



**Building Assets for Students Who
Are Parents Through IDAs and
Financial Education**

Assets Matter

*What was the
first asset you
ever purchased?*

Assets Matter

“Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term.”

Michael Sherraden

Director of the Center for Social Development
Washington University, St. Louis

Assets Matter

Traditional public assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic self-sufficiency.



*To make a Savings Change,
IDA programs MUST help participants make a
Behavioral Change*

Assets Matter

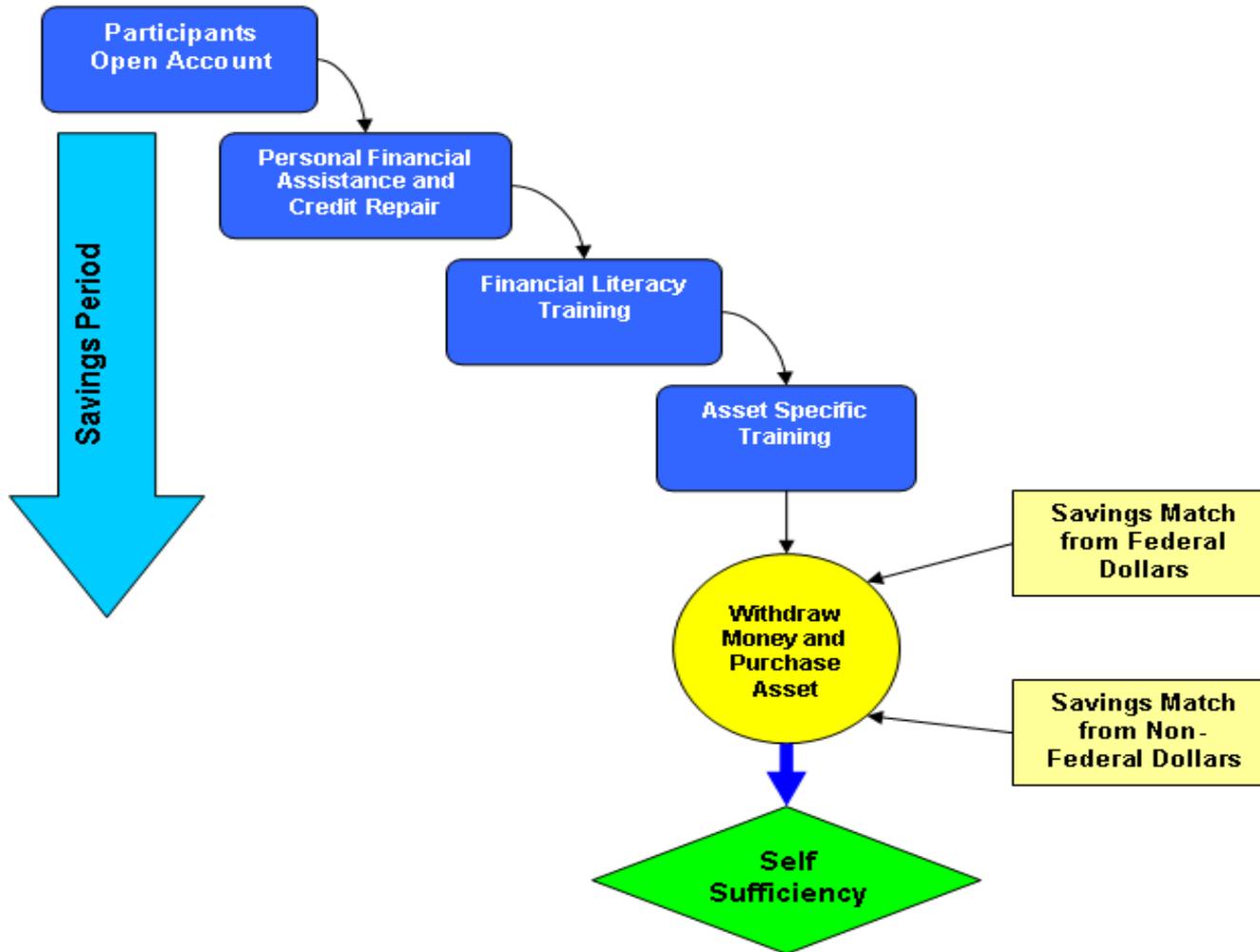
Economic well-being requires savings, investment, and accumulation of assets.

Assets can:

- Improve economic independence and stability
- Connect individuals with a viable and hopeful future
- Stimulate development of human and other capital
- Long-term thinking and planning
- Enhance the welfare of children



How IDA programs Encourage Behavior Change



What are IDAs?



- ▶ Individual Development Accounts (IDAs) are matched savings accounts that enable low-income American families to save, build assets, and enter the financial mainstream.

What are IDAs?

IDAs reward the monthly savings of low to moderate income working families who are building towards purchasing an asset including buying their first home, paying for post-secondary education, or starting a small business.



How do IDAs work?

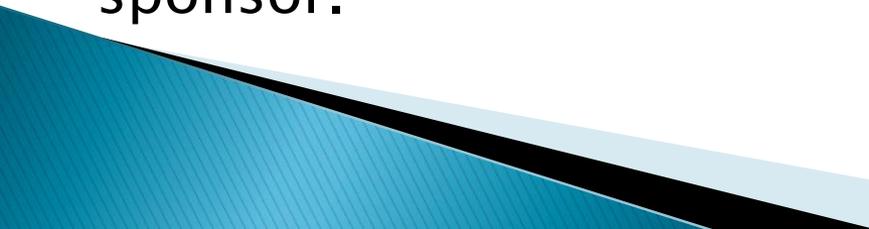
IDAs are usually offered through programs that involve partnerships between local non-profit organizations and financial institutions. The local non-profit is also called the IDA program sponsor.



Services of IDA Programs

- 1 • Financial education classes/Asset specific training
- 2 • One-on-one financial counseling /credit repair
- 3 • Establish savings accounts
- 4 • At least 2:1 dollar matching and other incentives

How do IDAs work?

- ▶ The bank or credit union handles all transactions to and from the IDA, just as they do with other types of savings accounts.
 - ▶ Each month, IDA participants receive a report telling them how much money (individual savings + match + interest) is accumulating in their IDA.
 - ▶ An IDA program can be as short as one year or as long as five years from beginning to end.
 - ▶ IDA participants are allowed to withdraw money as soon as they have reached their savings goal, but they must first get approval from the IDA program sponsor.
- 

About Ohio CDC's IDA program

- ▶ The Ohio CDC Association (OCDCA) is a statewide membership organization of community development corporations that engages in capacity building, advocacy and public policy development that fosters socially and economically healthy communities. OCDCA has operated five statewide IDA demonstrations which are funded through the U. S Dept. of Health and Human Services *Assets For Independence (AFI)* program.
- ▶ OCDCA's IDA work includes advocacy and policy development, fundraising, technical assistance and training, and the Ohio IDA Network.

Assets for Independence Act

42 U.S.C. 604

The Administration for Children and Families (ACF), within the Department of Health and Human Services is responsible for federal programs that promote the economic and social well-being of families, children, individuals, and communities.

ACF manages the Assets for Independence (AFI) program, a Federal IDA program that offers five-year AFI Project grants to Organizations for the implementation and administration of IDA programs.

Assets for Independence

Some facts about AFI project

- ▶ National initiative
- ▶ Over 25,00 IDA accounts nationally
- ▶ 80% female participants
- ▶ Many single parent households
- ▶ 46% African American; 28% White; 16% Hispanic
- ▶ IDA is first savings account for most participants

AFI Grants may only be used to match these types of asset purchases:

- ▶ POST-SECONDARY EDUCATIONAL EXPENSES paid directly to an eligible educational institution including higher education and vocational education, to pay for: tuition, fees, books, supplies, and equipment **REQUIRED** for courses.
- ▶ FIRST HOME PURCHASE acquisition costs with respect to a principal residence for a qualified first-time homebuyer, who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition.
- ▶ QUALIFIED BUSINESS CAPITALIZATION EXPENSES pursuant to a qualified plan including capital, plant, equipment, working capital, and inventory expenses.

AFI Grants may only be used to match qualified individuals:

- ▶ Eligible for assistance under the State Temporary Assistance for Needy Families program -OR-
- ▶ The adjusted gross income of the household is equal to or less than 200% of the poverty line -AND-
- ▶ The net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed \$10,000

NET WORTH = aggregate market value of all assets - debts - primary dwelling unit - one motor vehicle

AFI and Financial Education

Financial education is an integral part of AFI programs. Program participants attend classes to learn about creating and managing household budgets, using credit responsibly, the basics of saving and investing, saving for retirement, and much more.



AFI and Financial Education

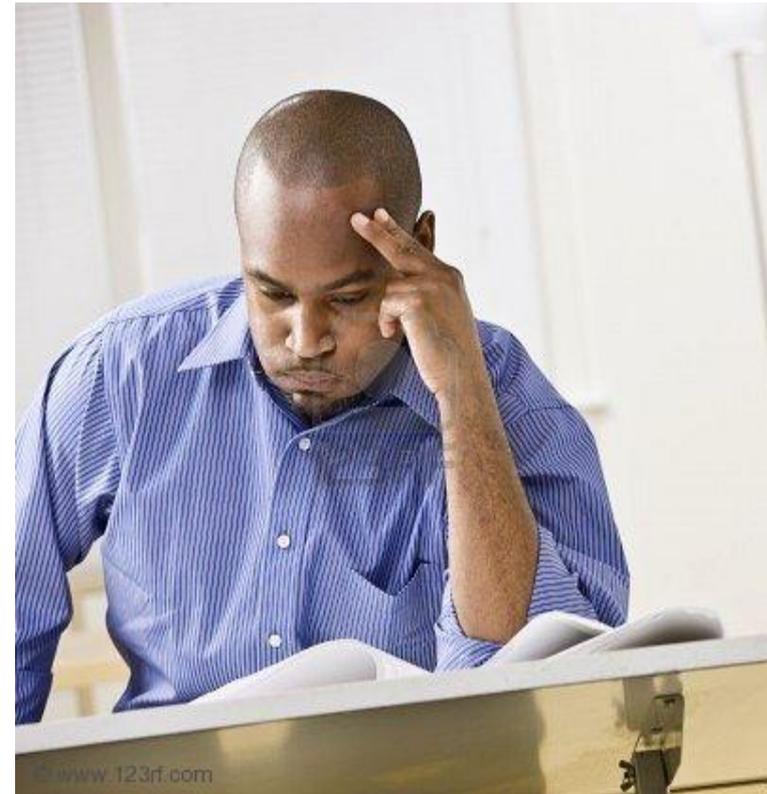
- ▶ According to national studies on IDA programs, participants are surprisingly enthusiastic about the financial education classes. They highly value the information about cutting expenses, getting out of debt, avoiding financial scams, and investing for the future.
 - ▶ While the offer of IDA savings match funds draws people into the program, participants consistently say that the financial education is what changed their lives.
- 

IDA's and Financial Education

- ▶ While the curricula used by IDA programs vary, each program generally covers the same topics. Instructors help participants set goals, decide how they wanted to spend their IDA savings, track their spending for a month, and look for ways to reduce expenses.
 - ▶ Participants then develop a monthly budget, set monthly and yearly savings goals. Final classes cover consumer issues such as comparison shopping, fixing bad credit, avoiding scams, and managing credit card debt.
- 

AFI and Financial Education

- ▶ National studies have found that each hour of financial education, up to eight hours, increased average monthly net savings by \$1.30.
- ▶ While additional hours of basic education does not always translate to increased savings, preliminary national data suggests that asset-specific training (e.g., home ownership, entrepreneurship or educational counseling) can have significant, long term impact on IDA program graduates.



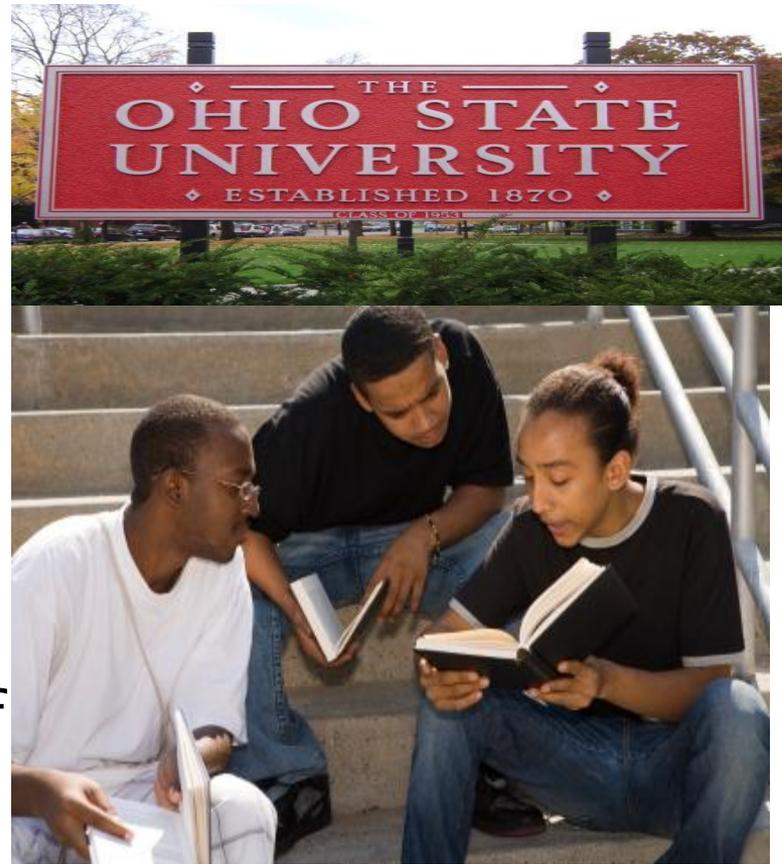
AFI and Financial Education

Ohio CDC IDA programs combine two kinds of training:

- ▶ Economic Education – contracted out or delivered in-house, financial education training should fit the needs of your target market. Successful trainings bring in speakers from banks, insurance, investment officers, and legal aid.
- ▶ Asset specific training – allows participants to learn about their asset. For example, homebuyers learn about mortgages and home repair, while micro-enterprise savers learn about business plans and marketing.

Impact of IDAs & Financial Education on the Assets Ohio Program

In 2007, OCDCA collaborated with The Ohio State University to evaluate the IDA program. This research is contributing to our understanding of the long-term impact of IDA program participation on the economic, social, and psychological well-being of former participants.



Impact of IDAs & Financial Education on the Assets Ohio program

The study answered three specific questions:

1. Does IDA program participation help individuals achieve long-term savings?
 2. What factors affect long-term savings?
 3. How do successful program participants differ from those who left the program prior to completion?
- 

Impact of IDAs & Financial Education on the Assets Ohio program

- ▶ A total of 465 former program participants were contacted by mail and invited to participate in a paper-and-pencil survey.
 - ▶ The questionnaire consisted of 26 questions (19 questions for program dropouts).
 - ▶ A total of 164 individuals (or 43% of successful contacts) completed the survey.
- 

Impact of IDAs & Financial Education on the Assets Ohio program

- ▶ Compared to program dropouts, successful graduates reported a higher annual household income, were more likely being full-time employed, more likely to have a checking account, an investment account, credit cards, and a mortgage. Importantly, IDA graduates had significantly higher post-program savings than dropouts.
 - ▶ Of the respondents who graduated from the IDA program, all but one still owned the home purchased with the IDA funds.
 - ▶ Taking into consideration the demographic, socio-economic, and program-specific measures of the survey, respondents who reported higher household savings, owning a mortgage, and having higher levels of formal education had more likely successfully graduated from the IDA program.
- 

BAFF Grant

In October 2010, Ohio was one of seven states to receive a demonstration grant from the Federal Office of the Administration for Children and Family(ACF)/Health and Human Services (HHS).

Grant Award Amount = More than \$661,000.00

Funding Period = October 1 ,2010 thru September 30, 2013



BAFF GRANT

TARGET

Low income parents who pay Child Support

PURPOSE

Help them better provide for their children

METHOD

Increase financial education and savings

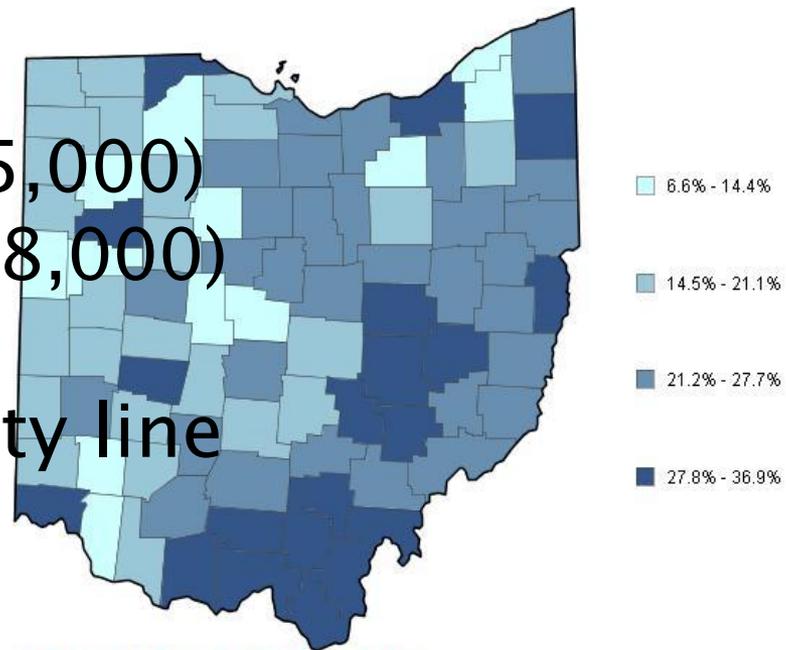


BAFF GRANT

Areas Served: Cleveland and Cincinnati

➤ High percentage of
Children in Poverty
Cleveland = 44%* (55,000)
Cincinnati = 54% (78,000)

*200% federal poverty line

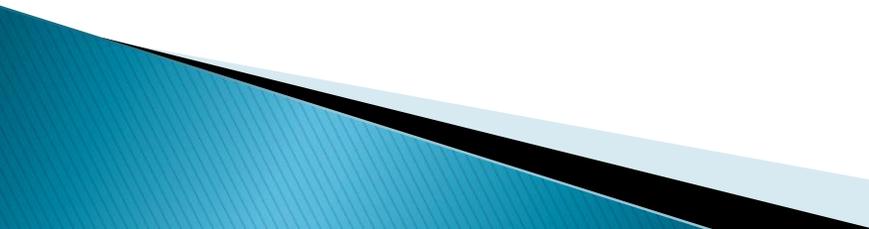


Children in Poverty (Percent) - 2010

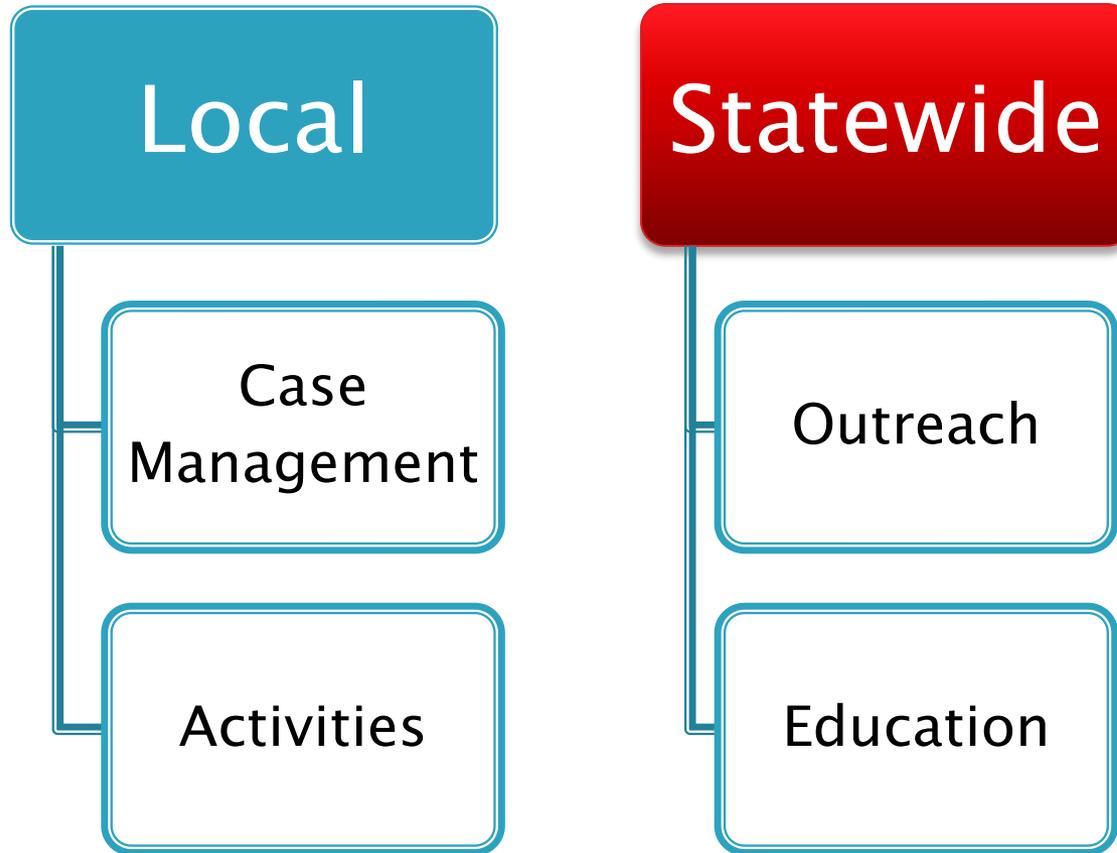
Children's Defense Fund-Ohio
KIDS COUNT Data Center, www.kidscount.org/datacenter
A Project of the Annie E. Casey Foundation

BAFF Grant Partners

PARTNERS

1. Ohio Department of Job and Family Services (ODJFS)/Office of Child Support
 2. Ohio CDC Association (OCDCA), an AFI Grantee
 3. Ohio Practitioners Network of Fathers and Families (OPNFF)
 4. Ohio Commission on Fatherhood
 5. Smart Money Community Services
 6. The WECO Fund
- 

BAFF Grant Approach



Child Support Structure

Federally Mandated

IV-D Program

State Supervised

State Office of Child Support provides system support and guidance on policy, procedure, and IV-D Program

County Administered

88 Counties in Ohio and each one has a local Child Support Enforcement Agency (CSEA)



Office of Child Support focusing on 2 types of low-income Non-custodial parents (NCPs):

1. Willing and Able:

paying their child support orders via wage withholding

- Communicate and inform about financial education workshops and IDAs

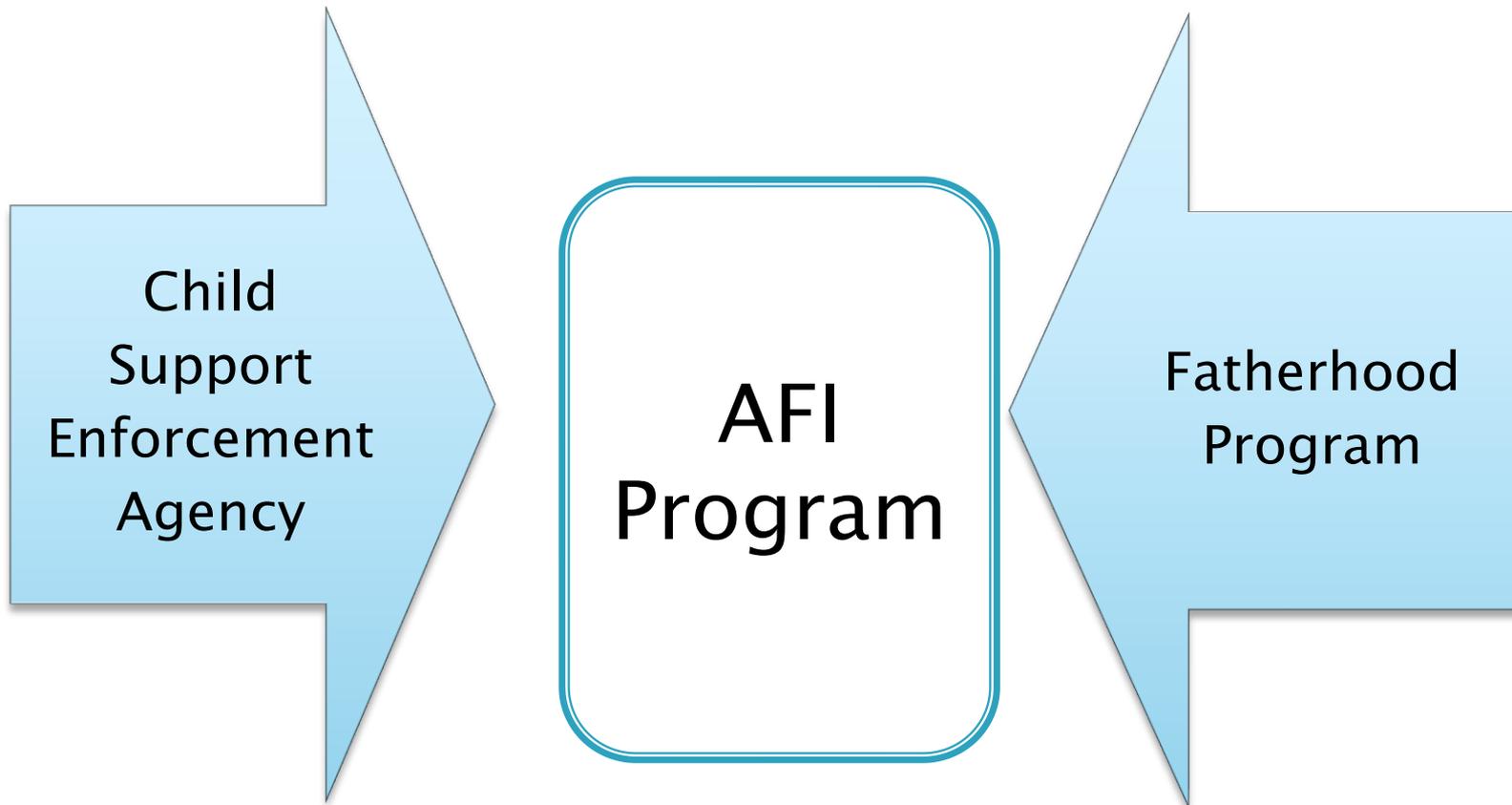
2. Willing but Unable:

not paying their child support:

- Determine barriers and strategies to overcome
- Refer to Asset Building workshops.



Two Way Referral Process



Local Child Support Enforcement Agencies Make Referrals to AFI Agencies:

- 1. Engage in Conversation with NCP Regarding Current Situation**
 - Willing and Able
 - Willing and Unable
- 2. Discuss Asset Building Services with NCP**
- 3. Refer the NCP to the Asset Building Organization**



Incentives for BAFF Completion

Once NCP Enrolls in AFI Program Child Support Case Transferred to a Special Caseload

Ensure punitive enforcement techniques not implemented on the case while NCP participates in program

Optional Child Support Enforcement Tools

- ❑ Financial Institution Data Match
- ❑ Driver's License Suspension
- ❑ Liens on Personal Property
- ❑ Contempt and Criminal Support Referrals to Court
- ❑ Review and Modification
- ❑ Waiver and Compromise



Benefits of BAFF Program

- ✓ Increase savings
 - ✓ Decrease debt
 - ✓ Improve credit rating
 - ✓ Saving for the future with an IDA
 - ✓ Increase financial education
- 

AFI Services

In Cleveland



WEALTH - we advance the ability to achieve financial security

EDUCATION - we are the starting point for developing essential skills

COLLABORATION - we solicit the active involvement and commitment of participants and partners

OPPORTUNITY - we offer support and assistance in helping to reach financial goals

AFI Services

In Cincinnati

- SmartDollars and Sense Workshops
- SmartStep Savings
 - Establish IDAs
- SmartHome Ownership Workshop
- SmartBusiness– Entrepreneurship training
- Financial Services including savings and checking accounts, direct deposit and loans





Columbus
Urban League

Empowering Communities.
Changing Lives.

Fatherhood SUMMIT



Join us for a
**FREE
EVENING**
for Dads & Kids
at COSI on
Friday, June 29
5 PM - 9 PM
333 W. Broad St.



Parking not included.- \$5

Workshops Available:
Child Support Education
Financial Education
Employment Assistance
Ohio's Job Service
Working Positively with Parents
Spirit of Fatherhood
Increasing your Assets
Child Access/Visitation

Healthy Fathers Wealthy Families

Saturday,
June 30, 2012
9:00 AM – 3:00 PM
Free all day!

Held at:
Columbus State Community College
Center for Workforce Development Building
315 Cleveland Ave.- 4th Floor



For more information
call the Columbus Urban League
at 614.372.2344
Register @
www.123signup.com/2012Fatherhood



Celebration of Fatherhood Luncheon 1:30 PM - 3:00 PM

Panelist Include:
Scoonie Penn & Lawrence Funderburke - OSU Ambassadors
The Sacred Bond • City of Columbus – Mayor Michael B. Coleman
Representatives from the Administration for Children and Families
2012 Spirit of Fatherhood Award Ceremony
Luncheon sponsored by: Franklin County Children Services



Ohio | Department of
Job and Family Services



June 30th Fatherhood Summit

Job Search

- ▶ Search Ohio Means Jobs Online

Child Support Case Review

- ▶ Meet with Franklin County Child Support

Workshops

- ▶ Financial Education, Child Support, Fatherhood and more

Luncheon with Inspirational Speakers

- ▶ Mayor Coleman, ODJFS Director Colbert, OSU Father-Athletes Scoonie Penn and Lawrence Funderburke

Fatherhood Awards

- ▶ Hear exemplary Dads in our Community



FREE

For More Information:

Kimberly A. Dent

Kimberly.Dent@jfs.ohio.gov

OR

Athena Riley

Athena.riley@jfs.ohio.gov

OR

Suzanne Parks

Sparks@ohiocdc.org

