

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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Partnership awards first-round funding

The Michigan IDA Partnership has completed its first round of funding to IDA program sites. (See a full listing of funded sites by region on page two.) The number of proposals received through the Request for Proposal process far exceeded expectations and were eye-opening with regard to the appetite for IDA accounts (the Partnership received 64 proposals to manage over 2,100 IDA accounts). However, the proposals also showed a need for training and technical assistance to develop greater understanding and capacity to develop and run an IDA Program.

The goals in this round of funding were to:

- > Fund IDA program sites that meet high standards for performance and lead the field.
- > Establish IDA program networks in regions throughout the state that share service resources, match funding resources, and learn and build capacity from their combined experience.

Three organizations were designated as RCOs (Region Coordinating Organizations) covering Southern, Western, and North of Metro/Thumb area (see page 2 for names).

The Partnership is committed to serving working poor families and individuals throughout the state. Within the next six months, it is hoped that two additional RCOs for other regions in the state will be established to support statewide coverage. The Partnership also awarded two planning grants to develop additional program sites in the north through organizations based in Traverse City and Houghton.

Leveraging Match

The Michigan IDA Partnership & RCOs are currently submitting joint fundraising proposals to Michigan foundations and corporate grantmakers. If you are a funding organization and want to ensure your IDA Investment is fully leveraged with state resources, please contact the Michigan IDA Partnership.

Using evaluation criteria established by the IDA Advisory Committee, the Partnership funded 30 organizations that will manage 586 IDA accounts. This represents a solid foundation upon which to build more sites and expand the number of accounts to serve 2,000 of Michigan's working poor families or individuals.

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Michigan IDA Partnership first-round funding decisions

Southern Region

RCO : Community Action Agency of Jackson, Lenawee and Hillsdale – Jackson

Program Sites:

Community Action Agency of Jackson, Lenawee and Hillsdale - Jackson

Franklin Street Community Housing Corp. - Lansing

Community Action Agency of South Central Michigan - Battle Creek

Southwest Michigan Community Action Agency - Benton Harbor

Monroe County Opportunity Program - Monroe

Western Region

RCO : City Vision – Grand Rapids

Program Sites:

Inner City Christian Federation - Grand Rapids

Grand Rapids Opportunities for Women - Grand Rapids

Jubilee Jobs - Grand Rapids

Kalamazoo Deacon's Conference - Kalamazoo

Ottawa County Community Action Agency - Holland

Restorers, Inc. - Grand Rapids

Neighbor's Plus - Holland

Oakdale Neighbors - Grand Rapids

Newaygo County Community Services - Fremont

Clancy Street Ministries - Grand Rapids

Detroit

(No RCO at this time)

Program Sites:

Michigan Neighborhood Partnership - Detroit

North Star CDC - Detroit

ACCESS - Detroit

Church of the Messiah - Detroit

Latino Family Services - Detroit

Detroit Entrepreneurship Institute - Detroit

Detroit Neighborhood Housing Services - Detroit

Independent Sites

(Agencies not currently affiliated with an RCO)

Program Sites:

FiveCAP - Scottville

Saginaw Family Child Care Network - Saginaw

Baraga-Houghton-Keweenaw Child Development Board - Houghton

Straits Area Federal Credit Union (Bridge to Saving) - Cheboygan

North Metro/Thumb Region

RCO: Oakland Livingston Human Services Agency - Pontiac

Program Sites:

Oakland Livingston Human Services Agency - Pontiac

Lighthouse of Oakland County - Pontiac

Human Development Commission - Caro

Wayne-Metropolitan Community Action Agency - Ecorse

Economic Opportunity Committee of St. Clair County - Port Huron

Macomb County Community Services Agency - Clinton Township

Other

The following organizations received planning grants to work with non-profit agencies in their areas to develop IDA programs:

Baraga-Houghton-Keweenaw Child Development Board - Houghton

Northwest Michigan Human Services Agency - Traverse City

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Partnership awards first-round funding

\$1.3 million of the \$5 million goal in private funds has been raised to date to match the \$5 million Family Independence Agency's commitment to the project. This public/private partnership is critical to the success of the Michigan IDA Partnership. Public resources will only cover a specific target population (households with children), homeownership, and education accounts. Private funds are needed to support small business accounts and individuals not eligible to use public funds. In order to count as match to the state's commitment, private resources need to accomplish one or more of the following:

- Increase the total match pool by being eligible to non-TANF eligible households and individuals (still under 200% poverty) and for microenterprise.

- Support the critical role of the RCO.
- Support the training, technical assistance, evaluation, and related activities provided by the Michigan IDA Partnership
- Support the Michigan IDA Partnership directly.

The building blocks for an extensive IDA Program Network in Michigan are in place. Additional IDA Program Site applications will be taken in the fall.

For additional information, contact Eric Muschler at Muschler@Earthlink.net.

“Best Practices” in Operating Your IDA Program

by Jason Friedman, Institute for Social and Economic Development

Thanks to the Michigan IDA Partnership, program sites in Michigan have been given the training and tools to launch IDA programs. Now you are experiencing the challenges and satisfaction of making it happen in your community. As you move forward, I recommend you keep in mind some of the “best practice” approaches to implementing an IDA program that we discussed together in April.

Best Practice #1: Determine Your Target Market

Since the program's income guidelines are 200% of federal poverty, you have some latitude in selecting participants. No doubt your first priority will be to target your existing clients. But you need to ask yourself if they are the most appropriate targets for your IDA program. Many IDA programs have had to look beyond their current client base to attract participants into their programs. One approach is to hold separate focus groups of staff and people that have received other services from your organization. Your goal is to get a sense of their financial priorities, their views on savings and spending; and interest in financial education and asset-specific training.

Best Practice #2: Establish Rules and Structure for the Collaboration

Most IDA organizations don't provide all of the required services. So developing effective collaborations with other community-based agencies is critical to the success of your program. Take a look at your original agreement with your partners. Does it contain the following?

- **Roles and responsibilities:** Review key issues like resources (staff and non-personnel) and boundaries.
- **Implementation plan:** Who will do what for whom? And when?
- **Communications plan:** Who speaks with whom about what? And when?
- **Procedures for problem solving:** Problems may arise between collaboration partners that call for help from others to resolve. Have a plan that lays out the resolution process.

Best Practice #3: Effective Orientation Sessions

A central challenge facing program staff is delivering information about the IDA program to potential participants. As you know, the program has numerous requirements and details. Unfortunately, we have seen some IDA programs experience a high drop-out rate after enrollment because participants were unclear or confused about program requirements.

A three-tier approach to educating potential participants is suggested. The key is to give people enough time to fully understand the requirements and services provided by the program and to make an informed decision about participation. This approach can serve as a tool to screen out people who are not ready to make the personal commitment, as well as reduce program costs.

- **Application review:** During your first contact with a potential participant, spend 10 or 15 minutes reviewing the application. Try to get a sense of the person's background, current circumstances (employment, housing, etc). Provide materials on the program as well as check lists and/or questionnaires that cover savings and personal finance issues.
- **Orientation Session #1:** The first session is lecture-style and covers all the details and requirements of the program.

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Success story

With the purchase of her new home, Shauna Shoopman has taken one more step toward independence.

Shoopman is the first graduate of The Oakland Livingston Human Service Agency's (OLHSA's) new IDA program. The home is also the first product of OLHSA's YouthBuild Program. OLHSA combined their resources from these two human development programs to support Shauna in the pursuit of her dream.

Shoopman's determination to save and invest her limited resources wisely made all the difference in her confidence. Shauna saved \$30 a week since August of 1999 plus additional money she scraped together at every opportunity to reach her goal of \$1,500. The IDA Program supports Shauna and other participants like her in the program by matching their savings. The match funds for this pilot program came from the United Way of Oakland County.

In addition to saving money, Shauna also attended weekly financial management courses provided by T&C Federal Credit Union, Pontiac and completed a homeowner counseling program to prepare herself for the purchase.

On February 19, 2001 she was approved for a loan and closed on the OLHSA YouthBuild house on March 30, 2001. Presently, Shoopman works at General Motors Corp. engineering facility in Pontiac and is continuing to save for the future.

“Shauna's success in the IDA program is because the staff of OLHSA worked across program areas and tapped into other community resources to renovate a home, help her save, build her employment skills and strengthen her self confidence,” said Ronald B. Borngesser, Chief Executive Officer of OLHSA. “That is what OLHSA and community action agencies across the country do. IDA's can be an important tool in welfare reform if it is used with other programs to help a person not just leave welfare, but to leave poverty.”

OLHSA's IDA program is now one of 30 IDA program sites funded by the Michigan IDA Partnership. The Partnership will work with OLHSA and all IDA program sites to match the money saved by individuals towards purchasing specific assets that will provide greater self-sufficiency; a home, post secondary training or education, or business startup.



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Best Practices in Operating Your IDA Program

- **Orientation Session #2:** The second session is an interactive format that is likely to increase participant understanding of the program and give the staff a greater sense of their potential clients. Devise role playing games, multiple choice questions, and potential scenarios in which the attendees take the lead in the discussion and provide you with an opportunity to observe.

At the conclusion of this process, you should have a good sense of who is committed to the program and to making a major life change. By the time of formal enrollment in the program, participants should have a clear sense of what is expected of them—and of the program. The process may be time intensive at the front-end, but should pay off later in lower attrition rates.

Best Practice #4: Select Clients with Enthusiasm and Caution

The demand for IDA accounts will outstrip the dollars you have available for match. So in the beginning, take your time and get a sense

of the profile of the ideal IDA "prospect." Carefully assess interest, enthusiasm, and likelihood of completing program requirements. Once the orientation sessions are complete, schedule a separate enrollment interview with each potential participant. We have found this to be an excellent opportunity to deepen the relationship between the program staff and the participant. As part of the enrollment process, develop a personal family budget and a schedule of monthly deposits. Carefully assess potential barriers to meeting the savings goal and develop some strategies to mitigate the possibility of missing a deposit.

In the next issue, we will explore best practices in providing an effective financial management education.

Jason Friedman manages one of the largest IDA programs in the country with some 500 accounts that serve 1/2 of Iowa. He also provides technical assistance to the Michigan IDA Partnership and Regional Coordinating Organizations in managing large IDA Program Networks.

Upcoming Training Opportunities

- **July 11 & 12** – MIS IDA training - software training on the tracking and evaluation software developed by Center for Social Development (Lansing, FIA Annex West)
- **July 23 & 24** – IDA Effective Practice Training—Provided by Corporation for Enterprise Development (Crystal Mountain Resort, Thompsonville, MI)
- **September 19 & 20** – IDA Effective Practice Training—Provided by Corporation for Enterprise Development (Lansing, Holiday Inn South)
- **September 19 & 20** – State IDA Conference with training, workshops and a keynote address from Bob Friedman, founder of Corporation for Enterprise Development.
- **October 1** – Round 2 program site applications
- **November 2** – Applications due.

Contact Julie Powers at Powers@MCAA.org for registration or further information.



Michigan IDA Partnership

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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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