ADD), CSD found that people who use direct deposit are 22 percent more likely to be savers than people not using direct deposit (controlling for other factors) (Sherraden, 2002). Direct deposit mechanisms also have implications beyond IDAs. States should add a direct deposit option to their electronic benefit transfer programs and for the EITC.

*Online IDA websites.* Doorway to Dreams (D2D) is developing a scalable and low-cost web-based system of record keeping, financial transactions and product delivery. The system leverages existing 401(k) technology to enable pooled investing for IDA participants, and is being beta tested with several AFIA grantees. This system is being designed for hybrid initiatives, wherein CBOs would partner with other entities such as employers.

*Web based content and training sites.* One Economy Corporation has developed the Beehive, a multilingual self-help website that connects consumers to information and services concerning asset-building, employment, career ladders, housing, health care, education, and other critical resources that enable individuals and families to achieve and maintain well-being. Individual IDA participants will be able to access financial education materials and asset specific information via the Beehive and other websites offering similar services.

*Greater options for IDA programs and participants.* As previously stated, not all IDA participants need intensive support services. Some only need the match provisions and limited financial education, while others need an array of services, including credit and debt counseling and more individual support to meet savings goals. A few large-scale IDA initiatives are beginning to de-link services from IDA initiatives. This phenomenon will grow as technology begins to play a greater role in expanding the scale and efficiencies of IDAs.

Potential first steps for utilizing marketing principles and technology to create new IDA program efficiencies include the following:

1. **Ensure that all IDA programs provide direct deposit mechanisms.** All IDA participants should have the option of making regular direct deposits to their IDA from their paycheck or other bank accounts. Key stakeholders are practitioners, financial institutions, and employers.
2. **Provide online financial education and asset-specific training.** IDA participants should have the option of taking financial education and asset specific training in a classroom setting or online. The online setting allows participants to learn at different paces and reinforces the lessons through exercises and other interactive learning techniques. Online financial education and asset specific training should be available in languages other than English. Key stakeholders are practitioners and national networks.

3. **Develop a tailored marketing strategy for recruiting a variety of people from populations not currently participating at a desirable level, such as Native Americans, people with disabilities, immigrants and refugees.** These populations face a number of barriers to utilizing public sector resources in their efforts to build assets. Tailored marketing strategies need to be developed both to inform and to convince these targeted groups to take advantage of appropriate asset-building opportunities including IDAs. Key stakeholders are practitioners.
4. **Incorporate market segmentation into program marketing strategies.** It is essential for all IDA initiatives to understand the markets they are serving and refine their market segmentation strategies. For example, immigrants need different services than do people with disabilities. Homeownership is different than home repair. CFED's IDA Effective Practice Training Institute and IDA Guidebook have information that is valuable for understanding target markets for IDA participants. Key stakeholders are practitioners.

#### **Recommendation 4**

##### **Aggressively build a broad-based asset-building coalition.**

A dedicated, broad-based group of individuals and organizations is needed to form a comprehensive coalition that would promote asset-building strategies as central to the well-being of individuals, families, and communities. The coalition would advance the concept of asset development in the public policy arena and advocate for asset-building policies. These champions should come from all levels of IDA and asset-building activity: household, community, city, county, state, and national; as well as from arenas both public and private. The coalition would undertake the following tasks:

1. Develop and implement a strategic communications plan to increase awareness of asset-building tools among the general public, financial institutions, employers, local and state governments, and social investors. Specific information to publicize includes evidence of the positive effects that asset-building has on community economic development and through savings on public safety, health, and welfare expenditures. In addition, the coalition would assist in better educating the general public about the asset gap and the intergenerational benefits of a universal asset-building system.
2. Find and support political champions at the local, state and national policymaking levels. The coalition would assist these champions in elucidating a broad vision of asset-building to their peers and constituencies.
3. Advocate and lobby for state and national policies that link IDAs to related products and promote IDAs within a broader asset-building strategy.

One way to carry out the above tasks would be to create an entity akin to an "Association of Asset-Building Champions." In building such an association, it is important to recognize and

preempt the possibility of alienating advocates of other strategies that assist people with low incomes. For example, newly created asset-building products may be in competition for some of the same funding sources. In addition, other advocates may perceive asset-building tools as replacing tools needed to support the basic needs of low-income people.

The coalition should include diverse organizations and strive for non-partisanship. The asset-building movement and IDAs have strong potential for increased support across the political spectrum. At a recent conference held by Demos, a national research and advocacy organization, IDAs were among five issues identified as having cross over potential between political parties. Coincidentally, the other issues identified are also significant to the vision of a universal asset-building system: EITCs, Enterprise Zones, Low-Income Housing Tax Credits, and children's health issues.

There is still significant untapped potential to increase the number of stakeholders and partners for IDAs, especially among financial institutions, employers, and educational institutions. Financial institutions are incentivized to increase their support for IDAs through the proposed SWFA, which seeks to combine tax incentives with market-based strategies. On the employer front, the United Way of America will be working with nearly twenty local United Way centers during the next two years to investigate how IDAs might become a core part of employee benefits, incentives, and training initiatives. Employers reach millions of individuals and offer an excellent venue for helping to move IDAs from small demonstrations to scalable strategies. Finally, exciting new opportunities have developed to expand IDAs in educational institutions such as the aforementioned children's savings accounts, state 529 plans, and IDAs in community colleges.

In addition to the major stakeholders described above, other key partnership opportunities have been identified and are summarized in Table 2.1.

Foundations can be a key player in the development of a broad-based asset-building coalition by driving the alignment of asset-building products and services, coordinating efforts, and ensuring that the long-term goal of developing a universal asset-building system is being upheld. Funders can also commit to the development of infrastructure and increased capacity for growth among coalition stakeholders and partners.

Academic researchers can develop and undertake a more comprehensive research agenda on asset-building, contributing an increasing large knowledge base that coalition partners can use to better design and implement programs, raise public awareness, and shape future policies. Key research questions for the asset-building field include:

1. What are the key competencies that community-based organizations must have to move IDAs and asset-building to scale?
2. What are the most effective marketing strategies for asset-building programs?
3. How do IDA programs impact local, state, regional, and national economies?

4. How can diverse asset-building tools (both existing and emerging) be linked through one system at the local, state, and/or national levels?
5. How can individuals with disabilities access IDAs, given that many people with disabilities have limited opportunities for earned income?
6. What lessons do IDA programs that serve Native American tribes contribute to the design and implementation of a universal asset-building system?
7. How can the emerging national 211 information and referral system be used to expand asset-building initiatives?
8. What opportunities exist to linking asset-building products with Social Security?

**Table 2.1.** Groups and organizations relevant to coalition-building.

<b>Group or Organization</b>	<b>Overview of Partnership Opportunities</b>
AmeriCorps/VISTA Programs	AmeriCorps/VISTA volunteers have been invaluable to many IDA initiatives. CFED and the National Federation of Community Development Credit Unions (NFCDCU) have sponsored VISTAs for IDA initiatives. The Corporation for National Service recently decided to expand the number of AmeriCorps/VISTAs available for IDA programs.
Asset-Building Program Participants	Asset-building program participants can effectively recruit new participants, advocate policies, and demonstrate to financial institutions that partnering with an IDA program may lead to additional customers for the institution. The following constituencies have been inadequately reached by the IDA and asset-building field: Native Americans, Latinos, people with disabilities, foster children, youth, local entrepreneurs, Housing Authority tenants, rural populations, military personnel, immigrants and refugees.
Business Incubator and Improvement Districts, Small Business Development Centers, Main Street Programs	Small business initiatives create conducive environments for business development and expansion. Many business incubators tenants have start-up businesses. IDAs could bring another resource to their efforts. States that have these business development programs should aim to link them with IDA initiatives.
Community Colleges	Community colleges play a pivotal role in the education of millions of individuals and are essential institutions for moving IDAs to scale. Several tribal community colleges have expressed interest in IDAs.

**Table 2.1.** Groups and organizations relevant to coalition-building (continued).

<b>Group or Organization</b>	<b>Overview of Partnership Opportunities</b>
Credit Unions	A number of credit unions either sponsor IDA initiatives or manage IDA accounts. Given the mission of credit unions, there is significant potential for expanded collaboration with IDA programs. IDA accounts should be positioned as a core strategy of community development credit unions.
Empowerment Zones/Enterprise Communities (EZ/EC)	EZ/EC provide tax and funding incentives to stimulate economic development. IDAs can be an excellent complement to EZ/EC benefits since IDAs often lead to greater educational and employment opportunities, as well as physical revitalization through homeownership and business development.
Faith-Based Initiatives	The last five years have seen a growth of public sector interest in faith-based initiatives. Faith-based efforts can strengthen existing IDA initiatives through funding, volunteers, and technical support. State IDA initiatives and networks should explore how to connect faith-based entities with asset-building efforts.
School Districts	School districts can partner with youth IDA initiatives by providing educational and training opportunities, financial education, and other services that enable youth to meet their IDA savings and asset goals.
Tax Service Providers	Over 20 million low-income families are eligible for tax credits such as the EITC. Many of these families receive significant refunds, a portion of which could be deposited into an IDA. Commercial tax preparers and free tax preparation services should be encouraged to make EITC filers aware of IDAs and other asset-building strategies.
Unions	Unions and IDA practitioners share at least one common goal: increase the financial well-being of the working poor. Unions could be an important and effective partner in supporting the growth of employer-based IDA initiatives.

Potential first steps in building a broad-based asset-building coalition include the following:

1. **Engage national networks in coalition-building efforts.** Nearly half of the interviews conducted for this report were with staff from selected national networks. Information gathered from these interviews is discussed in Appendix E and provides a starting point for further discussion and collaboration. Key stakeholders are practitioners, national networks, and policy advocates.

2. **Increase involvement of tax service providers in asset-building programs.** Free tax preparation services and commercial tax providers (those who do not offer refund anticipation loans) should be encouraged to offer a variety of asset-related products and services on-site within two to three years. These may include opening bank accounts, financial education, and IDA enrollment. Key stakeholders are practitioners, funders, national networks, and the private sector.
3. **Increase connections of asset-building initiatives with Empowerment Zones and Enterprise Communities.** Federal and state tax EZ/EC incentives are often ineffectively marketed and underutilized. One example is the tax credit for employees working in Empowerment Zone areas. State IDA initiatives can link with these initiatives, especially when IDA participants are pursuing small business development as their asset goal. State IDA networks and programs should explore how to integrate available tax and funding opportunities within these zones. Key stakeholders are practitioners and state and local officials.
4. **Improve efforts to reach out to unions and employers.** Unions have not yet been active participants in IDA and other asset-building programs for low-income people. Employer-based IDAs offer an opportunity to engage unions in designing and advocating for IDAs as an employee benefit strategy for low-paid workers. IDA practitioners should contact state level union organizations (e.g., SEIU, AFSCME) that work with public and private sector employers, to advocate for tax benefits for IDAs. Key stakeholders are practitioners, unions, funders, and policy advocates.

### **Recommendation 5**

#### **Pursue policy opportunities that increase the scale, inclusiveness and funding of asset-building products and services.**

An exciting array of policy opportunities are emerging that may affect IDA and other asset-building initiatives at the local, state, and national levels. Significant opportunities include the following:

*Developing universal and progressive asset-building products.* A recent breakthrough in the United Kingdom establishes a universal, progressive children's trust fund account at birth for every child. A similar policy should be pursued in the U.S. over the long-term. Other significant asset-building opportunities are state 529 plans and building assets for retirement.

*Utilizing the tax code.* The U.S. tax code has been successfully used to fuel asset-based policies for middle- and upper-income Americans. However, with the exception of EITC and Child Care Tax Credits, low-income Americans have not benefited from the tax code for income and asset-building purposes. The tax code offers the advantage of a universal mechanism for supporting the accumulation of assets for all Americans. SWFA is the first of what may be a number of new asset-based tax policies that benefit low-income Americans to be considered by Congress. State IDA initiatives and advocates should play a leadership role in advocating state and federal tax code changes which benefit asset-building strategies for all income groups.

*Linking low-income tax credits to other asset-building strategies.* Low-income federal and state tax credits (e.g., EITCs, Child Care Tax Credits) are available to millions of taxpayers. Although underutilized, the federal EITC provides over \$30 billion in tax refunds to low and moderate-income families each year. The average EITC refund was \$1800 in 2002 and, with the addition of other tax credits, eligible families can receive a sizeable refund. Some accountholders are already choosing to deposit some or all of their refunds in an IDA (Sherraden, 2002). Financial institutions and IDA programs can establish electronic direct deposit mechanisms to facilitate the use of refunds for savings and asset accumulation. Policy is needed to support direct deposit mechanisms, and services are needed to better market these tax credits and direct refunds to asset-building activities.

*Aligning policy and regulations for AFIA, SWFA, TANF, SSI, WIA, and Food Stamps.* Aligning multiple policies and regulations is both a short- and long-term strategy for streamlining diverse federal and state eligibility requirements and time limits. The shorter-term goal is to align programs that are currently under reauthorization, such as TANF and AFIA, and expanding the eligible uses and asset limits. The longer-term goal is to unify individual program goals, eligibility requirements, and funding streams at both the federal and state levels. One example of successful alignment is the inclusion of IDAs as an eligible use of TANF funds in over 30 states.

*Linking IDA homeownership initiatives to Housing Trust Funds.* Twenty-four (24) states have passed IDA legislation and are implementing IDA programs that allow for homeownership. Many states have developed housing trust fund legislation and programs. IDAs and housing trust funds are excellent complements, given that IDAs provide savings and assets for new homeowners, and that housing trust funds offer long-term subsidies and supports for renting and homeownership. IDA legislation and administrative regulations should be integrated with housing trust funds. An example of such integration is being pursued by the Ohio CDC Association, which is working to link the Ohio Housing Trust Fund Down Payment Program with an IDA Homeownership initiative in Ohio. The pending Federal Homeownership Tax Credit, modeled on the low-income housing tax credit for rental properties, provides still another example of a tax credit that could be linked to IDAs.

Potential first steps for pursuing policy opportunities that increase the scale, inclusiveness and funding of asset-building products and services include the following:

1. **Pursue state EITC and economic development initiatives.** Sixteen states plus the District of Columbia and the city of Denver have state or city-level EITC policies in place. State IDA practitioners and networks should work with appropriate individuals to identify EITC filers and introduce them to IDAs and other asset-building products. Another opportunity for IDAs lies in states that have neighborhood revitalization tax credits that fund housing and economic development initiatives, which provide ways to link place-based and people-based asset policies. Key stakeholders are practitioners, policy advocates, and policymakers.

2. **Align state IDA tax credits with SWFA.** The expected passage of SWFA provides an excellent opportunity to expand similar IDA tax credits at the state level and to work with existing state tax credits. With SWFA in place, financial institutions will have increased incentives to work with IDA initiatives in order to access SWFA tax credits and expand market opportunities. Key stakeholders are financial institutions, policy advocates, and policymakers.
3. **Align AFIA with SWFA.** One challenge of AFIA is its requirement of a non-federal cash match. If enacted, SWFA will increase the involvement of financial institutions with IDAs and provide additional match opportunities for AFIA grantees. Key stakeholders are financial institutions, policy advocates, and policymakers.
4. **Monitor progress of Low-Income Homeownership Tax Credits.** Stakeholders should ensure that IDAs are included as an eligible activity in any proposed Low-Income Homeownership Tax Credit policy. Key stakeholders are national networks, policy advocates, and policymakers.
5. **Track the progress of any Bush Administration tax initiatives and encourage these policies to be progressive.** Stakeholders should identify and track any Bush Administration initiatives that have a universal asset-building component, including the proposed Lifelong Savings Accounts, and make certain these policies serve low-income individuals and families. Key stakeholders are national networks and policy advocates.

#### IV. Conclusion

The interviews and roundtable meeting conducted for this report provided valuable and practical recommendations for future practice and policy directions of IDAs and asset-building. Information from the interviews and roundtable are summarized throughout this report and expanded upon in the appendices. The underlying conclusion of this report is that IDAs need to be advanced within the larger vision of developing a universal asset-building system in the U.S. Various stakeholders will need to connect, communicate, collaborate and take action in order to realize this vision.

The IDA and larger asset-building field is a dynamic one, which may be at the cusp of reaching a new level of expanded and enhanced activity. Moving to that level will require a concerted, focused effort, and leaders with vision and commitment. It is the authors' hope that this report will be used to promote such strategies and leadership at the state and national levels. This task is important and timely given the policy trend toward establishing a variety of accounts for wealth-building and economic purposes (Sherraden, 2000). There is a compelling need to ensure that these policies are designed in a universal and progressive way that will benefit all Americans.

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## **VI. Appendices**

### **Appendix A: List of Individuals Interviewed**

#### Program Practitioners and Administrators:

Janet Abbet, Washington State Office of Trade and Economic Development  
Mary Ann Barkus, New Jersey Department of Community Affairs  
Patricia Barnes, Ohio CDC Association  
Andrea Beach, Ohio CDC Association  
Lynn Cutler, Women's Opportunities Resource Center  
Denise DeVaun, Minnesota IDA Program  
Caroline Glackin, First State Community Loan Fund  
Marie Hawe, CTE Community Action Agency  
Karen Henry, Missouri Department of Economic Development  
Alisa Larson, Warm Springs Tribes, Oregon  
Ralph Lippman, California Community Economic Development Association  
Ben Mangan, Earned Assets Resource Network, Inc.  
Eric Muschler, Michigan IDA Partnership  
Gary Neumann, Confederated Salish and Kootenai Tribes  
Dory Rand, National Center on Poverty Law  
Chuck Shannon, Mile High United Way and United Way of America  
Becky Sherblom, Maryland Center for Community Development  
Shana Simpson Hall, IDA + Assets Building Cooperative of North Carolina  
Robin Townsend/Shackleford, Indiana Dept. of Commerce  
Woody Widrow, Texas IDA Network

#### National Network Staff:

Patrick Blake, National Federation of Community Development Credit Unions  
Sheri Brady, National Council of Non Profit Organizations  
Steve Crawford, National Governors Association  
Emily DeMaria, United Way of America  
Sarah Dewees, First Nations Development Institute  
Bill Edwards, Association for Enterprise Opportunity  
Tom Flint, Council for Adult and Experiential Learning  
Jason Friedman, Association for Enterprise Opportunity  
Christopher Laurent, Council of State Housing Agencies  
Andrew Lee, Harvard Project on Native American Economic Development  
Kirsten Lindquist, Center for Policy Alternatives  
Andrew Moss, National Community Reinvestment Coalition  
Kim Pate, Corporation for Enterprise Development  
Linda Reilly, Community Action Partnership (written response)  
Carl Rist, Corporation for Enterprise Development  
Diane Taylor, Council of State Community Development Associations  
Jack Tweedie, National Conference of State Legislators  
Jennifer Vasiloff, Community Development Financial Institutions Coalition  
Carol Wayman, National Congress for Community Economic Development  
Charles Wilson, National Federation of Community Development Credit Unions

## Appendix B: Survey Instruments

### Practitioner Questionnaire

Date of Interview \_\_\_\_\_

#### Background

Person Interviewed \_\_\_\_\_

Organization \_\_\_\_\_

Experience with IDAs \_\_\_\_\_

#### Questions

1. Describe briefly how IDAs evolved as a policy initiative/legislation in your state.
2. What were the factors that led to success or in a positive direction?
3. What were the factors that created barriers? How were the barriers overcome?
4. What was your specific role in creating the IDA legislation, developing policy and/or administering the IDA program?
5. In implementing the policies/legislation, what capacity issues emerged? How did you address them? What kinds of support would have been/would be helpful to address these issues?
6. From your experience what lessons did you learn that could be applied in other states? In regards to passing legislation? In regards to developing policies? In regards to implementing programs? What kinds of support would have been helpful in each of these arenas?
7. What would lead to achieving a larger scale of IDAs in your state?
8. What would lead to more effectiveness of your IDA program in your state?
9. What would lead to more inclusiveness of the IDA program in your state?
10. What recommendations would you make that would lead to increasing the scale, effectiveness and inclusiveness of IDAs in other states?
11. What kinds of assistance from external organizations do you need to increase the scale, effectiveness and inclusiveness of your IDA program?
12. Any other lessons learned to pass on?

Practitioner questionnaire 12/9/02

## State Networks Questionnaire

Date of Interview \_\_\_\_\_

### Background

Name of organization \_\_\_\_\_ 501(c)(3)?

Name and position of person interviewed \_\_\_\_\_

Mission of organization \_\_\_\_\_

How is your organization structured? \_\_\_\_\_

How many states do you have affiliates in? \_\_\_\_\_

In which states are you most active? \_\_\_\_\_

### Impact on State Policy

1. Describe your state policy interests and priorities. What are your state level legislative and policy priorities for the next two years?
2. What role does your organization play in policy formulation or advocating for state policies at the state level? Do you have a legislative or public policy committee at the national level? How are state level affiliates involved?
3. What resources do you provide to state level affiliates for this purpose? What other resources do you provide to state level affiliates (funding, leadership training (if so, describe), technical assistance, information, other)? How do you communicate with your state level affiliates?
4. What are some examples of successes in legislative or administrative arenas that your organization has had at the state level?
5. Is your organization familiar with IDAs? If so, in what ways?
6. What opportunities (conferences, newsletters, etc.) are available to educate your state level affiliates about IDAs?
7. Would you be interested in getting more involved in the IDA effort and promoting it with your state level affiliates? If you are interested in pursuing IDAs, how could CSD assist you?

State Network Representative Questionnaire 12/4/02

## Appendix C: Interview Themes

At the state level, IDAs are being implemented in a variety of ways. They are housed administratively in various locations in state governments, from welfare services to economic development departments. Funding sources include public funding from TANF funds, tax credits, and state general funds, and private funding from a variety of sources, including financial institutions and foundations. Collaborative partners include non-profits, banks, credit unions, employers, governments, and educational institutions. Federal initiatives (with available funding appropriations) include AFIA and the proposed SWFA. CFED and CSD have provided a large part of the technical assistance for IDA program and policy development, while technical assistance for Native American IDA programs has come primarily from First Nations Development Institute.

The array of situations in which IDAs operate produced a considerable variety of responses to survey questions along with a number of common concerns. This appendix summarizes the responses and organizes them in related categories:

- Program design
- Program administration
- Barriers
- Reaching new constituencies and linking with other groups
- Funding and resources
- Policy strategies to promote at the national level
- Policy strategies to promote at the state level
- Strategies for using national networks

### Program design

- Direct deposit of savings (including direct deposit of EITC refunds)
- Importance of financial literacy
- Financial education as a pre-requisite for getting an IDA
- Cars as an allowable use of IDAs
- Longer-term programs that include four years of college
- Employer-based programs

Six major issues emerged from the interviews that concerned program design. First, support for the direct deposit of savings (including direct deposit of EITC refunds) into IDA savings accounts was emphasized, which has been shown to support increased savings in a national IDA policy demonstration (Boshara, 2001). Second, the importance of an effective financial education component to an IDA program emerged, including the benefits of offering financial education in multiple languages. Third, the question arose as to whether or not financial education should be a pre-requisite for getting an IDA, or if some competency component could be added for IDA holders who might not need additional financial education. Fourth and fifth concerns regarded the allowed uses of IDAs. Cars were seen as legitimate uses for IDAs, and a longer term plan, allowing four-year colleges to be added to the uses, was seen as having great potential. Lastly, the sixth issue related to the desirability of creating employer-based IDA programs. One interviewee gave the example of a General Electric program that provides IDAs as an incentive

for employees, to make use of other social service offerings the company provides (this program may not be designed in the manner of a traditional IDA program).

### Program administration

- Recognize many skills are needed to run a program
- Upgrade MISIDA and provide more technical assistance
- Mesh federal and various state eligibility requirements and time frames in one program
- Reduce administration costs
- Importance of relationships with contractors

Five major issues emerged concerning program administration. First, there is a challenge in building the repertoire of skills needed to run a program: reporting and database management, outreach and marketing, financial counseling, and fundraising. One interviewee noted that the ability to sell tax credits is very different from the myriad abilities needed to administer a program. A second concern was for upgrading MIS IDA and being provided with more technical assistance, and a third was for aligning eligibility requirements and time frames, which vary widely among state and federal programs. Fourth, administrative costs must be reduced for programs to thrive, despite the complexity involved in running an IDA program. The program “cost trade-offs” between financial literacy courses, counseling and other intensive services, and the basic cost of programs, need to be addressed. Lastly, the fifth issue in the area of program administration related to the need to more fully address relationships between IDA practitioners and contractors.

### Barriers

- Recruitment/marketing/lack of media plan
- Inability to show success quickly
- Resistance to revisiting legislation
- Limited funding
- Many strings attached to TANF money; eligibility too low in some states
- Impact of state budget crunch

Six major barriers to IDA programs arose in the interviews. First, there is a lack in the IDA field of a media plan, including recruitment and marketing techniques. Second, there is an inability to quickly show the success of programs to stakeholders. Third, the hesitance to revisit and attempt to amend current legislation is common, which one interviewee described as opening a can of worms. A fourth and fifth barrier comprised concerns relating to funding sources. Currently there are limited funding sources and some funding is restricted to one gender or one narrow type of IDA, while private match money remains hard to find and more financial operating support is needed. Moreover, in some cases state legislation has attached strings to using TANF money, which complicates or makes untenable its usage, and/or sets the “eligibility bar” too low, disqualifying many potential IDA account holders. Lastly, the sixth issue is connected to state budget crunches, which have had a major impact on programs.

### Reaching new constituencies and linking with other groups

- People with disabilities
- Foster children
- Work-study programs
- Entrepreneurs in downtown development
- Native American tribes

Five potential new constituencies were identified in the interviews. First, people with disabilities are a key constituency, for whom IDAs could be used, after eliminating the earned income requirement, to adapt homes and cars to fit their needs. Second, foster children are currently a mostly untapped group. Third, work-study participants could qualify for IDAs. Fourth, a constituency of entrepreneurs exists in downtown development, which could offer financial as well as other forms of support. Fifth, there is a potential for the establishment of stronger ties with Native American tribes and tribal governments. Stronger ties could be achieved with the assistance of organizations such as the First Nation Development Institute as well as using a regional approach, and through an innovation combination of funds available to tribes (or nationally) if a consortium could be created using tribal money.

### Funding and resources

- Moving beyond the Community Reinvestment Act (CRA) incentive
- VISTAs
- Tight budgets on state level

Three more global (and in this context national) issues about funding and resources surfaced. First, the suggestion arose that the time has come to move beyond CRA incentives and that financial institutions should be more broadly encouraged to view IDAs as mainstream products. Second, VISTAs have been helpful in the short-term setting up and administering of programs, and having them continue to be such a resource in a sustained, structured way would be greatly beneficial. The third and last issue on funding and resources related to the nation-wide issue of tight state budgets, and the important effects state budgets have on many IDA programs.

### Policy strategies to promote at the national level

- Maintain advocacy effort
- Get involved in CRA reauthorization
- Consider certifying IDA programs
- Construct a broad national media and awareness campaign about an asset-building approach to reducing poverty

Four strategies for the national level were put forth. First, the need for a national IDA advocacy effort, as states and individual programs often lack the resources to do high-level lobbying work themselves. Second, IDA practitioners should be encouraged to become involved or be represented in the CRA reauthorization process. Interviewees stated that the CRA rules are not strongly enforced, and that service and investment tests must be maintained. Third, IDA programs might benefit from a carefully considered national certification program, allowing for the diversity of program implementers and target populations, which may lend programs more credibility and support, and give funders additional confidence in their investment. The fourth

and final strategy was to create a national media and awareness campaign about IDAs and the asset-building approach to poverty.

#### Policy strategies to promote at the state level

- Better publicize asset strategies and IDAs
- Maintain a broad advocacy coalition, with bi-partisan support and champions
- The need for dedicated staff, possibly including Americorps/VISTA
- Link to economic development, showing benefits to local economy
- Utilize ways to show return(s) on investment
- Marketing assistance/market segmentation
- Link to other efforts (e.g., EITC, employer based, alcohol/drug treatment, foster kids)

Seven major issues emerged from the interviews that concerned IDA policy work at the state level. First, better publicizing asset strategies and IDAs needs to be done at the state as well as the national level. Second, state advocacy coalitions, which ought to include champions of legislation and workers for bi-partisan political support, can undertake several missions addressing particular needs and challenges of each state and its poor. Third, dedicated staff are needed, possibly including Americorps and VISTA volunteers, to build and maintain coalitions. Fourth and fifth issues regarded finding and utilizing ways to demonstrate the linkages between IDAs and the local economy, and of the return on investment IDAs provide to the state and its communities. Sixth and seventh concerns related to administrators' needs at the state level: for assistance marketing their programs and structuring market segmentation; and for assistance linking them with other social service and economic development efforts, such as EITC, employer-based programs, alcohol and drug treatment programs, and foster care.

#### Strategies for using national networks

- Link up with groups by partnering on grant funding
- Explore new sources of technical assistance, in addition to CFED and CSD
- Connect with key leaders

National networks provide specific resources and opportunities for IDA programs. Three major issues concerning the utilization of networks were proposed. First, there is a possibility of creating linkages between groups invested in IDAs, by partnering on grant funded projects. For example, the National Governor's Association (NGA) created the Center for Best Practices, and the Center for Policy Alternatives convened a Summit of the States. The second issue regarded how IDA programs might turn national networks into an alternative source of technical assistance. Currently, programs depend on CFED and CSD in this regard, which have jump-started programs; the question now is where can established programs turn for assistance at more advanced program stages. The third and last issue concerning national networks related to how they can develop relationships with and help affect the agendas of key leaders. For example, Idaho Governor Kempthorne has stepped up as the next NGA chair, and he will exercise his power to pick a theme for the organization to work on during his tenure there. Since Idaho has passed IDA legislation, might that theme be "Asset-Building for All?"

## **Appendix D: Notes from Roundtable Meeting**

*The following are notes from the IDA Policy Roundtable hosted by CSD on April 22, 2003. The notes do not necessarily reflect recommendations made in this report.*

### **Roundtable Participants:**

Karen Edwards, Center for Social Development  
Gena Gunn, Center for Social Development  
Alisa Larson, Warm Springs Tribes, Oregon  
Ben Mangan, Earned Assets Resource Network, Inc.  
Eric Muschler, Michigan IDA Partnership  
Dory Rand, National Center on Poverty Law  
Carl Rist, Corporation for Enterprise Development  
Chuck Shannon, Mile High United Way  
Woody Widrow, Texas IDA Network

Beverly Stein, Consultant

Robert Zdenek, Consultant

Notetakers: Njeri Kagotho, Lisa Marie Mason, and Ron Sturm (CSD Research Assistants and graduate students at the George Warren Brown School of Social Work, Washington University)

### **Introductions and Overview of Roundtable Goals**

- Participants were selected for their experience, insight, and creativity.
- Participants were encouraged to be upfront and enjoy a free-flowing discussion.
- Participants were reminded that the past decade has seen three generations of IDA initiatives and were then asked, “How do we reach the next plateau?”

### **Definition of “Taking IDAs to Scale”**

Participant perspectives on taking IDAs to scale:

- Program success (for the individual and the community) must be proven before going to scale. There must be a middle phase of accepted, effective practice between demonstration and full scale.
- An indication of scale would be 300,000 accounts in ten years and IDAs and asset-building discussed by society in a positive way.
- There must be more IDA champions, at the city, county, state, and federal levels.
- IDAs are one piece in the asset-building picture, which should be a continuum for all members of the community to save and build assets. Scale means having an inclusive policy that includes non-poor populations (moving away from and/or eliminating means-tested assistance).
- Technology should be better incorporated into programs (e.g., direct deposit mechanisms).
- IDAs should be one of many asset-building products and services that are market-based and matched to particular market segments.

- For Native Americans, IDAs should be designed for the community or tribe, not just the individual. Getting the word out is key. Inter-tribal networks should be as utilized for this purpose as state networks.
- Scale means that the organization’s capacity to provide resources for IDAs would be the only limitation to address.
- Tracking and maintenance of accounts would be separate from the program itself.
- Should we be looking at taking IDAs to scale or taking asset-building to scale?

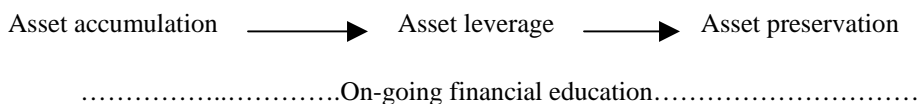
**Areas that Need Exploration by the Field**

- Emerging markets such as new immigrants must be better explored.
- The focus on IDAs is too limited. There must be broader asset-building perspective, with tools such as EITC, financial management, employer assisted housing, health care benefits, and basic bank accounts.
- To retain employer interest in the issue, the idea should be sold by offering financial education, EITC, and IDAs in that order, not with IDAs at the leading edge.
- We need to define “everyone” when talking about universality. We may want something “progressive” but it needs to be better couched for policymakers’ sensibilities.
- It is important to distinguish pre-assets and assets, as well as provide opportunities to acquire both.
- Programs are currently labor intensive, with the neediest falling through the cracks.
- Nonprofits may be caught in an “IDA program box.”

**What are the Most Promising Short-Term (i.e., Two to Four Year) Strategies?**

Suggested short-term strategies for *scale*:

- Redefine asset-building in three steps as a continuum:



- Work with the National Association of Community Colleges to adopt a financial management curriculum.
- To create a financial safety net, provide the following: 1) financial education for K-12 and adults, 2) everyday banking accounts, 3) facilitate actual savings. Only then should individuals move on to the acquisition of pre-assets and, finally, assets.
- If SWFA passes, seek state-level amendments to other legislation if said process would be easier than passing new or amended IDA-specific legislation.
- Encourage local governments with living wage ordinances to have an IDA off-set.
- Shift to a “pull strategy” at the state level. Make IDAs an eligible use of other funding streams such as CDBG, low-income housing development funds, and tax credits. In other words, include IDAs as an economic development tool.
- Keep in mind that going to scale in rural areas can look different than it does in urban areas.

- An opportunity exists to tie IDAs with Social Security as the Social Security reform debate emerges.
- American Indian tribes have significant disenfranchisement and distrust of state and federal government. Many large banks are uninterested in serving tribes. Yet, tribes have many resources that could be tapped such as per capita payments and child/education trust funds.
- Financial institutions should be engaged in a new way. Currently, there is a disconnect within banks between the CRA staff and branch managers and other high level administrators. Banks narrowly measure what will generate profit. Tracking cross-sector services used by IDA participants should be recorded, evaluated and disseminated

Suggested short-term strategies for *effectiveness*:

- Integrate staff roles and responsibilities as much as possible for cost-savings and program simplification purposes.
- With respect to workplace-related IDAs, a hybrid model could be developed wherein employer-based models work with community-based models. For example, the employer provides funding and the pool of recruits; the community organization operates the program and provides services. Tax issues would need to be researched.
- Measure effectiveness of financial education, with methods such as pre- and post-tests.
- In some ways, MISIDA may limit program time and cost-efficiency. Need a simplified web-based version of a management information system.

Suggested short-term strategies for *inclusiveness*:

- Additional uses could include health care and assisted living, among others.
- Could consider quality of life purchases or uses for individuals with disabilities.
- Consider programs for ex-offenders. Money earned in prison could go into an IDA.
- Consider special circumstances (e.g., rural landowners in many states who have temporary structures do not qualify as first-time homebuyers).
- Since “work must pay,” there are key strategies to connect IDAs to EITC, Children’s Health Insurance Programs (CHIP), and Empowerment Zones.
- New customers should be viewed as constituent building.
- Recall that the more universal you go, the more sacrifices you make for efficiency’s sake.
- For individuals with disabilities, how is the direction of “make work pay” viable?
- We should use caution in expanding eligible uses and services. Productive uses could include 529 accounts. However, when expanding services, tax service providers who take advantage of low-income individuals should be excluded.
- The 211 system is emerging as a system of non-emergency response. Nearly 20% of the U.S. is currently served by some 211 system. One recommendation is for 211 to provide information about free or low-fee tax preparation services.
- It is important to think about building assets over the life cycle (e.g., for youth, attending camp or buying a musical instrument could be viewed as building assets).
- The family should be viewed as a category, including both custodial and non-custodial families.

- With American Indian tribes, using the family as a unit or target is important but all residents of one structure should not determine household size. In some programs, families do budgeting at home. Also, preserving cultural ceremonies, traditions, ceremonial artifacts and land are potential eligible uses.
- Consider potentially eliminating limits on number of accounts per household.

### **What are the Most Promising Long-Term (i.e., Four to Ten Year) Strategies for Scale?**

- Keep the long-term vision agreed upon at the roundtable as a goal: a universal system based on a continuum from rich to poor, progressively funded, with multiple products and services, based on a broad asset-building approach.
- Institutionalize matched asset-building accounts through Social Security, children's savings accounts, or college savings plans.
- Keep vision at the fore, while taking incremental steps.
- Research and evaluation are still an important as strategy for support, especially for long-term impacts.
- American Indian tribes need autonomy. As currently designed, are IDAs a viable tool for tribes? On reservations, 80% are employed by tribal governments, 10% finish high school, and 1% finish college.
- Unit of analysis for asset-building must move from the individual to the family and community.
- IDAs must be market-driven, on both the demand and supply sides.
- Keep in mind that since tribes do not pay state taxes, animosity may emerge if state tax revenue is used to fund tribal accounts.
- Document the multiplier effect of IDAs and asset-building strategies for impact on governmental savings in the areas of public health, corrections, welfare, etc. However, be wary that "savings" is often heard by policymakers as cutting money for those programs.
- Ask key decision makers: What proof/evidence do you need to move forward?
- More studies may be needed on how IDAs can help rural areas revitalize and prevent urban migration of rural youth.
- Ask and document: What is the return on the investment of funds?
- Must better define community asset-building, especially for rural areas.
- Utilize completed research that is currently being published in "bits and pieces" by numerous programs across the country, such as MIDAP.
- Address the stakeholder question, "What's in it for me?"

**What are the Implications for State Practitioners of the Short and Long-Term Strategies?  
How Can They be Better Informed to Benefit from the Strategies?  
What are Some Key Opportunities?**

- The following questions need to be answered first:
  - How can state and federal programs be better coordinated?
  - What are the advantages of incrementalism versus leaping forward?
  - What institutions are needed for support?
  - What should infrastructure look like?
  - What marketing information and research are needed for the transition to scale?
- If SWFA passes, there will be an immediate need for coordination, especially in states like Illinois where multiple IDA programs are operating in a disconnected fashion (in contrast to collaboratively organized efforts such as in Michigan). There should be meetings of experienced practitioners and key legislative sponsors to examine possible scenarios and plan for implementation of SWFA.
- If SWFA passes, we also need to plan for recruitment. Nonprofits can be key recruiters, but what operating funds will be available?
- Even though some financial institutions may not have an interest in SWFA tax credits, some may have an interest in holding the accounts. We need to get other corporations to take advantage of SWFA (but need to verify if the bill language provides the tax credits to other organizations or just to financial institutions).
- The question of asset limits will continue to emerge and must be addressed. This issue has been largely left behind since passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). IDAs should be part of the current TANF reauthorization debate. Key individuals to approach for assistance are Mark Greenberg (Center for Law and Social Policy), Bob Greenstein (Center on Budget and Policy Priorities), the four sponsors of SWFA and their staffers, and the Office of Refugee Resettlement (ORR).
- We need to be sure service providers have a clear understanding of asset-eligibility rules.
- There should be a more strategic focus on IDAs by asset (e.g., the Federal Home Loan Bank's IDA-like programs for homeownership). Look for funding through asset-focused streams such as from the Department of Housing and Urban Development.
- Ensure that current colleagues do not turn into enemies (i.e., that colleagues serving low-income families don't view IDAs as competing for the same funding source for basic needs of low-income clients).
- Focus on the tax and business implications of IDAs, and coordinating with WIBs, to present a workable package to employers.
- Better educate the public on the issue of the asset gap.
- Widely replicate effective pilots, such as the America Saves program in Cleveland.
- Can get a "double whammy" if we hook financial institutions into providing IDAs for their own low-wage, entry-level employees.
- Consider military-focused IDAs.
- Strategize possibilities for coordinating the different tiers and timelines of potentially multiple IDA programs (e.g., 1-year, 5-year, 15-year).
- Stress that financial education and financial planning are ongoing life processes.

- Note that intergenerational effects of asset-building are emerging as a positive bi-product.

### **How Can National Networks Assist with these Strategies and Work More Closely Together? Are there Other Networks to Tap, Given the Strategies?**

- We should work with university-related extension offices in each state. This was successfully done in Illinois, although it is important to note that the trainers were primarily middle-aged, white women.
- Other possible stakeholders include the following: National Council of Jewish Women, National Bankers Association, National Association for Affordable Housing Lenders, National Community Tax Coalition, National Council for Economic Education, other financial institution associations, other national associations for homeowners or developers.
- Keys to working with national networks: 1) understand membership bodies, 2) point out what is in it for them, 3) know where they stand on IDAs and asset-building issues, 4) better sell the importance of basic financial services as a precursor to acquiring long range assets, loans, etc., and 5) be careful to ensure that networks are not acting against what the IDA field is doing.
- We must fully develop and understand our agenda.
- We must identify key players with statewide influence.
- Tap into networks that have extensive lobbying activities.
- Consider creation of a membership organization, i.e., a national IDA/asset-building association.
- Appeal to employers and corporations. Develop a business-oriented think tank applying a business perspective to a community development issue.

### **Summary of Roundtable Recommendations:**

- Expand the concept of IDAs to more strongly reflect asset-building, moving from the individual to family and community.
- To move to scale, ensure that AFIA is made more effective and that SWFA is passed and implemented.
- Start with children.
- Better connect IDAs with federal funding streams, such as TANF.
- In the short-term, address issues of coordination and regulatory barriers.
- In the long-term, move towards federal policy that provides lifetime savings accounts, wherein accounts are detached from program frameworks and are tax benefited for all.
- Use basic market principles to drive service delivery methods and improve the efficiency of the current case management model.
- Increase the importance of articulating the vision to others.
- At the short-term policy level, ensure that all legislation and regulation of TANF, AFIA, and SWFA make the continuation and expansion of asset-building possible.
- In the long-term, create a broader vision and shared language, with newly inspired advocates, in a broader community, working to institutionalize IDAs and assets for all.

## Appendix E: Involvement of National Networks in Asset-Building Efforts

During their first ten years of development, IDAs could be characterized as a grassroots movement, with the vast majority of IDA initiatives initiated by community-based organizations. As a result, a relatively small number of accounts with a strong array of services are being provided to IDA accountholders on the national level. Community-based organizations have a significant role to play in the continued growth of IDAs and other asset-building efforts, and will continue to be an integral part of federal and state funding initiatives such as AFIA, TANF, SWFA and other programs. At the same time, a level of asset-building activity has been reached at which national networks and institutions can serve as major vehicles for advancing policy and practice in community economic development and asset-building.

An underlying goal of interviewing 20 national network representatives was to increase their awareness of IDAs and to learn how they could be better resources for expanding IDA and asset-building opportunities. National networks are excellent conduits for knowledge building, training and technical support. In addition, it became clear during the interview process that a number of national networks have an array of financial and technical resources to support the growth of IDAs and asset-building in general. These resources tend to be concentrated in certain states, with some states benefiting from higher levels national network related asset-building activity. This section features a National Network Matrix of those national organizations most involved in asset-building and community development. It is the authors' hope that the national networks listed on the matrix, as well as others, will encourage information, training, technical assistance and shared funding for IDAs.

Many national networks will face major funding challenges in the next several years, with the recent decline in private resources and flattened funding from government sources. However, public and private funders can be receptive to funding partnership opportunities among diverse national organizations, which leverage existing and new financial and technical resources.

National community-based networks, associations, and others (national state organizations, financial institutions, trade associations, education networks, etc.) may be critical to the growth of IDAs and other asset-building initiatives, mainly due to the following factors:

*National networks enhance knowledge, practice and capacity of IDA sponsors.* For example, Community Action Agency associations and CDC associations have been crucial to the growth of IDAs.

*National networks connect IDAs to other strategies and resources.* The Association for Enterprise Opportunity (AEO), the micro-enterprise trade association, can be an excellent resource for IDA programs that have micro-enterprise as an eligible use, while the Neighborhood Reinvestment Corporation's Home Ownership Centers offer an array of products and services for first time homebuyers. More work needs to be done on linking education and training for IDAs to national education and training networks, e.g. community colleges, vocational-technical programs, etc.

*National networks can marshal resources.* A number of national networks act as intermediaries and package financial and technical resources from diverse sources to support initiatives at the grassroots level. The matrix below identifies types of financial and technical resources that national networks have made available to state and local IDA initiatives.

*National networks have broad constituencies.* National networks reach broad and diverse constituencies who may not be aware of IDAs and other asset-building strategies. Reaching new constituencies is key to moving IDAs to scale. These constituencies can be important for state IDA strategies and initiatives.

*National networks can act as wholesalers.* Just as national networks serve diverse constituencies, they provide an opportunity to reach thousands of organizations and millions of individuals through various communication methods. This “wholesaling” approach can spread knowledge of IDAs and other asset-building strategies far beyond the present base of practitioners.

The current diffusion of knowledge of IDAs within national networks varies broadly from organizations that have made IDAs a priority in their agendas, to organizations that are barely aware of IDAs. Some organizations are promoting similar asset-based models, and there is much untapped knowledge related to asset-based activities and resources that could be connected to IDA programs. In some cases, these resources are in states where there are no IDA programs or very limited programs. An opportunity now exists to engage national organizations and networks in the process of gaining more knowledge about IDAs and to promote the implementation of IDAs among these networks.

The National Network Matrix shows how a variety of organizations are active in states. Suggested uses for the matrix include:

- To share facts and resources among networks backing IDAs and asset-building initiatives
- To link IDAs to broader asset-building and economic development goals
- To build networks to expand policy and legislative opportunities
- To identify new policy and legislative opportunities
- To identify emerging practices and successful initiatives

Observations from the matrix include:

- There is a consistent pattern of priority states among the six national organizations. California is a priority state for five of the networks; and North Carolina, Pennsylvania, and Texas for three.
- All the national networks sponsor at least one national or regional conference and there is interest in inviting organizations to participate in asset-building workshops and forums.
- Four networks provide funding at the state and local levels for asset-building initiatives and/or coalitions. There is the potential for increased asset-building funding coordination with networks and states.
- Each of the networks has impacted public policy and resources in asset-building in some way, and sharing the details of their success could be useful for other networks.

National Network Matrix

	<b>Priority States</b>	<b>State Policy Priorities</b>	<b>Conferences and Training</b>	<b>Funding</b>	<b>Success Examples</b>	<b>Technical Assistance</b>	<b>Other</b>
<b>AEO</b>	CA, CO, GA, MD, NH, OR, PA, VT	Build capacity of state associations	Annual conference; Regional conferences	N/A	\$1 million TANF (Louisiana)	State MED listserve; Technical assistance listserve	Best practices
<b>CAP</b>	CT, IL, NE, WI	State associations	Policy forum; National dialogue; National Community Action Month; National conference; IDA training	N/A	CAPTC, WISCAP	N/A	N/A
<b>NCCED</b>	CA, IN, MA, MI, MO, NC, NJ, OH, OR, PA, TX, WI	CED (577 sources in 48 states)	Annual conference; Policy conference; Conference calls	\$135,000 to four associations	\$500 million to MACDC; Predatory lending	State CED policy	N/A
<b>NCRC</b>	CA, IL, MA, NC, TX	Each state determines its policy priorities	National conference; Two regional conferences	Seed funding; FLLIP	North Carolina predatory lending	Through its network	N/A
<b>NFCDC U</b>	CA, NC, NJ, NY, PA, TX	Funding sources; VISTA	CDCU Institute with SNHU; Paths to Financial Freedom	Credit union capitalization grants; VISTAs	\$3.1 million to Empire Development	State policy; Credit unions	Marketing IDAs
<b>UWA</b>	CA, CO, CT, GA, SC, WA	N/A	Community Leaders Conference	Employer initiatives	N/A	Research state policy	N/A

AEO – Association for Enterprise Opportunity  
CAP – Community Action Partnership  
CAPTC – Community Action Project of Tulsa County  
CDCU – Community Development Credit Union  
CED – Community Economic Development  
FLLIP – Financial Links for Low-Income People  
MACDC – Massachusetts Assoc. of Community  
Dev. Corporations  
MED – Microenterprise Development Organization

NCCED – National Congress for Community Economic  
Development  
NCRC – National Community Reinvestment Coalition  
NFCDCU – National Federation of Community Dev. Credit  
Unions  
SNHU – Southern New Hampshire University  
TANF – Temporary Assistance for Needy Families  
UWA – United Way of America  
WISCAP – Wisconsin Community Action Program  
State abbreviations – Official state abbreviations represent each  
state

## Appendix F: Acronyms and Abbreviations

ADD	American Dream Demonstration
AFIA	Assets for Independence Act
CBO	Community-Based Organization
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CFED	Corporation for Enterprise Development
CRA	Community Reinvestment Act
CSD	Center for Social Development
EITC	Earned Income Tax Credit
EZ/EC	Empowerment Zones/Enterprise Communities
IDA	Individual Development Account
ITA	Individual Training Account
LiLA	Lifelong Learning Account
MIDAP	Michigan Individual Development Account Program
MIS IDA	Management Information Systems for IDAs
NGA	National Governor's Association
SEED	Saving for Education, Entrepreneurship and Downpayment
SWFA	Savings for Working Families Act
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act
WIB	Workforce Investment Board