

I  
Individual  
Development  
Accounts

*Building financial assets for Michigan's low-income citizens*

The Michigan IDA Partnership is an innovative partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF).

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Evaluation Results Show Significant Progress and Positive Outcomes

In February 2003, the Institute for Social and Economic Development (ISED) released the Year II Evaluation Report on the Michigan IDA Partnership (MIDAP). ISED is an independent program evaluator hired to track and report on the progress and effectiveness of Michigan's statewide Individual Development Account program. The report is extremely positive in terms of the creation of quality IDA programs and the outcomes to participants in the programs. The evaluation report found:

The **typical IDA Participant is a 33-year-old unmarried African-American** woman with some college education, a full-time job, a **monthly household income of about \$1,800** (21,600 annually), and **two children** living at home. The average participant has been in the program between 8 and 9 months and saved \$375. Over 80% plan to use their IDA to purchase a home.

- 98% of households had made at least one savings deposit with **an average of \$375 in total deposits (Over 800 participants as of March '03)**.
- **Regular savings** by participants went from **25 to 71 percent** with 87 percent report they expect to save regularly in the future.
- 90 percent are **more aware of their credit rating**.
- 83 percent report they are **more likely to work or stay employed** since opening their IDA.
- After entering an IDA Program the percent of **households receiving cash assistance went from 29 to 6 percent**.
- Through April 30, 2003, **112 IDA Participants have made an asset purchase**. The mortgages leveraged to date total more than **\$6.5 million**.

The report also found an incredible degree of commitment on the part of staff providing IDA services. "IDA services are being provided by a group of highly dedicated staff that believe in the goals of the program. Even though the IDA services are labor intensive, dedication and enthusiasm remain high. Staff are eager to learn from the network of IDA providers."

"This evaluation provides a range of information that addresses both participant behaviors and outcomes," said Charles Overbey, Director of Policy Analysis & Program Evaluation at FIA. "It is important to know how the IDA programs are working and to see how the program influences participant attitudes toward work, savings and credit. Data from the Year II evaluation will contribute to the nation's public policy debate as welfare reform is being reauthorized."

MIDAP will have three more years of annual evaluations provided by ISED. Each year the area of inquiry can be slightly altered to examine in more detail specific research questions that arise. The Year II Evaluation Executive Summary and the full evaluation report is available at the Council of Michigan Foundations web address [www.cmif.org](http://www.cmif.org). See Michigan IDA Account Summary on page 4.





## Success Story

### "Fantasy Aviation"

With encouragement and support from the IDA program at Baraga-Houghton-Keweenaw (BHK) Child Development Board, Steve Foix has found a way to turn his hobby into a business. Summer 2003 will see the launching of Fantasy Aviation; a high flying business of virtual reality plane rides and customized video production. Using radio-controlled (R/C) aircraft, Fantasy Aviation offers "on the edge" affordable



entertainment from the safety of the ground. Donning video goggles, the virtual flyer is able to see what a pilot would see as the aircraft swoops, zooms, and rolls over the northern landscape. Video footage can be recorded and the customer can watch the wild ride over and over again. In addition to providing entertainment services, Steve's R/C planes, with wingspans of up to 8 feet, can record aerial video footage of real estate, timberlands, and hunting areas filmed for clients at much lower cost than a manned aircraft.

The Foix family lives in Michigan's Upper Peninsula (Houghton). Steve and his wife both work to support their four boys, aged 6, 9, 16, and 19. Steve's wife encouraged him to enroll in the IDA program in August of 2001. Steve feels the IDA program's financial management classes taught him skills that will be vital to the success of his business. Using direct deposits, he saved an average of \$50 each month, and reached his goal of \$1,000 in only 18 months. With his savings and \$2,000 of match money, Steve will be able begin turning his

hobby into an additional source of income for his family.

"Without the encouragement of the IDA program I don't think I would have attempted a project like this. The match money was the incentive for me to develop my business plan (with the help of First Step, a small business development service provider) and make my dream come true. It was Buster Roberts and the other IDA participants who gave my thoughts merit, and encouraged me to follow through," says Steve.

Founded in 1974, BHK serves children and adults by providing comprehensive family services such as Head Start, child care, adult education and family financial literacy in the IDA savings program. Offering IDAs helps BHK in its mission to strengthen and empower children and families by creating opportunities for success in a region saddled with limited employment opportunities.

Although he has been a saver all his life, the IDA program taught him about the advantages of putting money in the bank. Steve's new savings goal is to maintain a cash reserve. "I think that the real benefit of being enrolled in the IDA program comes to me and my family by teaching us to pursue our goal and seeing that research and perseverance is required with any major project." Steve encourages everyone to begin to make their dreams a reality. He grins, "You have to take off before you can fly."

## Huntington Bank Committed to IDAs

In January 2001, Huntington National Bank stepped forward and established itself as a key partner to IDA Programs in Michigan at a time when only 4 programs formally existed. Now, with 50 programs and five regional program networks serving over 1000 households, the insight of Chris Piper, former Assistant VP and Community Reinvestment Officer for Western Michigan, is most apparent.

This past April, Chris decided to leave Huntington National Bank to pursue her passion to work with youth at Child Development Services of Ottawa County, a nonprofit Head Start and affordable day-care provider. However, the IDA partnerships she created remain. Huntington is the financial depository for most IDA participants in the Western IDA Program Network of Michigan. Chris effectively nurtured relationships between branch banks and IDA program staff so that hundreds of un-banked households could join the economic mainstream and take advantage of an IDA matched savings account.

Chris expanded involvement to the east side of the state through colleague Jennel Proctor, Community Development Specialist, working with an IDA program at Macomb County Community Services Agency. "This is a very effective program," says Jennel. "The IDA program staff takes time to make sure each individual participant really understands what is required to be successful in the IDA program and beyond. Homeownership can help rejuvenate neighborhoods and revitalize communities, so the success of each IDA participant improves the economic health of the entire community."

It is the hope of Chris Piper that Huntington Bank's involvement has helped highlight the importance of connecting financial institutions with underserved and un-banked populations. "Huntington wants to see increased awareness of IDAs, as a way to educate potential

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## National Initiative for Youth IDAs Lands in Michigan

The Oakland Livingston Human Service Agency (OLHSA), a regional coordinating organization (RCO) for the Michigan IDA Partnership, has been selected as one of seven programs nationally to become part of the Saving for Education, Entrepreneurship, and Downpayment (SEED) Policy and Practice Initiative. OLHSA is the only SEED program site selected to manage a large-scale program serving 500 Head Start households with SEED accounts.

The Corporation for Enterprise Development (CFED) with funding support from the Ford Foundation, Charles and Helen Schwab Foundation, Edwin Gould Foundations and the Jim Casey Youth Opportunities Fund is sponsoring the SEED Policy and Practice Initiative (<http://seed.cfed.org>). The project purpose is to evaluate the efficacy of long-term savings and investment accounts established for children at birth. The funds in the SEED account may be used when the child reaches the age of 18 to finance education/training, to start a small business, or buy a home. The total grant commitment to OLHSA is \$1.5 million to support the match funds for the SEED account and the operation of the initiative.

OLHSA will implement the SEED initiative with 3 and 4 year olds enrolled in the Agency's Head Start program (1,745 families at or below the federal poverty level). There will be 500 children and their families enrolled in the SEED program (and 500 families tracked who do not receive a SEED account). Each child in the program will receive a SEED account with an initial deposit of \$500. The child's family will have 4 years to save an additional \$1,500 that will also be matched 1:1 by the program. Over that period, OLHSA will use the Head Start parent education and involvement components to provide financial and asset management training that helps families and their children understand the relationship that saving and investment of resources will have on the long-term opportunities available to a child.

A key objective in the design of the OLHSA SEED Program (and the national SEED initiative) is the program's replicability and potential to be brought to scale on a national level. Two key program elements are being brought together to achieve that objective. First, integrating SEED into the Head Start model is important because the program is popular and offered in almost every community in the United States. Second, OLHSA has created a partnership with the Michigan Department of the Treasury, which manages the state's 529 Education Plan (the Michigan Education Trust - MET). MET manages investment accounts designed to help all families save for post-secondary education. The 529 Plan connection is very important because it is an existing structure that can manage and track the accounts. This allows non-profits, like OLHSA, to concentrate on participant education and support services where its skills are strongest.

"OLHSA's experience and partnership with the Michigan IDA Partnership (MIDAP) will be invaluable in implementing this exciting opportunity," said Don Jones, Director of Resource Development at OLHSA. For more information see a SEED project summary at the MIDAP website ([www.cmif.org/IDA/IDAHome.htm](http://www.cmif.org/IDA/IDAHome.htm)).

## Kellogg Foundation Supports Asset Building in Michigan

The W.K. Kellogg Foundation has provided the Michigan IDA Partnership, a project of the Council of Michigan Foundations, a three-year grant of \$600,000 to further its work in expanding asset building opportunities like Individual Development Accounts (IDAs) to low-income households throughout Michigan.

Kellogg's grant will help support: 1) training and technical assistance for local IDA programs; 2) the work of five regional program networks; 3) efforts to expand asset-building policies for low-income families in Michigan; and 4) a portion of the project evaluation.

"The Kellogg gift comes at a critical time when public funding is scarce and private foundation grants are limited due to a drop in assets held by foundations," said Eric Muschler, MIDAP Director. "Kellogg's commitment will not only support continuing operations, but will also help to leverage additional local funding commitments to continue expanding the number of IDA Accounts available in Michigan."

Despite the economic conditions, MIDAP has secured funding to provide over 1,000 IDA Accounts with a combination of public

and private funds and will continue toward its 5-year goal of providing 2,000 IDA Accounts. MIDAP used the initial state funding commitment to leverage an additional \$3.5 million from twenty-five different funding partners including financial institutions, Community Foundations, United Ways, the Federal Assets for Independence Act, and corporate and family foundations.

Frank Taylor, a Program Director with the W.K. Kellogg Foundation, has years of experience with other asset building programs. "We are impressed by the leadership MIDAP is taking to demonstrate the value of IDAs as a tool in building stronger families and communities," said Taylor. "We believe that this project can help inspire and inform their widespread use at both the state and national levels."

Michigan now has the largest and most sophisticated IDA Program network in the nation. "The demand our programs have created for additional IDA accounts far exceeds the resources available to provide them," said Muschler. "My concern is that the capacity established in the past two years will be lost if non-profits don't see growth through expansion as a viable opportunity." The W.K. Kellogg Foundation has made IDA Account expansion a tangible alternative.

The Michigan IDA Partnership appreciates this Kellogg grant and recent grants from the Besser Foundation, Frey Foundation, Ruth Mott Foundation, Michigan State Housing Development Authority, and Petoskey-Harbor Springs Area Community Foundation - a total of \$1.3 million received in 2003.



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## Huntington Bank

customers about the many ways financial institutions can support families in building financial assets. It is a strategy that serves families but also serves the bank in developing relationships with new markets and future business in home mortgages, business loans, and investment services.”

Chris, who also served on the state IDA Advisory Committee, will be missed. But the relationships established under her guidance will remain and continue to help low-income families save and invest for a better future. Thank you, Chris.

*Huntington National Bank recently committed nearly \$20,000 to support IDAs in West Michigan. Jennel Proctor will now represent Huntington on the State IDA Advisory Committee.*

# MIDAP Account Summary

Congratulations to 86 new homeowners leveraging \$6.8 million in mortgage financing!

Active Accounts as of March 30, 2003		Assets Purchased as of June 2003		Savings Matched To Date \$113,075
South	162	Home Ownership 86 Education 15 Business 21	Total All Uses 122	Match Amount \$315,272
West	152			
North	119			
Detroit	208			
MI Thumb	163			
<b>Total All Regions</b>	<b>804</b>			Mortgages Leveraged \$6,866,635

- Cumulative participant savings is now over \$250,000
- Total number of accounts available in Michigan is now 1,169

## New and Improved Website Now Available

For more information on MIDAP, including program design, funding partners, and expanded resources for IDA program sites and IDA participants, visit the Michigan IDA Partnership pages at [www.cmif.org](http://www.cmif.org).



*Serving grantmakers. Advancing giving.*

**Council of Michigan Foundations**  
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### Michigan IDA Partnership

A project of the Council of Michigan Foundations

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## Asset Developments

A complimentary, quarterly publication, *Asset Developments*, is distributed to IDA funders, potential funders, IDA providers, IDA participants, key state departments, legislators, and others who are interested in the implementation of IDAs. Funding for the publication is provided by the Charles Stewart Mott Foundation. Please direct any comments, questions, concerns or submissions to: Eric Muschler, CMF, P.O. Box 599, Grand Haven, MI 49417.

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