

AFI Project Builder:

Guide for Planning an Assets for Independence Project

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HHS, Administration for Children and Families
Office of Community Services

Strengthening Families... Building Communities

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1. INTRODUCTION

This guidebook is for organizations that want to design and implement an asset-building project supported by the federal Assets for Independence Demonstration Program (AFI). This innovative program explores new ways of helping low-income people become economically self-sufficient for the long term. AFI is administered by the Office of Community Services (OCS), within the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS).

Through the AFI program, OCS administers grants of up to \$1 million to nonprofit and local, state, and tribal government agencies and their partners to manage asset-building projects. The projects typically include several components, including financial education to clients, assistance with saving money in individual savings accounts, and support in obtaining any of three long-term assets: a first home, postsecondary education, or small business capital.

The centerpiece of the AFI program is the Individual Development Account (IDA). An IDA is a matched restricted savings account that enables low-income families to save money and eventually acquire an economic asset for the long term. The AFI Program goals are to explore and identify innovative models for delivering IDAs and related services and to measure impacts on participant families and their communities.

This guidebook outlines the necessary elements of successful AFI Projects. It is designed for organizations new to the AFI program and is a complement to the official guidance for applying for an AFI grant—the AFI program announcement—which is published annually, usually in the spring. The announcement includes all official instructions and other guidance for submitting an application for funding.

The guidebook begins with an introduction to the Office of Community Services. In section 2, the guidebook presents an overview of the asset-building approach to reducing poverty in America, a 21st century strategy that has tremendous potential. Section 3 provides a detailed description of the core elements of successful AFI Projects, including suggestions from some of the most successful AFI Projects across the nation. The guidebook ends with a checklist of information to include in an application for AFI funding. Throughout the guidebook, you will find helpful sidebars with additional information, tips, and insights from current AFI Projects. Finally, the appendices feature sample documents and many other materials for developing a high-quality AFI Project.

THE OFFICE OF COMMUNITY SERVICES: WHO WE ARE

OCS administers numerous vital programs that support low-income individuals and families. The mission of the Office of Community Services is to increase the capacity of individuals and families to become more self-sufficient and assist them in building, revitalizing, and

strengthening their communities. OCS has its roots in the “War on Poverty.” Many of its programs originated within the Office of Economic Opportunity in the 1960s. In keeping with that history, OCS works in close partnership with states, nonprofit organizations, faith-based groups, and others, to give a helping hand to low-income individuals, families, and communities.

In addition to managing the Assets for Independence Demonstration Program (AFI), OCS administers a dozen other “social safety net” programs. These include three block grant programs administered in partnership with states and numerous competitive grant programs offering funding directly to community-based organizations.

OCS’s flagship program is the Community Services Block Grant (CSBG), through which OCS provides core funding to states for more than 1,100 Community Action Agencies across the nation. The CSBG enables this network of nonprofit, faith-based, and government agencies to provide an array of services to low-income families, including day care, job training, emergency services, transportation, and job development. OCS also administers the Social Services Block Grant, which provides substantial flexible funding to states for a host of services such as day care and emergency services, among others. Through the Low Income Home Energy Assistance Program (often called LIHEAP), OCS provides block grant funding to state agencies to support home energy assistance and to help families make their homes energy efficient.

OCS’s competitive grant programs, which include AFI, are all designed to strengthen community-based organizations in social service delivery and economic development services for the benefit of low-income families. The Community Economic Development (CED) program and the Job Opportunities for Low Income Individuals (JOLI) program provide grants for community development corporations to support commercial development and create new jobs in low-income neighborhoods. Through CED and JOLI, OCS also supports microbusiness development and self-employment initiatives.

The Community Food and Nutrition program provides funding for community organizations that coordinate community food-access projects for low-income families. The Rural Facilities Program provides training and technical assistance for small rural communities in the development of sewer and wastewater systems. The National Youth Sports Program enables more than 250 colleges and universities across the nation to sponsor summer sports and youth development programs for at-risk youth. Finally, the Compassion Capital Fund builds the capacity of emerging faith- and community-based groups with the long-term goal of enhancing the availability of services in communities nationwide.

2. WHY ASSET BUILDING?

ASSET POVERTY

The endemic problem of poverty in America is well known, especially among those engaged in providing services for low-income communities. Researchers, policy makers, and service providers have historically focused on income-based approaches to addressing poverty. However, recent study of the problem of asset poverty in America has suggested that an asset-based approach is promising.

Asset poverty is defined as when a household has insufficient financial resources to support itself at the poverty level for three months (during a suspension of income). A household that is asset poor usually has a low net worth (assets minus liabilities)—typically there is little other than earned income to offset living expenses. Asset-poor, low-net-worth households have little financial cushion for emergencies and are extremely vulnerable—in the face of a job loss or health emergency, for example—to losing their ability to pay for even basic living costs such as food and housing.

Asset poverty and low net worth are major problems for Americans. The rates of asset poverty are much higher than the rates of poverty measured in traditional ways. One study of asset poverty between 1983 and 1998, found that 25.5 percent of all U.S. households in 1998 were asset poor. That was nearly double the 12.7 percent rate of income poverty calculated for that same year.

Asset poverty rates are even more severe for racial and ethnic minorities in the United States. In their 1995 book, *Black Wealth/White Wealth*, Melvin Oliver and Tom Shapiro document that the median net worth of African Americans was \$3,700, while white households' median net worth was nearly 12 times as great, at \$43,800. Concentrating on Census Bureau data from 1987 for their research, the authors also found that 31 percent of all American households had a zero or negative net worth, but the rates for African-American households were 60 percent and those of Hispanic households totaled 54 percent.

Asset poverty, unfortunately, affects children at a disproportionately greater rate than the rest of the population. Upwards of 47 percent of all American children live in households with no net financial assets. This disparity, too, is more pronounced among African-American households, where 73 percent of children grow up in homes with negative financial assets. Among white children, this rate is 40 percent.

HOW DOES ASSET BUILDING HELP?

The New America Foundation, a national nonprofit group that addresses public policy challenges, defines the term “asset building” as a “broad array of public policies, strategies, and programs that enable people with limited financial resources to accumulate long-term and productive assets,

such as savings, investments, a home, postsecondary education and training, and a nest egg for retirement.”

Asset-building efforts are important for addressing poverty in our communities because they provide expanded opportunities for economic stability. Research is showing they also have wider positive impact beyond the tangible assets accumulated. Families, for example, may experience the following benefits:

- A psychological orientation toward the future
- Decreases in marriage dissolution
- Increased residential stability
- Improved health and well-being
- Increases in civic and community involvement
- Decreases in the likelihood that future generations will be impoverished.

According to Larry Beeferman, author of *The Promise of Asset-Development Policies, Realizing the Promise—Individual Development Accounts*, “Asset-based policies measure well-being not only by income, but also in terms of building human capital and financial assets. They address the common needs and aspirations of Americans by rewarding work, promoting initiative and self-reliance, and embodying widely shared beliefs about fairness and opportunity.... They focus not just on meeting short-term needs but on building assets for the long term.”

“Clients [of our asset-building program] want immediate satisfaction, but we can explain how they can work toward something better,” says an AFI grantee. “That’s probably the biggest thing that makes an asset different from a washing machine.... Don’t compare the money you spend on your mortgage to a car payment you take on, to drive the coolest set of new wheels. In five years, [the car is] worthless. But if you drive something more humble, in five years you have a house with equity with all sorts of benefits [as] part of it.... That might be the message to hammer away.”

—An AFI Collaborative Project

HOW DO IDAs FIT IN?

INDIVIDUAL DEVELOPMENT ACCOUNTS, OR IDAs, were developed as a mode of promoting asset accumulation among the nation’s poor by Michael Sherraden, Director of the Center for Social

Development at Washington University in St. Louis. He explores asset building and IDAs as a method to spur asset building in his 1991 book, *Assets and the Poor*.

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

—Michael Sherraden, Director of the Center for Social Development

IDAs are quite powerful tools for promoting asset accumulation among low-income families. They are accounts held at financial institutions that are designed to promote savings. The savings accumulated in an IDA are matched with grant funds (rates of match generally range from \$0.50 to \$8.00 for every \$1.00 a participant saves). When the family is ready, both the savings and the match are used to leverage a larger asset investment with long-term return potential. Typical asset goals for the savings and match are homeownership, higher education, job training, and small-business capitalization.

In addition to helping participants save earned income and make regular deposits into their IDAs, Asset-building programs offering IDAs, such as the Assets for Independence Program, often provide financial education and related services as well. These programs may provide individual counseling on matters such as credit repair and support for a successful asset purchase. Many PROGRAMS further link the successes of IDAs to other asset-building initiatives such as promoting access to the federal Earned Income Tax Credit (EITC) or the Child Tax Credit, or by pairing participation in an IDA with successful completion of a job-training and placement program. All such activities help participants develop skills and improve their financial habits for the long term. According to Robert E. Friedman, writing in *Assets Newsletter*, fall 1997, “IDAs may not get us all the way to our goals, but they help restore to poor people and distressed communities a reasonable opportunity to realize the American Dream of good jobs, safe homes, and small businesses.”

“Our clients have been through many programs in the past. [AFI] is a mentality shift to start thinking: why not stop dealing with the system and make money on your own.”

—An official of an urban AFI Project

3. DESIGNING AN ASSETS FOR INDEPENDENCE PROJECT

This guidebook highlights basic factors to consider when designing an AFI Project. These include how to identify target communities and plan activities to meet their needs, how to partner with other organizations that could provide some services to project clients, how to manage the nitty-gritty details of developing the savings match process, and more.

There is no one “perfect” framework for an AFI Project. Each project strives to shape its services to meet the particular needs and circumstances of its community and participants. Some projects deliver services to a relatively small geographic place such as an urban neighborhood, while others provide services throughout large rural areas. Still other AFI Projects are managed by collaboratives or consortia of organizations that coordinate their services across a city or metropolitan area, in several different cities or even across a State or the entire nation. These are all effective models.

It is important to take the time to familiarize yourself with the AFI statute and the AFI program announcement. The Assets for Independence Act (AFIA) provides the stipulations of the AFI Program, including the rules about grant application requirements, client participation, project management, and other issues. The program announcement, in turn, takes these requirements and outlines—in detail—what is required in submitting a grant application and running an AFI Project. While the statute and announcement will not provide the tips and insights about successful AFI Project design highlighted here, they are critical resources that all AFI Project managers will refer throughout their involvement with AFI.

TIP: The Assets for Independence Act, the statute that shapes the AFI Program, is posted on the OCS Web site at <http://www.acf.dhhs.gov/assetbuilding>

Regardless of how big or small you envision your AFI Project, you should begin the program design process by taking some basic steps, summarized below. Going through these steps will better prepare you for writing your AFI grant application. Keep in mind that you generally don’t have to follow the outline in this order to be successful.

- A. Target Population.** Decide whom you want to serve by learning more about what asset-building needs exist in your area. Do an assessment of your target population’s needs and strengths.
- B. Goals/Objectives.** Reflect on your findings from your target population assessment, and outline a goal or goals (a broad vision) and objectives (major results your project will strive to achieve for meeting its goals). At this stage, these goals and objectives are not set in stone. You can come back and revise these as you continue to map out your project.
- C. Training and Support for Project Participants.** Think about how you will train your project participants to become “financially literate” and prepared for their asset purchase, as well as what other supportive services you will offer.

- D. Account Mechanics and Participant Individual Development Accounts.** Learn about some of the AFI requirements for financial management, including the characteristics of the AFI Reserve Account. Design the structure of client IDAs. How much will the clients save? How long will they have to accumulate their savings? How much will the project match?
- E. Marketing and Recruitment.** Now that you know whom the project will serve and what it will provide, determine strategies for how the project will inform the target community about the project and the promise of IDAs.
- F. Organizational Capacity.** Determine whether your organization has the experience, commitment, and staff resources to successfully manage an AFI Project.
- G. Partnerships.** Explore the opportunities for using partnership arrangements in order to expand your organization's abilities and leverage other resources so AFI participants will be more likely to succeed.
- H. Collaboratives.** Examine the opportunities for forming a collaborative arrangement for your AFI Project. An AFI collaborative is a program management model that enables the grantee to work with multiple sub-grantees or services sites to offer IDAs across a wider geographic region.
- I. Implementation Plan.** Map out your ideas on a time line so you can plan what resources and activities will be needed at points throughout the project. The timeline will also help you track successes and challenges.
- J. Evaluation.** AFI, as a federal demonstration program, includes a national evaluation designed to reveal what works in asset building. Your organization will need to participate in the National Evaluation by providing data on at least an annual basis. You may set up your own evaluation to better understand the effects your program is having on the community. Finally, your organization certainly should focus on overall project management and quality control throughout the project period.
- K. Funding.** Strategize about additional resources. To make an AFI program work, your organization will need resources in addition to the federal grant. This requires securing a nonfederal dollar for every AFI grant dollar, as well as raising additional supporting funds. And, as with other projects, an organized budget and budget justification should be in place.

Those are the basics to designing an AFI Project. The following is a discussion of these ideas in greater detail.

A. Target Population

The first thing you need to do before setting up an AFI Project is to analyze the asset-building needs of your target community and the community context (such as existing asset-building activities). This analysis will help you learn how your AFI Project can fit in, to fill gaps. As you do this assessment, keep AFI program requirements in mind.

AFI Program Factors

There are two key factors to consider when assessing whether and where to start an AFI Project: geographic location and participant income.

Factor 1. Geographic Location

OCS is particularly interested in supporting AFI Projects that target localities where community economic conditions indicate a need for asset-building opportunities. For example, OCS hopes to support AFI Projects targeting one or more relatively well-defined neighborhoods or communities experiencing high rates of poverty or unemployment.

When considering a geographic location:

- **REMEMBER YOUR ORGANIZATION’S MISSION AND GOALS.** Many organizations have a mission that identifies a geographic location within which they work. Others may set goals and objectives that lend to a specific geographic definition. These established limitations are the best place to start when determining the locations for recruiting participants and offering services.
- **CHOOSE LOCATIONS WHERE YOUR ORGANIZATION ALREADY PROVIDES SERVICES.** Because your organization has established ways of working in these locations, you can often achieve cost savings in the AFI Project budget because you will not need to create new modes of delivering services.
- **CONCENTRATE ON A SPECIFIC AREA (OR AREAS).** If your organization could target one neighborhood with substantial numbers of resident who are eligible to participate, it would reach its account-opening goals without spreading resources for marketing and outreach too thin. There are other advantages of geographic proximity for program participants. For example, it often is easier for families to attend workshops and events in their neighborhood. If your organization is developing a collaborative approach, where multiple groups will provide AFI Project services in numerous different localities, each subcomponent project should serve a relatively well-defined target community.

Factor 2. Participant Eligibility

As you define the target group for the project, you will want to keep in mind the AFI participant eligibility requirements. AFI Projects may assist the following categories of clients:

1. Persons who are eligible for the Temporary Assistance for Needy Families (TANF) program at the time of application.
2. Persons who meet the following two criteria:
 - A. Their household income is either less than twice the federal poverty line at the time of application or within federal Earned Income Tax Credit limits.*
 - B. Their household net worth was less than \$10,000 at the end of the calendar year that preceded the time of their application.†

All AFI Project participants must also have a source of earned income, because they may save only earned income in their IDAs.

TIP: The Corporation for Enterprise Development has created a template for typical forms used in an IDA program, including one that has a comprehensive list of asset and liability items that are needed for the client net-worth test. To access these forms, go to the IDA Network Web site, <http://idanetwork.cfed.org/>.

Steps to Understanding Your Target Population

WHILE ORGANIZATIONS INTERESTED IN ASSET BUILDING typically have a history of working with low-income clients, successful AFI grantees still must examine needs more closely during the program design stage to determine *what* needs exist and *how* to meet them. Findings can be revealing—even for an experienced agency. A grantee found from interviews with staff that a subset of its clients was so unstable—and had such low incomes—that they were unlikely to be successful candidates for IDAs without more long-term support.

Poverty and unemployment rates for your community can be found at several government Web sites such as the U.S. Census Bureau (<http://www.census.gov/>) and the Department of Labor (<http://www.dol.gov>). Other methods of describing high rates of poverty include identifying the ratio of Temporary Assistance to Needy Family (TANF) recipients in the total population of the

*Twice the poverty level, in 2004, is about \$37,000 for a family of four. Appendix A includes additional information about the poverty line and the Earned Income Tax Credit eligibility for households of various sizes.

†Household net worth is the amount of assets owned by all household members minus their debts. Clients may disregard the value of their primary home and one car when calculating their household net worth.

community or describing the underemployment experience in the community (this information can also be found from the above sources).

Consider the additional topics and questions below to further describe your target population and its needs. The information gleaned from this process will be valuable as you design other components of your project.

Demographic Information

Are you working with distinct ethnic or racial groups? Is there a preponderance of one type of household composition you will be targeting (e.g., female single heads of household, single fathers with noncustodial children, families with members who are incarcerated, married couples)? What are the general employment opportunities for your target population?

“I almost can’t imagine starting an IDA if I didn’t have a clear understanding of the needs of low-income people in the area being served. If you don’t know that, you’re going to have a very steep learning curve.”

—An official of a statewide AFI collaborative

Savings Capacity

What is a typical budget for essential living expenses in the target community? Given the average incomes in the area, would your target families have money for saving in the IDA once their basic expenses are met? About how much could they reasonably save each month?

Asset Acquisition

What are the rates of homeownership, small-business ownership, and attainment of college degrees among your target population? How could you gauge the demand for these asset goals among your target population? Could your AFI Project participants also work with a homeownership program managed by a partner organization? Could they be coordinating with a microbusiness development project managed by the local community development corporation?

Credit and Debt Management

What are the trends in debt usage and credit history among members of your target population? Are participants likely to need credit counseling and debt repayment support, or will they need help establishing a credit history?

Banking History

What is the rate of bank account ownership among your target population? What type of access to basic banking services does your target population have? What is the use of check-cashing establishments among your target population?

Additional Barriers

What are some challenges typically faced by your target population outside of income and asset considerations? Barriers such as illiteracy, lack of access to child care, lack of stable employment or sufficient job training, or other social service needs may affect an individual's ability to participate in an AFI Project. Any resources in your community that you can access to help mitigate these needs will be important for your organization's program design.

TIP: See appendix C for information on specific tools you may use for collecting data on your target population and community.

Community Context

Part of understanding your target population is learning about the community context within which participants will be saving and purchasing assets. First you will want to determine if there are other asset-building programs already available in your community. Then, you will want to explore financial resources and possible funding sources. Finally, you will want to ask the critical questions related to whether the assets in your area are affordable for the participants to purchase.

Existing Asset-Building Programs

Are organizations in your community already offering IDAs to low-income people? If so, it might be advantageous for you to partner with these organizations rather than duplicating services and competing for funding in your community.

Financial Services

Are there sufficient financial services available in your community to provide the basic elements of the IDA? Are there affordable savings accounts with convenient access for deposits? Are there affordable loan products for mortgages, school loans, and small-business loans?

Funding Sources

What organizations in your community, both public and private, would you be willing to approach to help raise the nonfederal funding portion of your AFI grant?

Homeownership

Will the savings and match provided with the IDA be sufficient for a down payment and closing costs for home purchase? Is the typical monthly mortgage payment for a home in your community within the range of your target population's incomes? Is there a reasonable supply of housing in the affordable range for your target population from which individuals can make a purchase?

Many clients see an IDA as a way to reach the American dream—to make a down payment on their own home. AFI Projects typically assess housing affordability by looking at the “community context” to make sure an IDA is a practical tool for reaching the homeownership goal. In some high-cost housing areas, AFI Projects have found that housing, at least the local market, was beyond the reach of prospective participants. In these markets, AFI Projects may encourage clients to change their asset goal of home ownership to micro-enterprise by explaining that building assets through a business can be a bigger step toward future financial security, including a home purchase down the road. “We talk about moving up in careers to get more stability, more benefits, to enable you to be more independent,” says one AFI grantee. However, keep in mind, homeownership may still be an option even in the most expensive markets. AFI Projects have been able to assist some clients with purchasing their own homes, even in areas such as New York City, largely by helping clients “layer” other homeownership resources on top of the IDA funding.

Small Business

Are there reasonable opportunities for a microenterprise to thrive in your community? Are there complementary support programs to help people succeed as small business owners? Are there flexible loan products for micro-entrepreneurs accessible to your target population?

Education

Is there a diversity of two- and four-year degree programs as well as vocational training programs in your community for your target population? What portion of the total cost of these programs will the savings and match from the IDA cover? Will these students be able to access other loans and grants to pay for the rest of the program?

B. Goals/Objectives

Once you've researched and analyzed needs, step back and ask: If we start an AFI program, what do we hope to accomplish? You can put those thoughts into action when you map out your AFI Project—in the form of goals and objectives.

Throughout this process, keep in mind that you may have only “rough draft” thoughts at this stage. That's okay. As you get further into the details of designing your AFI program, you will see the issues and options more clearly. You may even change your goals and objectives at the very end (when you put your budget together, for example). That's because the additional thinking and planning—and realities of doing this work—affect your project plan.

The goals of your project are broad and visionary ideas about what you want to accomplish. You should develop one or two goals for your project. Consider the following questions as you think about goals:

- Based on your assessment of your Project's target population, what needs in the community could your Project address?
- What are the goals of the Assets for Independence Program?
- What is your agency's mission?

Once you have identified one or two goals, you can determine how you will go about achieving them, or, in other words, you can establish your objectives. Objectives are specific, measurable, and time-oriented target statements that describe the goal(s) of your AFI Project. Consider the following when putting objectives together.

- How will the activities you conduct (e.g., provide financial literacy training, open IDAs) affect your target population?
- Are these affects different over various time periods?
- What are some ways you can measure these changes in your clients?
- Are your objectives linked to your goal(s)?

When you write your AFI application for funding, you will need to outline the “results or benefits” you expect of your Project. You will want to describe these as measurable and specific items, with short and long term time frames. In evaluation language, these measures are called outputs and outcomes. The purpose of identifying these measures is to keep projects focused on performance and results so that government resources are used wisely. Learn more about these types of measures in the Evaluation section of the guidebook.

C. Training and Support for Project participants

OCS requires AFI Projects to include training sessions and other support services to facilitate the savings and asset-purchase process for participants. Your organization can be creative in delivering services directed toward the needs of your target population.

Training varies among current AFI Projects. Some provide these services in-house or through collaborative partners. Some use only external training sources. Many grantees raise the quality of their training by using existing programs or bringing in experts at critical times.

“We have lots of successful people who haven’t touched their match.... The [financial] education is ultimately what they take with them.”

—A representative of a statewide rural collaborative

Training sessions may be in class, online, or through self-guided materials. Topics, too, vary widely. Most training programs are designed to encourage active participation, using adult learning techniques and culturally relevant exercises to further engage the attendees.

TRAINING TIPS

Here are some thoughts when designing your IDA training.

- Screen clients to make sure they are ready. Do credit checks.
- Take ample time to train. Clients need to practice what they learn.
- Build a relationship with clients. Trust and communication can help them stay engaged and meet their goals.
- Consider requiring clients to complete training before opening up a savings account, (although some project leaders feel they need to get the IDA going to keep clients engaged).
- Training alone is not enough. Clients need a lot of preparation and case management.

Financial and Asset-Specific Training

Financial and asset-specific training varies among AFI Projects. Financial education workshops teach basic money management skills and information. Asset-specific training programs provide

information and tools that help facilitate a successful purchase. Many current projects collaborate with partner organizations that specialize in financial education. They arrange for the partners to provide the training. Examples include bringing in a housing specialist or mortgage lender for training on home ownership or a financial aid professional to talk about education financing. One AFI project works “closely with job developers in two programs because they have a better idea on what’s going on in the industry and what courses to take, where, and [how to] negotiate deals on training.”

TIP: Fortunately, nonprofit organizations have access to diverse, comprehensive, and free financial training curricula. A comprehensive list of these resources is in appendix A.

Case Management

In addition to the trainings, most AFI Projects also provide one-on-one counseling and case management services. In fact, some AFI grantees find that training is just the beginning of the longer term support the project provides for IDA participants. These additional services can help participants who are grappling with family, job, or social service challenges, and are also designed to help participants reach the financial milestones critical to an AFI Project program.

When case management is needed, it can be critical to the success of clients who lack the skills to make an IDA work without ongoing support. Here are a few examples of how some current AFI Projects provide case management services:

- One agency offers ongoing economic skills training, sends out statements to clients, convenes quarterly savers clubs, provides consumer credit counseling, and makes referrals regarding more in-depth needs.
- At another agency, the trainer does case management–type work when she goes through a stack of statements. If she sees a participant didn’t make a deposit, she’ll write a letter or make a call to say, “What’s going on here?” According to an official of that agency, “We have a 90 percent retention rate... because she spends so much time.”
- At a third agency, formal case management means making at least a monthly contact to help clients keep on track. Are they depositing consistently? What challenges are being faced? How can they be handled?

“Unless you are dedicated to training, AFI is probably not the way to go.”
—An official from a rural state collaborative

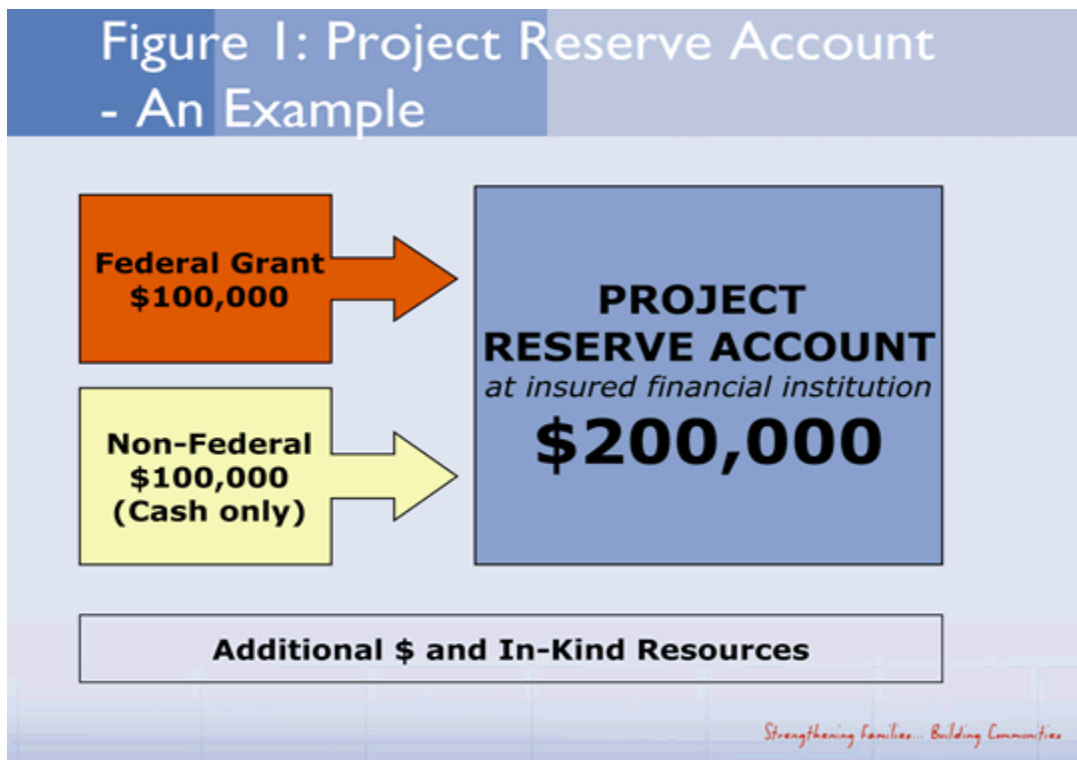
D. Account Mechanics and Participant IDAs

AFI Projects must manage funds on multiple levels. Federal grant funds and non-federal cost share funds must be administered correctly. Client or participant funds, the IDAs, must be overseen in terms of what clients contribute, what the project matches, and how the funds are deposited and withdrawn. These “account mechanics” have many rules that you must learn. For more discussion on elements to include in the design of your AFI Project financial structure, see appendix D.

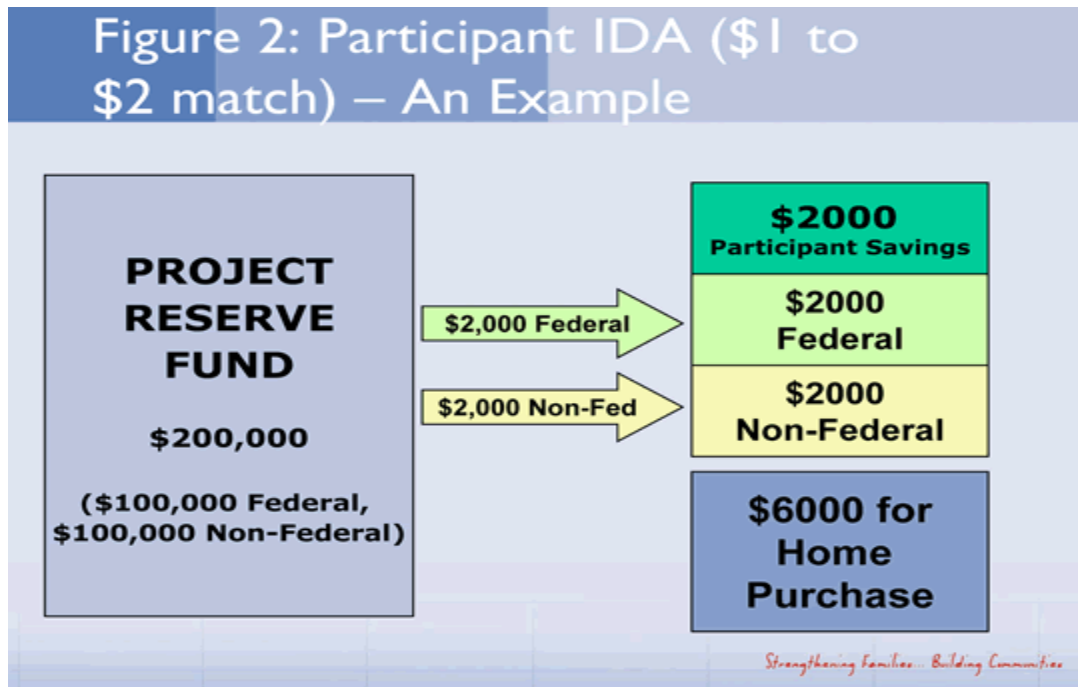
AFI Account Mechanics

Every AFI Project will involve at least two types of financial accounts: the Project Reserve Account and participants’ Individual Development Accounts. These types of accounts are different from each other, but closely related.

- **The Project Reserve Account** holds the OCS grant funds plus at least an equal amount of nonfederal funds that are committed to the AFI Project. This is illustrated in **figure 1**. All funds—federal and nonfederal—that are deposited into the Project Reserve Account are subject to OCS rules for the AFI program.



- **Project participants’ Individual Development Accounts** are either custodial or trust accounts established by the AFI Project organization. The IDAs must be maintained in one or more federally insured financial institutions (or, where a federally insured institution is not available, a state-insured institution). Participants make regular savings deposits into these accounts, and a portion of the Project Reserve Account is allocated for each participant deposit. This is illustrated in **figure 2**.



TIP: Only when nonfederal funds are deposited in the Reserve Account can the AFI Project access (“draw down”) the federal AFI funds and allocate the Reserve Account funds to participant IDAs. The AFI Project manager may request AFI FEDERAL funds only in the amount equal to the nonfederal funds already in the Reserve Account. Remember this when you discuss access to the nonfederal money with your nonfederal grant funders.

Many AFI Project organizations maintain a third “account” or budget that holds funding in addition to the nonfederal resources that are deposited into the Project Reserve Account. Project agencies use this third budget to support various participant services and to augment the portion of the Project Reserve Account that is set aside for program administration, financial education, and other vital services (by law, AFI limits the amount used this way to only 15% of the Reserve Account). Quite simply, the 15% of the Reserve Account is often not sufficient for program needs. Therefore, many AFI Project administrators rely on additional resources. Figure 1 illustrates this arrangement—the Project maintains the Project Reserve Account supported by federal and nonfederal resources, as well as a separate source of funds that supplements the work

of the Project, represented as an additional box underneath the Project Reserve Account. AFI Projects are usually not required to report uses of these funds to OCS.

Participant IDAs

While training and support help clients learn about managing finances and building assets, IDAs enable participants to set aside the savings needed to achieve a life goal. There are several basic steps your organization should take with clients to set up IDAs including setting a target savings rate for clients, selecting a time frame for client savings, selecting a match rate (the amount the AFI Project contributes for each dollar a client saves), and monitoring withdrawals.

Target Savings Rate

Part of setting up your AFI Project IDAs is deciding on the parameters for client savings. Ordinarily there are two levels set on these accounts. First is the overall maximum amount a participant can save and have matched by the program. Second is a minimum and maximum amount that clients must contribute to their IDAs, out of their earned income, in periodic time intervals (e.g., monthly or quarterly). When determining these levels, consider the following questions:

- What is the maximum amount of savings your AFI Project will match?
- Will you require participants to save monthly, quarterly, or over some other period?
- What is the minimum that participants can deposit each period? What is the maximum?
- If participants do not save according to your organization's guidelines, what should the consequences be?
- Over what time period should participants be allowed to save?

WHAT AFI SAYS: If your organization's program is for "fast trackers" (participants who can and will be motivated to save aggressively and purchase their asset within 12 months), be prepared to accommodate the rule that participants must not make withdrawals from their IDAs for the first sixth months.

To set targeted savings rates for monthly deposits, first make a realistic assessment of what your target population can afford to save (after essential living expenses are covered). Keep in mind, the balance of the maximum savings amount and match rate should be in line with the real costs of an asset purchase in your community.

Two tools to help you determine a realistic savings and match rate is the "IDA Asset Cost Due Diligence Work Sheet" found in Appendix G and Table 3.1 below.

Table 3.1 Determining Savings Requirements and Match Rate

Asset Goal	Sources of Information	Key Factors to Consider
Homeownership	<ul style="list-style-type: none"> • Realtors • Real estate attorneys • Property appraisers • Home inspectors • Fannie Mae Foundation (Web site) • Affordable housing developers • Bankers and mortgage lenders • Nonprofit homeownership counseling and support programs • Neighborhood Reinvestment Corporation (Web site) 	<ul style="list-style-type: none"> • Types of housing available for sale (single-family home, condominium, etc.) • Average sales price on the different types of homes • Down-payment range for most mortgage products • Type and amount of other costs associated with home purchase • Cost of property taxes and homeowners' insurance • Average monthly mortgage payment based on average sales price and down payment
Microenterprise	<ul style="list-style-type: none"> • Small-business lenders • Local chambers of commerce • Association for Enterprise Opportunity (Web site) • U.S. Small Business Administration (Web site) • Nonprofit small-business counseling and training programs • Small-business support centers or business schools at local colleges • Local government offices supporting small business 	<ul style="list-style-type: none"> • Average startup costs for establishing a business entity • Available resources to assist in writing a business plan • Average loan amounts for initial business loans • Average startup capital required for service, manufacturing, or retail businesses • Types of small-business ventures thriving in the community • Essential laws regulating small businesses in the community • Average costs for securing a storefront or other place of business • Other grant and loan programs available to support microentrepreneurs
Education and training	<ul style="list-style-type: none"> • Local community colleges • Universities and four-year colleges • Trade or vocational schools • Nonprofit programs offering counseling and assistance to return to school 	<ul style="list-style-type: none"> • Two-year degree offerings • Four-year degree offerings • Postgraduate degree offerings • Professional or trade credentials available • Tuition by semester and for entire course of study • Typical fees associated with a course of study in addition to tuition • Availability of other financial aid (grants and loans) offered by school and government programs

For other insights into other incentives and limitations used by AFI Projects to structure client savings, check out the information about savings plan agreements, including some samples in appendix E.

Time Frame for Client Savings

Though an AFI Project grant lasts five years, your organization should not lead participants to believe that they should be depositing new savings to their IDAs over the entire period. The reason? The law requires that all funds be expended by the end of the five-year period. If not, the funds *must be returned to the federal government*. This means that if your organization has a participant who has finished saving at the end of five years but has not yet purchased his or her asset, they will forfeit the federal portion of the match funds.

Years of experience with AFI Projects indicate that participants need at least six months to prepare for asset purchase *after* they have completed their savings (this is especially true of homebuyers and micro-entrepreneurs). Thus, the clients should complete their savings by the end of the fourth year of the project, allowing for the entire fifth year to be dedicated to asset purchase.

Match Rate—A Special Kind of Alchemy

The other part of setting up an IDA is deciding how your project will match savings that clients put into their IDAs. The purpose of providing matching funds is to provide sufficient cash resources to make asset purchase a reality for low income participants. The match rate will enable your clients or participants to obtain, for example, the down-payment and closing costs for buying a home.

WHAT AFI SAYS: AFI places a limit on the amount of federal funds that may be allocated to each account is \$2,000 for individuals, \$4,000 per household.

Remember: It is important to set the participant's saving rate so that, when combined with the match, participants with a realistic opportunity to accumulate their planned asset at the end of the savings period. The *minimum* savings target is used here to ensure that participants have the maximum opportunity to earn the full match allowed under the program. One of the most exasperating results possible for an IDA: A participant works hard, saves regularly and earns match funds, and yet finds that he or she does not have the funds to cover the real costs of this asset in the community. When this happens, the IDA really is too good to be true.

TIP: In New York City, a family seeking to buy a home requires at least \$12,000—even in the most affordable neighborhoods. Offering a savings and match rate to meet this amount may strain an organization's fundraising ability. Or it may require a savings target that is impossible for participants to meet. Consequently, AFI Projects in New York identify other sources of subsidy and support that are available for their target population and then work with the organizations sponsoring these sources of support to offer additional subsidies to IDA participants. The key is that the program includes information and access to these additional funds, thereby ensuring a sufficient chance of success for the participant.

Participant Withdrawals

Participant withdrawals are allowed under AFI for two things: 1) asset purchase and 2) emergency needs that arise while in the project. According to AFI law, participants must save for at least six months following the date of account opening before making a withdrawal. If a participant wishes to make a withdrawal any sooner, it is tantamount to asking to withdraw from the program.

WITHDRAWALS FOR ASSET PURCHASE. Preparing withdrawals for asset purchase is one of the most exciting and anxiety-producing endeavors for both AFI Project staff and participants. It represents the culmination of months or years of hard work on the part of the participant and ongoing encouragement and attention from staff. Everyone wants the purchase to succeed, but that requires ensuring the participant is properly prepared and has had all his or her questions answered. Further, much of the paperwork and final approvals must be done within a tight time frame, to meet the expectations of the vendors receiving the payment (such as the lender, the realtor, the mortgage company, or the university's registration office).

Ensuring that everyone knows the basic guidelines for what constitutes an eligible purchase is critical to keeping this exciting time more fun than stressful, and not disappointing.

Table 3.2 shows the definitions for an eligible purchase.

Table 3.2 Defining the Asset Goal		
Asset Goal	How Is This Goal Defined?	What Costs Can Be Paid by the IDA?
Homeownership	<ul style="list-style-type: none"> • First-time homebuyer only (defined as having had no ownership in a home for three years before entering a sales contract on an AFI-qualified home.) • The home being purchased must be the participant's main residence. • The sales price of the house should not exceed 120% of the average price for a home in that area. 	<ul style="list-style-type: none"> • Down payment • Settlement fees • Loan fees • Other closing costs • Reconstruction of the newly purchased home
Microenterprise	<ul style="list-style-type: none"> • The business should be legally established and not in violation of any law or public policy. • The owner must have a business plan that has been reviewed and approved by a financial institution, microenterprise development organization, or nonprofit loan fund. 	Expenditures indicated in the Qualified Business Plan such as <ul style="list-style-type: none"> • Capital • Plant • Equipment • Working capital • Inventory • Licenses
Postsecondary education or training	<ul style="list-style-type: none"> • Expenses are paid to an eligible educational institution. • The institution is either a college/university or a vocational school as defined by the Higher Education Act or by the Carl D. Perkins Vocational and Applied Technology Education Act 	<ul style="list-style-type: none"> • Course fees • Books and supplies • Test fees • Costs of courses for preparations for professional licensing examinations • Equipment, including a computer and software • Tuition and fees (associated with enrollment or attendance at the school)

An AFI Project participant may transfer his or her funds into an IDA of another family member, such as a spouse or a child (namely one the participant claims on his or her taxes). This new IDA holder would then be eligible to use these funds for any of the three qualified asset goals listed above.

WITHDRAWALS FOR EMERGENCY PURPOSES. There are only three circumstances where participants may withdraw IDA savings for non-asset purchase. These are when the funds are needed: 1) for medical expenses, 2) to pay rent or mortgage to prevent eviction or foreclosure, or 3) to pay for vital living expenses (e.g., food, clothing, shelter, utilities, heat) following a job loss. A participant may withdraw funds for these expenses if they are incurred for the participant, a spouse, or a dependent, but they may only withdraw amounts they have deposited. They may not withdraw the matching funds.

TIP: Many AFI Projects provide access to other types of emergency fund programs (such as one-time emergency rent payment programs) to support participants during crisis. Linking to such additional support structures for your participants will contribute to the success of your AFI Project.

After an emergency withdrawal has been made, AFI requires that the participant reimburse her or his account for the full amount of funds withdrawn within 12 months. If the participant does not replenish these funds as required, they may not continue in the project. Any remaining IDA savings are to be returned to the participant, and all matching funds allocated for that participant are to be returned to the Reserve Account for use by a new account holder.

E. Marketing and Recruitment

The first step you took in planning your AFI Project—defining your target population—helped identify the clients you will likely serve. Actually getting these people involved in your AFI Project, however, requires outreach to recruit participants. Some AFI programs, such as those that run job training or microenterprise education, tap into their current client base. Others link to other agencies with an eligible clientele.

One of the initial reactions potential participants have when they first hear about IDAs is, “This sounds too good to be true.” That reaction is cited as a major hurdle to marketing a new IDA program in a community. Organizations that have a track record of success and trustworthiness working with their target population find it easier to attract participants and maintain strong relationships with their clients throughout the course of the Project.

Many project administrators have found that the initial time required to do the marketing, attract attendees to orientation sessions, and actually enroll participants is longer than they anticipated. Projects have found that marketing the program to participants takes time and flexibility. Several current AFI Projects recommend that new projects limit the target market to individuals and families already intimately familiar with your organization or rely on community presentations, word of mouth, and referrals for marketing rather than mass distribution of brochures and flyers. For strategies on marketing and recruitment (and retention!) see Appendix F.

F. Organizational Capacity

Your organization's goals and objectives for the AFI Project are in place. You have set the savings rates, the marketing plan, and the training schedule. But can you do all this work? Surely, you've been thinking about this as you put this workplan together, including assessing your agency's skills and the other partnerships needed to garner additional expertise. Regardless, step back and take a look at your agency's capacity and that of your partners.

The organizational capacity needed for an AFI Project varies—by program size and services components. Typical indicators of likelihood of success are a high level of organizational experience with other asset-building programs, a strong commitment on the part of leadership and program staff, and an appropriate staffing configuration.

TIP: An agency's capacity to provide services to its AFI Project clients includes connections with other agencies. That's because clients are often referred outside the agency for training and other asset-building services, such as counseling and assistance with their Earned Income Tax Credit. What makes these connections work varies, but considering these current partners, and then laying plans to build new partnerships, is a critical part of determining and enhancing your organization's capacity to manage an affective AFI Project. For more information on partnerships and collaboratives, see Sections 3G and 3H.

Asset-Building Experience

Many AFI Projects start their IDA programs as a means for enhancing other asset-building services they offer. Homeownership or microenterprise training and counseling programs offer IDAs as a natural complement to existing in-house skills and services. Agencies that offer such services are often familiar with some of the complexities of IDA programs. Organizations with expertise in financial education, credit counseling, or linking low-income families to needed financial services typically have in-house resources and knowledge which help them successfully manage an AFI Project.

Organizational Commitment

The commitment to manage an AFI Project must be shared by executive leadership and program staff alike. You will need a motivated staff over the entire five-year project period. Because of the unique and complex elements of an AFI Project, the active involvement of the organization's board of directors, executive director and staff is critical. In addition, individuals throughout the organization need a high level of commitment to the population they are serving. Projects are more likely to be effective if staff and leadership are fully committed to their clients, and win client trust.

Staffing

As the diversity of the IDA field grows, so does the number of staffing configurations. Staffing needs will also vary by the age and development of the project (e.g., startup, ongoing). Executive and senior level staff may be more actively engaged during the stages of design and initial implementation, as your organization established policies and budgets, begin fundraising, develops partners, and establishes program goals and objectives for the project. Once operation is in full swing, ongoing management and coordination of administration efforts increase to accommodate data management, participant support, marketing and recruitment, and the managing of training and counseling sessions. As the project matures and participants reach their savings goals, administration concentrates on achieving project goals and objectives such as successful asset purchases. You may also need new management decisions at this stage to ensure successful Project completion.

The pressures of fundraising lead many AFI Project administrators to seek creative, cost-effective staff resources without diminishing the quality of the project’s impact. In developing an effective staffing plan for your own project, consider all of the typical responsibilities for this type of effort (see table 3.3).

Management	Operation/Coordination	Administration
<ul style="list-style-type: none"> • Establishing partnerships • Overall program design • Setting program policy • Fundraising • Setting budgets • Developing account standards • Public relations • Staff supervision • Program oversight • Annual financial and program progress reports for OCS 	<ul style="list-style-type: none"> • Marketing development and implementation • Recruitment and enrollment • Account management (Reserve Account and participants’ savings and match accumulation progress) • Case management • Financial and asset education • Tracking progress on achieving milestones • Communication with participants and applicants • Data management • Data reporting for the national evaluation 	<ul style="list-style-type: none"> • Application and screening documentation • Data entry • Photocopying and faxing • Mailings • Logistics for trainings and workshops • Assistance with marketing and recruitment • Correspondence

See Appendix H for a sample job description for an AFI Project manager position.

AFI Project experiences suggest that there are certain things you should consider when mapping out your staffing plan:

- **PART-TIME IS COMMON.** Staff typically do not work full-time on AFI Project responsibilities. Rather, they work on other agency projects as well—though this work typically complements IDA work, such as training and client liaison. Of course, having part-

time AFI staff means having to use several funding sources to cover their full salary and benefits.

- **MULTIPLE STAFF ARE INVOLVED.** Many projects use multiple staff who devote part of their time to AFI duties. Key tasks include administrative work (e.g., data, reporting), client support (training, case management), and program management (fundraising, oversight of activities).
- **SUPPORT FOR CLIENTS MEANS CASE MANAGEMENT.** This is the day-to-day work with clients such as counseling, referrals, and follow-up reminder calls. This can be very time consuming.
- **DATA ENTRY AND REPORTING TAKE TIME, TOO.** Some projects have “back room” staff (volunteers, administrative assistants) to do data entry, which frees up “frontline” staff for case management and training. Make sure your data entry staff know about reporting requirements so that when it comes time to generate reports, they know what is required and can give you what you need.

TIP: Keep in mind that data collection and management of your AFI Project can be very staff time intensive, and plan accordingly. Not only do AFI Projects have to monitor IDA savings and other financial data, but they also must periodically provide data reports to the government. (See section 3J “Evaluation” for more information about data requirements.)

- **FUNDRAISING, FUNDRAISING.** In most cases, searching for the nonfederal cost share and additional supporting funds is a perpetual job and takes staff time to carry out. You may find that it is the duty of the IDA program manager or even the executive staff.
- **KEEP YOUR ANTENNA UP FOR VOLUNTEERS.** Some agencies use volunteers to take on tasks such as entering data, handling mailings, writing newsletters, coordinating financial education meetings, handling intake and review of client bank statements, sending out notices to clients about upcoming meetings, and making follow-up phone calls with clients. One excellent source of full time volunteers is the federal Americorps* VISTA program.
- **YOU’LL NEED TO GET AROUND.** Keep in mind geography is a big challenge for AFI grantees that cover wide areas, particularly rural sites that require staff to do a lot of driving to recruit clients, provide training, and liaise with partner agencies.

G. Partnerships

AFI Projects offer a blend of services, incentives, and opportunities for low-income families to improve their lives in lasting ways. The mix of financial services, client case management, asset purchase support, financial training, and account and data management requires expertise seldom found in one organization. This intrinsic diversity has inspired AFI Projects to develop working relationships with other organizations that already provide services in the target communities – for example, with groups that are providing home ownership training or counseling or financial literacy classes. There are many possible approaches to structuring organizational responsibilities across partnering organizations. Gather together potential partners to help determine the right structure for your Project.

Partnerships

In the IDA world, partnership refers to an arrangement made between an organization sponsoring an AFI Project and another organization that offers a specific service to prospective account holders (such as microenterprise training and counseling) but has no responsibility or role in the operation of the AFI Project itself. These partnerships often are solidified by signed agreements. They sometimes include financial or in-kind compensation offered to the partner organization by the AFI Project sponsor. Such partnerships are ideal for organizations with the capacity to run most components of the IDA program but which lack staff with expertise in some key areas such as financial education or asset-specific training. When developing partnerships, be sure to consider whether the potential partners are trusted by the target community to make sure that your clients will be able to work with them effectively.

POSSIBLE PARTNER ORGANIZATIONS INCLUDE

- Community action agencies
- Community development corporations
- Employers
- Financial institutions such as banks, credit unions, community development financial institutions
- Faith-based organizations
- Housing Authorities
- TANF Agencies
- Other State and local government and Tribal government agencies
- United Way of America affiliates
- National Urban League affiliates
- Philanthropic foundations including community foundations
- Schools and community colleges
- Organizations that provide services to low-income Native American communities
- Marriage-strengthening coalitions
- Service organizations
- Other not-for-profit or for-profit entities

The creation and ongoing management of these partnerships require time and attention from AFI Project staff. AFI Projects are encouraged to draw up a formal partnership agreement to delineate roles and responsibilities between partners, as well as guidelines for ending the partnership in the event it proves ineffective.

The Financial Institution: AFI's Most Important Partner

Financial institutions can provide nonfederal funding for AFI Projects as well as host Reserve Accounts and provide other services, thus they are fundamental partners for an AFI Project. In fact, in some cases, the organization serving as project administrator is also a financial institution. Types of partnerships with financial institutions vary widely among projects. Some institutions are intimately involved, offering lots of financial and in-kind support. Others offer the basics and have no further involvement. AFI Projects are very appealing to a financial institution. When presented to the right organization, a rewarding partnership can take hold.

TIP: For those in the earliest stage of program design, begin looking for a financial institution partner right away. A signed financial institution partner agreement, or at least a letter of commitment from a financial institution, is essential to project startup. Either document would detail what the institution is offering to support your IDA project.

Finding a Financial Institution Partner

Successful AFI Projects have grown out of a host of arrangements with financial institution partners. Some programs develop partnerships with community development credit unions. Some work with major commercial banks. Other programs operate with multiple partnerships to cover a wide program area, while still others develop a strong relationship with one financial institution.

Most organizations begin their search for a financial institution partner by considering those institutions with which they already have relationships, such as the ones where they do their banking business. Others review which banks or credit unions already serve their target population. They then offer the asset-building services and the IDA as a way for the institution to further enhance their appeal to an existing part of their market. Banks with national or regional reach are increasingly partners for AFI Projects; they standardize products and services associated with the program, making participation more cost-efficient. For ideas on how to market your AFI Project to potential financial institution partners, see Appendix I.

Once you have found an ideal partnership candidate, made your presentation, secured their interest, and begun the negotiations, it is best to seal the deal by developing a partnership agreement. See Appendix J for information about financial institution partner agreements.

WHO DOES WHAT? ROLES OF AFI PROJECTS & FINANCIAL INSTITUTIONS AT A GLANCE*

What a Financial Institution Can Do

- Set up interest-bearing sole or joint ownership savings accounts for IDA participants (with no monthly fees and no minimum balance).
- Establish the Reserve Account to hold both the matching and federal funds in the name of the sponsoring organization.
- Provide monthly (or quarterly) account statements to participants.
- Provide monthly (or quarterly) account activity information to the sponsoring organization.
- Offer other banking services to participants (checking accounts, mortgages, loans, other savings, or investment accounts).
- Assist in financial education.
- Enhance visibility of program.

What a Program Must Do

- Direct participants to a designated financial institution or institutions.
- Send participants monthly IDA statements that reflect their savings activity and earned matching funds.
- Monitor participants' monthly account activity (deposits and withdrawals).
- Track monthly account activity (ideally with a management information system).
- Develop a withdrawal procedure for matching funds.
- Calculate and account for matching funds earned, based on participant savings (as well as the interest earned on the match).
- Provide individualized counseling to participants as needed.
- Facilitate financial education.

*This is excerpted from Tim Flacke, Brian Grossman, Colleen Dailey, and Stephanie Jennings. 1999. *The Individual Development Account Program Design Handbook: A Step-by-Step Guide to Designing an IDA Program (Fourth Edition)*. Corporation for Enterprise Development.

H. Collaboratives

In contrast to a partnership model, an AFI Project collaborative is an arrangement where multiple diverse organizations share the critical responsibilities – and workload – of operating an AFI Project in an effort to offer a large number of accounts, to maximize cost-efficiency and to capitalize on organizations’ different expertise. Collaborative arrangements enable the participating organizations to develop and use a common basic infrastructure such as recruitment and training tools, reporting procedures, IDA account monitoring processes, procedures for tracking performance goals and targets, and so forth. Often collaboratives allocate responsibility for key activities such as fundraising, program management and evaluation to one or two organizations, to enable the others to focus more fully on providing direct services to project participants.

Collaboratives require more time to establish than programs designed and delivered by one or a group of partnering organizations. Do not underestimate the time it takes to build firm relationships and identify the right collaborative partners. As with partnerships, once organizations agree to work together, they should write formal agreements to delineate roles and responsibilities among agencies.

Table 3.4 suggests some typical roles and activities for various organizations in a collaborative project. It also offers some benefits to this model.

Collaborative Role	Key Responsibilities	Benefits
Collaborative administrator	<ul style="list-style-type: none"> • Fundraising • Data management (MIS) • Program standards • Quality management • Account management • Overall coordination of structure 	Centralized account and data management reduces cost of reproducing this at each site and also keeps responsibility in hands of organization with expertise.
IDA program sponsor (there usually are many of these in the collaborative)	<ul style="list-style-type: none"> • Fundraising • Data collection • Case management • Marketing and recruitment • Enrollment and account opening • Financial and asset-specific training • Other support services 	Program sponsor organizations can better address fulfilling their mission—delivering services to a community to create an impact—instead of dedicating many resources to program administration.
Financial institutions ^a	<ul style="list-style-type: none"> • Provides accounts • Collects account data 	Financial institutions provide their expertise in financial products and can still offer additional services.
Other partners (often organizations in the community)	<ul style="list-style-type: none"> • Provide referrals for candidates • Marketing and outreach support • Financial or asset-specific training • Other support services 	These organizations offer a service they routinely provide to IDA participants as part of the program. These organizations are partners to the project rather than full collaborative members.
^a Sometimes the institution works directly and exclusively with the collaborative administrator and sometimes with each program sponsor directly.		

For more information on innovations, challenges, and pitfalls in collaborative design, refer to the “Resources for Building IDA Collaboratives” section of appendix A. If your organization is thinking of organizing a collaborative, begin by accessing the informative “IDA Collaboratives Toolkit” at <http://www.idanetwork.org>. Get started on the recommended planning process right away. You can also find more on this toolkit in Appendix A.

OCS is interesting in supporting more AFI Projects that feature collaborative structures. A collaborative should submit an AFI application under a lead agency (usually the collaborative administrator or the organization responsible for account management) and provide information about each collaborative member throughout the application. It is a good idea to include signed memoranda of agreement for each collaborative member you list in the application.

I. Implementation Plan

After designing your organization’s AFI Project, it is time to provide an overview of how the program will be implemented over the five year project period – your implementation plan. In an AFI application, this is called your “Approach.”

An excellent way to express your workplan - for project management purposes and for inclusion in your AFI application - is by using a **Gantt chart**. Gantt charts are helpful for summarizing activities that can be represented by numeric quantities or other forms of abbreviation on a clear time line. In a Gantt chart, time is represented horizontally, the activities vertically. In AFI Project Gantt charts, time should be represented in quarterly portions over the entire five-year period of the project. See **Figure 3** for an example. Below are some typical activities you may want to include in your workplan.

Marketing Activities

Marketing activities are often expressed in numbers and in categories, such as the number of community presentations per quarter; the number of flyers distributed at key locations, and so forth.

Recruitment Projections

Recruitment projections typically are expressed as the ideal number of potential participants to be identified each quarter. Remember the funnel principle of marketing: you likely will need to recruit more participants than the number of accounts you target for that quarter, because some participants likely will not apply.

Account Opening Projections

IDA opening projections are similar to recruitment in that they usually are expressed as a number of accounts targeted in a given time period. The number of open IDAs projected to be in “open” status should reach zero by the fourth quarter or final month of the Project’s fifth year, since all funds should be expended and all accounts closed at the end of the fifth year.

TIP: One very important AFI regulation is that AFI Project staff may open IDAs for participants only if the full amount of potential matching funds for those accounts are available in the Reserve Account at the time. An AFI Project, for example, with only half of the matching funds in the Reserve Account may open only half of its projected IDAs. As the remaining funds are deposited in the Reserve, the remaining accounts can be opened. The rule is designed to avoid the devastating situation where an AFI participant works hard to save and prepare for asset purchase only to learn there are no matching funds available.

Anticipated Savings Amounts

Most AFI Projects represent anticipated savings rates as an average savings per month or quarter and show the amount on the chart as an aggregate sum—representing the total amount of savings for all accounts opened during that period.

Account Attrition

Attrition refers to accounts closed for reasons other than successful asset purchase. For example, the participant may have chosen to leave the program or the program staff may ask the participant to close the account owing to noncompliance with the program's guidelines. Account closings are common in IDA programs. Therefore, many projects make projections of account closings and have a strategy for adding new participants and opening new IDAs that replace the closed accounts.

Successful Asset Purchases

For most AFI Projects, there is a startup period when the Project is marketed to potential participants, clients are enrolled, and so forth. After 6 to 18 months, most Projects have some participants who have, in that time, completed their savings and other requirements and are ready for asset purchase. This can be expressed in the Gantt chart by asset-purchase category (e.g., homeownership, education, small business capitalization). Many AFI Projects plan for an average number of successful purchases per quarter after two or more years of program activity. These purchases will likely occur up to the end of the fifth year of the program.

Training and Counseling Services

Training and support services are challenging to represent on a Gantt chart because they are not always easily quantifiable. Programs have expressed these activities by projected number of workshops or counseling sessions per quarter or by the number of participants they expect to serve in these workshops or sessions per quarter.

WHAT AFI SAYS: In addition to providing for training and counseling, the AFI funding announcement may indicate additional preferences for programs that offer support for strengthening marriage and family for AFI participants. For some programs, this is accomplished through the delivery of financial training, using a curriculum designed for working with married couples or families. Other programs consist of additional counseling or workshops on broader issues of marriage support or life-skills training related to developing healthy families.

Deposits Into the Reserve Account

Programs can show their expected cash flow into the Reserve Account over the five years of the program. Many programs have nonfederal match sources with stipulations regarding when the funds will be available to them for deposit into the Reserve. A foundation may commit \$200,000 to the program, for example, and provide those funds in two payments of \$100,000 each over two fiscal years. The federal match for these funds, therefore, can be accessed after these nonfederal funds are placed in the Reserve Account.

Figure 3: AFI Project Gantt Chart - Sample Template

Program Activity	YR 1				YR 2				YR 3				YR 4				YR 5			
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4
A. Outreach																				
<i>Presentations (by # given)</i>																				
<i>Ads, flyers, ect. (#distribution outlets/venues)</i>																				
B. Pre-screening/Intake																				
<i># referrals</i>																				
<i># inquires</i>																				
C. Enrollment																				
<i># accoutns open: HO</i>																				
<i># accounts open: EDUC</i>																				
<i># accounts open: SM BUS</i>																				
<i>Total accounts per qtr.</i>																				
D. Funds into Reserve																				
<i>Federal/Nonfederal deposits (in thousands)</i>																				
E. Accumulation																				
<i>Aggregate savings of accts.</i>																				
<i>Aggregate match of accts.</i>																				
<i>Total savings and match</i>																				
F. Completions/Expense Pmts.																				
<i>Homeownership* (complete)</i>																				
<i>Education**(1st, part, cmplt)</i>																				
<i>Small Business***(1st, part. Cmplt)</i>																				
G. Training																				
<i>\$ Management (# hours)</i>																				
<i>Topic Workshops (3 sessions)</i>																				
<i>Asset-specific (# attendees)</i>																				
H. Counseling																				
<i>One-on-one sessions with IDA</i>																				
<i>Program staff</i>																				
I. Reporting																				
<i>Financial</i>																				
<i>Program Progress</i>																				
<i>Data</i>																				
Key:																				
<i>* Homeownership withdrawals are categorized as complete withdrawals because they are typically one time payments in full.</i>																				
<i>** Education withdrawals may be categorized as first time, partial (not first time but still saving), or complete (final withdrawal).</i>																				
<i>*** Small Business withdrawals may be categorized as first time, partial (not first time but still saving), or complete (final withdrawal).</i>																				

J. Evaluation and Program Quality

As a federal demonstration program, AFI focuses on learning what works in asset building so that good ideas can be replicated. In addition to giving grants to organizations willing to implement AFI Projects, AFI supports a National Evaluation to study the long-term affects of AFI Projects on participants and to determine the extent to which asset-building strategies in general and IDAs in particular are useful for addressing poverty. AFI also encourages each program to use its own evaluation and quality improvement mechanisms to help improve their programs.

The National Evaluation

Each AFI Project must collect data for the national evaluation by providing annual data reports to OCS, usually from the Project's Management Information System. Some Projects may also be asked to coordinate a daylong site visit from OCS researchers and to identify Project participants who will fill-out surveys for evaluation purposes. AFI Projects are required to set aside a small portion of their Reserve Account to pay for activities related to the national program evaluation.

Project-Level Evaluation and Overall Program Management

In addition to the national evaluation, AFI encourages Projects to use evaluation techniques and to build data collection and analysis into their program design. Project-level evaluation and program management or quality control activities help Projects track progress in achieving their goals and objectives and determine when to consider changes in program delivery.

At its most basic level, evaluation looks at effort (what you did) and effect (what happened as a result of that effort). Evaluation information may be used to keep track of Project activities, to find out the effect of the Project on clients, to make sure high quality services are delivered, to identify areas for needed change, and to identify models for service delivery.

Outputs and Outcomes

Two important evaluation measures are outputs and outcomes.

- *Outputs* refer to quantifiable activities. They measure your program's efforts and activities. Output measures represent the goods and services a Project produces in the course of implementing their AFI Project.
- *Outcomes* are changes that your project participants, or clients, experience as a result of their participation in the AFI Project. Outcomes, ideally, are also what happen when the needs of your target population are met. They are ways your program will enhance your IDA holders' strengths and provide them with resources for lasting change. Outcomes are often expressed in time frames (short-, medium-, and long-term increments) and are related to changes in behavior, knowledge, skills, attitude, values, or condition of participants and/or AFI agency (see table 3.5).

People	Areas for Change	Time Range
<ul style="list-style-type: none"> • Individual participants • Participants' families • Participants' communities • Agency 	<ul style="list-style-type: none"> • Knowledge and skills • Behavior • Attitude • Values • Condition 	<ul style="list-style-type: none"> • Short term • Medium term • Long term

AFI encourages projects to develop outputs and outcomes specific to their AFI work. Because outputs and outcomes must be measurable, projects must also identify how they will collect the necessary data for the outcomes and outputs.

TIP: A good data management system is fundamental to an effective evaluation process. Not only are data collection and reporting critical to any AFI Project's success, but they also provide the central collection point and tracking guidance for all data needs of the program. OCS will soon offer an online information management system to AFI Project organizations at no cost. The system is specially designed for the many functions of IDA programs. It can be customized to any grantee's staffing and program design.

Typical outcomes of AFI Projects might include increased percentage of participants who are homeowners, increased percentage of participants who acquire secondary education, and increased percentage of participants who create or expand small businesses. The specific outputs associated with these outcomes, therefore, might be the number enrolled, who are working toward the outcome of purchasing an asset, and the number of asset-specific counseling sessions, which facilitate the outcome of successful asset purchase.

AFI Projects can also formulate outputs and outcomes for their agency as well as for the AFI participants. Agency outcomes might include leadership enhancement or better relations with the community.

TIP: For more information on outcomes, outputs, and ways to develop these, check out the resources on outcome evaluations developed by the United Way of America at its Web site, <http://national.unitedway.org/outcomes/>. Additional information on outcomes evaluation can be found at <http://www.mapnp.org/library/evaluatn/outcomes.htm/> (this is a link from the Web site <http://www.mapfornonprofits.org/>, sponsored by Management Assistance Programs for Nonprofits).

Quality Improvement.

Aside from evaluation measures such as outputs and outcomes, many projects routinely use other quality improvement tools to assess the effectiveness of their program. Projects use these tools to solicit input from participants or partners to ensure that the communication, services, training, and other program components are meeting participants' needs. If they are not, then the Project can make adjustments to improve the program.

Projects may gather quality improvement information through surveys, interviews, and focus groups. Some projects administer surveys at the end of training or other workshop sessions, upon program entrance and exit, or after six months or longer in the program. Along with using this data to make project improvements, innovative projects also can use the information for fundraising and marketing. For example, this information can be used to develop testimonials that can be used in a press release or program brochure.

K. Funding and Budget

Obviously, none of the above ideas for running an AFI Project will work if there are no resources and no plan for allocating the resources. The AFI Program is unique in that each federal dollar must be matched by a nonfederal dollar. Experience shows that AFI Project organizations need additional resources to cover administrative and other costs related to the program, and that accurately formulating and monitoring the project budget is critical.

Nonfederal Funding Requirements

OCS requires applicant organizations to provide a dollar-for-dollar contribution of nonfederal funds to correspond with the federal funds requested in the AFI application. These nonfederal funds are to be used for the same activities and purposes as the federal funds.

Nonfederal funds can come from numerous sources, both public and private. Many AFI Projects have funds committed from financial institutions, community or corporate foundations, other private sources, and even state and other local governments. While any of these sources of funds qualifies toward the nonfederal contribution, applicants whose funding sources are predominantly private have an edge in competing for grants.

Can any federal funding sources qualify as the nonfederal contribution? Yes, but only in a very few and limited number of circumstances. Only two federal funding sources – both of which are block grants – may be used in some situations as the nonfederal cost share funds. The first is the Community Development Block Grant (CDBG). In order to have access to these funds, however, AFI Projects must negotiate with either their State or local government agency that administers the funds. The second is the Temporary Assistance for Needy Families (TANF) funding, which may be eligible, provided the funds designated for the AFI Projects do not derive from a state's Maintenance of Effort (MOE) funds.

Commitment of Funds

In many cases, organizations do not have the full nonfederal share in their Reserve Accounts as they apply to the AFI Program. However, these applicants must demonstrate that its funders have agreed – or made the commitment – to give the full amount of the required nonfederal match should the organization get an AFI grant. Applicant organization can demonstrate commitment of nonfederal share by submitting either Nonfederal Share Agreements or a letters of commitment. All documents must be signed by an authorized official of the contributing organization.

There are two imperatives for successful nonfederal share commitments:

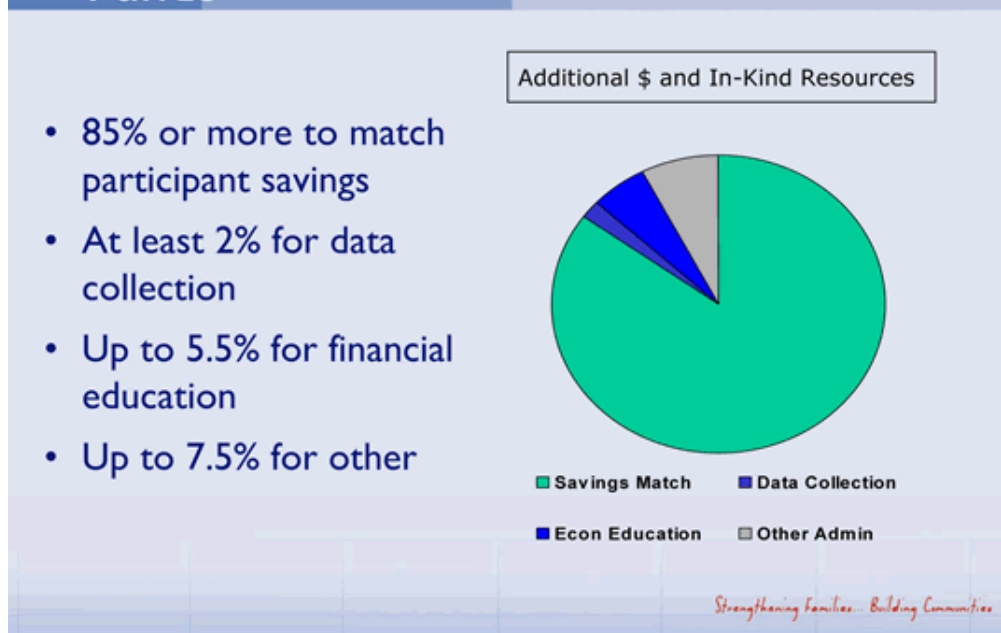
1. **FIRM, DOCUMENTED COMMITMENTS:** A commitment (from the applicant or another contributing organization) will be considered eligible only if the statement of commitment is firm. It may be contingent solely on the AFI grant award. A statement with any other contingencies (such as awaiting final approval at a board meeting) will not be considered eligible. For an example of a nonfederal share commitment letter, see appendix K.
2. **CLEAR SCHEDULE FOR DEPOSITS:** The nonfederal share must be deposited into the Reserve Account before federal funds may be accessed. However, the entire nonfederal share need not be available from the start date of the grant. The nonfederal share may be provided according to a clear schedule of deposits over time.

Uses of Nonfederal and Federal Funding

All of the federal and nonfederal money for an AFI Project is held together in the project's Reserve Account. At least 85 percent of these funds must be used to match the savings in client IDAs. As you recall, you have already determined your IDA match rate based on the factors described in section D.

As represented in **Figure 4**, 85% of the Reserve Account must be used for matching participant IDA savings. This leaves a maximum of 15 percent of the funds for program operating costs. Up to 7.5 percent can be dedicated to overall administration and program-specific activities (e.g., marketing and enrollment processing). Another 5.5 percent can be used to support the costs of providing case management, counseling, and training services to the participant to support him or her in the program. Finally, 2 percent of these funds must be dedicated to the cost of participating in the AFI national evaluation.

Figure 4: Uses of AFI Project Funds



The Program Budget

Once you have determined how much nonfederal share you will be able to raise, and therefore your total budget amount, it is time to design your AFI Project budget. Below are recommended steps to take in developing an AFI Project budget. As you do this, you may also want to refer directly to the required federal budget forms.

Step 1: Develop Line-Item Cost Projections

Develop a list of the cost items (budget categories) that will be required for each. What will your costs be for developing, duplicating, and distributing marketing materials? What are the costs of providing training? Will this include such items as materials duplication, space rental, refreshments, and child care? Or will this be documented as an amount paid to a partner organization as a fee for providing the training on your behalf? Who is providing case management services (if any)? Indicate staff positions, percent of time dedicated to the project, and discounted salary amounts to cover that time. Don't forget to include fringe or general overhead costs for copiers, phones, office space, and the like.

Step 2: Project Costs Through Five Years

Remember that the AFI Project period is five years. The budget you develop should reflect changes in cost over that period. Much of this can be addressed by assuming a basic inflation rate for each year and adding that to the costs established in the first year. To ensure accuracy in the

budget, review the overall expense activities and make additional adjustments based on the program's maturity. Will the program require the same amount of marketing in the third, fourth, fifth year—after all or nearly all accounts are open? Will training and counseling costs increase in those later years as more participants require support to prepare for the asset purchase?

Step 3: Compose Budget Narrative

Describe in the budget narrative (or in the budget format) how much of these costs will be funded by the nonfederal and federal shares and how much is covered by in-kind and other cash resources. It's also critical to note the contributions of partner organizations' in-kind services and the value of volunteers (such as Volunteers In Service To America or VISTA workers). Be sure that these resources are documented with letters of support or estimates of the value of the in-kind services.

Appendix L contains a sample budget, which may give you additional ideas on how to structure this vital program information.

4. CONCLUSION: APPLYING FOR AFI FUNDING

This guidebook has provided basic guidance about planning and implementing an AFI Project. Below is one final tool to help you plan a successful AFI Project: a checklist of what to include in an application for federal AFI funding. Please note that this is a general guide. Make sure you refer to the most recent program announcement as requirements may change from year to year.

- ❑ **TABLE OF CONTENTS.**
- ❑ **PROJECT SUMMARY.** Your summary should not exceed one page in length. Be sure to include all the basic features of your project: the number of participants, the number of IDAs you will open, the amount of federal funding you are requesting and the amount of your nonfederal share commitments, a brief description of the target population and geographic location for the project, the match rate, and the qualified asset goals. Be sure to note the major financial institution partner and other collaborators or partners. This is a great place to highlight any unique or innovative elements to your program model.
- ❑ **PROJECT NARRATIVE.** The written portion of the application must not exceed a maximum number of pages, excluding charts and appendices. See the latest program announcement for details.
- ❑ **STANDARD FORM 424: APPLICATION FOR FEDERAL ASSISTANCE.** Make sure the chairperson or executive director of the submitting organization signs this. You can find this two-page form on the Web, at <http://www.acf.hhs.gov/programs/ofs/forms.htm/>.^{*}
- ❑ **STANDARD FORM 424A: BUDGET INFORMATION – NON-CONSTRUCTION PROGRAMS.** You can find this four-page form at <http://www.acf.hhs.gov/programs/ofs/forms.htm/>.[†]
- ❑ **BUDGET JUSTIFICATION.** This should include not only a comprehensive budget for the five years of the project, but also a narrative detailing the source of these estimates and the sources of income and other resources dedicated to cover these costs.
- ❑ **STANDARD FORM 424B: ASSURANCES – NON-CONSTRUCTION PROGRAMS.** You can find this two-page form online, at <http://www.acf.hhs.gov/programs/ofs/forms.htm/>.[‡]
- ❑ **CERTIFICATION REGARDING LOBBYING —CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS.** You can find this form, roughly a page long, at <http://www.acf.hhs.gov/programs/ofs/grants/lobby.htm/>.

^{*}From this site, scroll down the page to **Grants Application Forms**. Click on the link **Application for Federal Assistance SF-424**.

[†]From this site, scroll down the page to **Grant Application Forms** and click on the link **Budget Information - Non-construction Programs SF-424A**.

[‡]From this site, scroll down the page to **Assurances**. Click on the link **Non-construction Programs SF-424B**.

- ❑ **STANDARD FORM LLL - DISCLOSURE OF LOBBYING ACTIVITIES.** You can find this two-page form at <http://www.acf.hhs.gov/programs/ofs/forms.htm/>. * Note that if your organization does not engage in lobbying activities of any kind,† you do not need to complete and submit this form.
- ❑ **PROOF OF TAX-EXEMPT STATUS.** The applying organization must include a copy of its 501(c)3 status.

Additional Important Information to Include:

- ❑ **EVIDENCE OF NONFEDERAL SHARE FUNDS COMMITTED.** Each application must include documentation that commits nonfederal funds *equal* to the amount of federal funds requested for the program. If your program has multiple funders, there must be a letter of commitment or a Nonfederal Share Agreement for each funding source.
- ❑ **RÉSUMÉS AND JOB DESCRIPTIONS.** Include résumés for existing staff who will play a role in the program’s design, implementation, or management. Include job descriptions for those relevant positions that have not yet been filled.
- ❑ **PARTNERSHIP AGREEMENTS AND COLLABORATIVES AGREEMENTS.** If your program includes vital partnerships with other organizations providing services such as asset training, counseling services, or other relevant support to your participants, include a letter documenting their commitment to provide these services. Include signed agreements with all members of a collaborative participating in the AFI initiative.
- ❑ **SAVINGS PLAN AGREEMENT.** Include here a draft of the savings plan agreement you intend to use with your participants.
- ❑ **LETTERS OF COMMITMENT AND SUPPORT.** Include other letters of support from key community institutions or leaders.
- ❑ **RELEVANT PROGRAM INFORMATION.** If you have information such as sample marketing materials, financial education curriculum outlines, or surveys to be used in your in-house evaluations, include them as well.
- ❑ **SINGLE-POINT-OF-CONTACT COMMENTS,** if applicable.

* From this site, scroll down the page to **Disclosures**. Click on the link **Disclosure of Lobbying Activities: revised to reflect the Lobbying Disclosure Act of 1995 SF-LLL**.

† Your chief financial officer usually can assist you in determining this, since lobbying activities must be claimed on tax forms for nonprofit organizations.

Thank you for your interest in the Assets for Independence Program. If you have any additional questions about applying for AFI funding or have comments about this guidebook, please check out the AFI website or contact the AFI Program office.

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