

Section IIA:
REQUEST FOR APPLICATIONS FOR THE
OFFICE OF COMMUNITY SERVICES'
FY 2003 ASSETS FOR INDEPENDENCE DEMONSTRATION PROGRAM

ACTION: Announcement of availability of funds and request for applications under the Office of Community Services' FY 2003 Assets for Independence Demonstration Program (IDA Program)

SUMMARY: The Administration for Children and Families (ACF), Office of Community Services (OCS), invites eligible applicants to submit competitive applications for new grants to establish, implement, and participate in the evaluation of demonstration projects that will offer Individual Development Accounts (IDA's) to lower income individuals and families. Applications will be screened and competitively reviewed as indicated in this program announcement. Awards will be contingent on the outcome of the competition.

Dates: The closing time and date for receipt of applications is 4:30 p.m. (Eastern Time Zone), August 11, 2003. Mailed or hand carried applications received after 4:30 p.m. on the closing date will be classified as late.

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Part A – Background Information

1. Legislative Authority

The Assets for Independence Demonstration Program (IDA Program) was established by the Assets for Independence Act (AFI Act), under Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (P.L. 105-285, 42 U.S.C. 604 Note), as amended. A copy of the Assets for Independence Act may be found on the web at:

[www.acf.dhhs.gov/programs/ocs/demo/ida/AFI Act i .pdf](http://www.acf.dhhs.gov/programs/ocs/demo/ida/AFI%20Act%20i.pdf)

2. Program Purpose

The purpose of the program is, in the language of the AFI Act: to provide for the establishment of demonstration projects designed to determine: (a) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income; (b) the extent to which an asset-based policy that promotes saving for postsecondary education, homeownership, and micro-enterprise development may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and (c) the extent to which an asset-based policy stabilizes and improves families and the community in which the families live.

3. Program Goals

The goals of the Assets for Independence Demonstration Program are: (a.) to create, through project activities and interventions, meaningful asset accumulation opportunities for households eligible for Temporary Assistance for Needy Families

(TANF) and other eligible individuals and working families; (b.) to evaluate the projects to demonstrate the effectiveness of these activities and interventions and of the project designs through which they were implemented, and the extent to which an asset-based program can lead to economic self-sufficiency of members of the communities served through one or more qualified expenses; and (c.) to make it possible to determine the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income, and the extent to which an asset-based policy stabilizes and improves families and the community in which the families live.

4. Eligible Applicants

The Assets for Independence Demonstration Program offers five-year Federal grants to the following eligible applicants:

- One or more not-for-profit 501 (c)(3) tax-exempt organizations;
- Faith-based organizations that are tax exempt under section 501 (c)(3);
- A State, local, or Tribal government agency applying jointly with a 501 (c)(3) tax exempt organization;
- A Community Development Financial Institution (CDFI) or a Low Income Credit Union, provided that the CDFI or Credit Union has a collaborative relationship with a local community based organization whose activities are designed to address poverty in the community.

Any non-profit organization submitting an application must submit proof of its tax exempt status in its application at the time of submission.

The non-profit agency can accomplish this by providing:

- a. A reference to the applicant organization's listing in the Internal Revenue Service's (IRS) most recent list of tax-exempt organizations described in the IRS Code; or
- b. A copy of a currently valid IRS tax exemption certificate; and, where appropriate,
- c. Either of the items in the subparagraphs immediately above for a state or national parent organization and a statement signed by the parent organization that the applicant is a local non-profit tax exempt affiliate.

Grants will not be awarded to non-profit applicants that have not supplied evidence of currently valid section 501(c)(3) tax-exempt status. Similarly, eligible credit unions and CDFI's must provide written documentation of their status and evidence of their collaborative relationship with an appropriate local faith-based or community-based organization.

Private, non-profit organizations are encouraged to submit with their applications the optional survey located under "Grants Manuals & Forms" at:

www.acf.hhs.gov/programs/ofs/forms.htm

Eligibility of Existing FY 1999, 2000, 2001, and 2002 Grantees.

Existing grantees may apply for up to \$1 million for a new five-year project. Applications from these grantees will be reviewed competitively with other applications received pursuant to this announcement.

5. Program Evaluation

Section 414 of the Assets for Independence Act (AFI Act) requires that the Secretary enter into a contract with an independent research organization to evaluate the demonstration projects conducted under the Act, individually and as a group. This shall include evaluating all qualified entities participating in and sources providing funds for the demonstration projects conducted under the AFI Act. To provide this data for the evaluation, grantees shall use no less than 2 percent of Federal grant funds to provide such information to the independent research organization.

The research organization shall, before, during and after the project, obtain such quantitative data from any demonstration project as are necessary to evaluate the program thoroughly. To this end, OCS worked with ACF's Office of Planning Research and Evaluation (OPRE) and Abt Associates to develop a reporting format for AFI Act grantees, which will be made available to AFI grantees to enable them to complete their annual reports required under section 412 of the AFI Act. OCS is also planning to make available to all grantees an Information System to facilitate the maintenance, collection, verification, and reporting of the data. In addition, the law directs the research organization to develop an assessment of the program, derived from sources such as in-depth interviews, of how asset accumulation affects individuals and families.

6. Definition of Terms

For the purpose of this announcement:

AFI Act – the Assets for Independence Act (Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, as amended), which authorizes this program.

Collaborator – an agency that collaborates with the qualified entity/grantee in donating services to a project or otherwise collaborating in the administration and management of the AFI project. In all cases, the qualified entity/grantee remains ultimately responsible for the administration of the grant funds and submission of required reports to the Office of Community Services.

Custodial Account – an alternative structure to a Trust for the establishment of an Individual Development Account where the grantee may be the custodian and provides approval for qualified expenditures/withdrawals.

Eligible Individual – an individual who is a member of a household that meets the income and net worth requirements.

Emergency Withdrawal – a withdrawal, approved by the grantee, of only those funds, or a portion of those funds deposited by the project participant from an Individual Development Account only for the following purposes: (a) expenses for medical care or necessary to obtain medical care for the Project Participant or a spouse or dependent of the Participant; (b) payments necessary to prevent eviction of the Project Participant from, or foreclosure on the mortgage for, the principal residence of the Participant; (c) payments necessary to enable the Project Participant to meet necessary living

expenses (food, clothing, shelter—including utilities and heating fuel) following loss of employment.

Household – all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

Individual Development Account (IDA) – matched savings/investment trust or custodial accounts established and maintained for the purpose of allowing an individual from an eligible household to save earned income and earn matching funds in order to make a qualified asset purchase of a first home, capitalize a business or pay for post-secondary education expenses, but only if the written governing instrument creating the trust or custodial account meets the requirements set forth in Part B section 7.f and g of this announcement.

Net Worth of a Household – the aggregate market value of all assets that are owned in whole or in part by any member of the household, exclusive of the primary dwelling unit and one motor vehicle owned by a member of the household, minus the obligations or debts of any member of the household.

Partner (or Partnering Agency) – another eligible individual and/or organization carrying out an AFI-funded project as part of a consortium of two or more entities pursuant to a consortium agreement, and led by the entity, which is the AFI grantee. In such cases the lead entity/grantee is ultimately responsible for administration of the grant funds and submission of required reports to the Office of Community Services.

Project Grantee – a qualified entity that receives an IDA Demonstration grant pursuant to this announcement.

Project Participant – an eligible individual who is selected to participate in a demonstration project by a qualified entity.

Project Year – with respect to a funded demonstration project, any of the five consecutive 12-month periods beginning on the date the project is originally awarded a grant by ACF.

Qualified Entity –one or more not-for-profit 501(c)(3) tax-exempt organizations, or a State or local government agency or a tribal government submitting an application jointly with such not-for-profit organization, or an entity that :

(a.) is

(1) a credit union designated as a low-income credit union by the National Credit Union Administration (NCUA); or

(2) an organization designated as a community development financial institution (CDFI) by the Secretary of the Treasury (or the Community Development Financial Institutions Fund); and

(b.) can demonstrate a collaborative relationship with a local, faith-based or community organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability.

Qualified Expenses – one or more of the expenses for which payment may be made from an individual development account by a project grantee on behalf of the eligible individual in whose name the account is held, which are limited to expenses of

- a. post-secondary education;
- b. first home purchase;
- c. business capitalization; and/or
- d. transfers of IDA's to family members.

These qualified expenses are as defined:

a. *Post-Secondary Educational Expenses* – post-secondary educational expenses paid from an individual development account directly to an eligible educational institution, and include:

- Tuition and Fees required for the enrollment or attendance of a student at an eligible educational institution
- Fees, Books, Supplies, and Equipment required for courses of instruction at an eligible educational institution, including a computer and necessary software.
- Eligible Educational Institution – the following:
 - (1.) Institution of Higher Education – an institution described in section 101 or 102 of the Higher Education Act of 1965.
 - (2.) Post-Secondary Vocational Education School – An area vocational education school (as defined in subparagraph (c) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471 (4)) which is in any State (as defined in section 521 (33) of such Act) as such sections are in effect on the date of enactment of the AFI Act.

b. *First-Home Purchase* – qualified acquisition costs with respect to a Principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due. Within this definition:

- (1.) Principal Residence – a main residence, the qualified acquisition costs of which do not exceed 120 percent of the average purchase price applicable to a comparable

residence in the area.

(2.) Qualified Acquisition Costs – the cost of acquiring, constructing, or reconstructing a residence, including usual or reasonable settlement, financing, or other closing costs.

(3.) Qualified First-Time Homebuyer – an individual participating in the project involved (and, if married, the individual's spouse) who has had no present ownership interest in a principal residence during the 3-year period ending on the date on which a binding contract is entered into for purchase of the principal residence to which this subparagraph applies

c. *Business Capitalization* – amounts paid from an individual development account directly to a business capitalization account that is established in a Qualified Financial Institution and is restricted to use solely for qualified business capitalization expenses of the eligible individual in whose name the account is held. Within this definition:

(1.) Qualified Business Capitalization Expenses – qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan, when so certified by a Qualified Entity (grantee).

(2.) Qualified Expenditures – expenditures included in a qualified plan, including but not limited to capital, plant, equipment, working capital, and inventory expenses.

(3.) Qualified Business – any business that does not

contravene any law or public policy (as determined by the Secretary).

(4.) Qualified Plan – a business plan, or a plan to use a business asset purchased, which a) is approved by a financial institution, a micro-enterprise development organization, or a non-profit loan fund having demonstrated fiduciary integrity; b) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and c) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

d. *Transfers to IDA's of Family Members* – Amounts paid from an individual development account directly into another such account established for the benefit of an eligible individual who is

- a. the individual's spouse; or
- b. any dependent of the individual with respect to whom the individual is allowed a deduction under section 151 of the U.S. Internal Revenue Code.

Qualified Financial Institution – a Federally insured Financial Institution, or a State insured Financial Institution if no Federally insured Financial Institution is available.

Secretary – the Secretary of Health and Human Services, acting through the Director of the Office of Community Services.

Tribal Government – a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (24 U.S.C. 450b) or a Native Hawaiian

organization, as defined in section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

Trust Agreement – the instrument by which an Individual Development Account is established as a trust in the partnering Financial Institution.

Trustee – the Qualified Financial Institution responsible for management of an Individual Development Account established as a trust pursuant to a Trust Agreement.

PART B. PROGRAM OBJECTIVES AND REQUIREMENTS

1. Program Priority Area

There is one program priority under this program for Fiscal Year 2003, under which OCS will accept applications from Qualified Entities.

Continuation of grants to Pennsylvania and Indiana, previously funded under Priority Area 2.0 of the Fiscal Year 1999 Assets For Independence Program Announcement will not require applications in response to this Program Announcement and will be the subject of direct correspondence between OCS and the grantees.

2. Project and Budget Periods

This announcement is inviting applications for project and budget periods of no more than five (5) years. Grants actions, on a competitive basis, will award funds for the full five-year project and budget period. Subject to the availability of funds and the reauthorization of the AFI Act, grantees may be offered the opportunity to submit applications for additional projects in later years during the five-year project.

Note: Applicants should be aware that OCS funds awarded pursuant to this Announcement will be from FY 2003 funds and may not be expended after the end of

the five-year Project/Budget Period to support administration of the project of matching contributions to Individual Development Accounts that may be open at that time.

Consequently, Applicants should consider carefully the length of time participants will need to achieve their savings/investment goals and at what point in the project they may wish to discontinue the opening of new accounts.

3. Funds Availability and Grant Amounts for New Grants

a. In Fiscal Year 2003 OCS expects approximately \$16 million to be available for funding commitments to approximately 50 new projects, including grants to existing grantees, expected to average approximately \$320,000 each, and not to exceed \$1,000,000 each for the five-year project and budget periods.

Applicants are reminded that project grant awards are limited to an equal amount of committed non-Federal cash matching contributions. OCS recognizes that this is a limiting factor in the amount of grant funds requested.

Applicants are assured that OCS will welcome requests for less than the maximum grant amount, and urges applicants to make realistic projections of project activity over the five-year project and propose project budgets accordingly.

b. In Fiscal Year 2003, for continuation funding of Grandfathered State Grantees (Indiana and Pennsylvania), up to approximately \$2 million is available for two continuation grants not to exceed \$1 million each for the fifth and final budget year of their five-year State projects funded under Priority Area 2.0 of the FY 1999 Assets for Independence Program Announcement. Any funds not expended in FY 2003 for these Continuation Grants will be available for new project grants.

4. Submission of Multiple Applications

Qualified Entities may submit more than one application for different demonstration projects and each such application will be reviewed competitively with all other applications submitted pursuant to this Announcement. Each such application must be a request for a separate and distinct project, with completely distinct and separate budgets, project participants, and IDA's.

5. Joint and Partnering Applications

Applications submitted jointly by State or Local Government agencies or Tribal Governments and tax-exempt non-profit organizations, including faith-based and community organizations. Joint applications by government agencies and non-profit organizations must clearly identify the joint applicants and the SF-424 Application for Federal Assistance must be signed by only one of the joint applicants. (It may be either the government agency applicant or a non-profit applicant) The applicant signing the SF-424 will be responsible for proper implementation of the grant in accordance with the approved work program and the terms and conditions of the grant. Such joint applications must include

- a. Proof of tax-exempt status of the non-profit Joint Applicant; and
- b. A Joint Applicant Agreement, signed by the responsible officials of both Joint Applicants, setting forth the responsibilities of each Joint Applicant for implementation of the proposed project, including establishment, management, and oversight of the Reserve Fund by the joint applicant signing the SF-424, and the carrying out of the project activities and interventions described in Project

Design and Plan of the proposal narrative. The Joint Applicant Agreement should be the first Appendix to the Application.

6. Applications Submitted by a Lead Agency on Behalf of a Consortium of Partnering Organizations

Where the Applicant is applying as the lead agency for a consortium or group of partnering organizations, each of these organizations and their relevant experience must be briefly described in the Application narrative, and background materials citing their relevant experience and staff capabilities should be included in an Appendix.

In such cases the Applicant/Lead Agency should document:

- a. Its capability and experience in managing such consortia;
- b. The roles and responsibilities of all participating agencies clearly set forth in signed Partnering Agreements between the Applicant and each of the partnering members;
- c. Copies of the Partnering Agreements should be included in an Appendix; and the roles and responsibilities of each participating agency clearly explained in the Project Design, and reflected in the Work Plan. Where the project includes a group or consortium of operating partners, the project may include both central and local Reserve Funds. These explanations must include the plans for establishing one or more Reserve Fund(s), and how and where IDA Accounts and Parallel Match Accounts will be maintained, as reflected in the Financial Institution Agreement(s)/ Statement of Policy .

7. Project Requirements

To be eligible for funding, projects must be sponsored and managed by Qualified Entities and must meet the following requirements:

a. Cash Non-Federal Share Requirements.

Applicants must submit firm commitments for at least one hundred percent of the requested OCS grant amount in cash non-Federal match. Public sector resources that can be counted toward the minimum required non-Federal share include funds from State and local governments, and funds from various block grants allocated to the States by the Federal Government provided that the authorizing legislation for these grants permits such use.

Note: Community Development Block Grant (CDBG) funds may be counted as non-Federal share; Community Services Block Grant (CSBG) funds may not. With regard to State TANF funds, any State funds that comprise Maintenance of Effort (MOE) funds under the TANF regulations may not be used as required non-Federal share under this Announcement.

To be considered for funding, an Application must include a copy of an executed Non-Federal Share Agreement, or a Statement of Commitment as described below, in writing executed by the applicant and the organization or organizations providing the required non-Federal matching contributions, signed for the organization by a person authorized to make a commitment on behalf of the organization, and signed for the applicant by the person signing the SF-424. Such Agreement(s) must include:

- (1) A commitment by the organization to provide the non-Federal funds contingent only on the grant award; and

(2) If the non-Federal share funds are not to be provided in one sum at the outset of the project, an agreement as to the schedule of the opening of Individual Development Accounts by the applicant, and the schedule of deposits of non-Federal share funds by the organization to the project's Reserve Fund, such that the two schedules will together assure that there will be at all times in the Reserve Fund non-Federal matching contribution funds sufficient to meet the total pledges of matching contributions under the "Savings Plan Agreements" for all Individual Development Accounts then open and being maintained by the grantee during their lifetime and until their maturity as part of the demonstration project.

Thus, for example, if the provider of non-Federal share only agrees to a fixed schedule of deposits, this non-Federal share requirement can be met by the Applicant agreeing to a schedule for opening new accounts that will assure that new IDA accounts will only be opened when there are sufficient funds in the Reserve Fund to meet the total amount of matching contributions pledging under the "Savings Plan Agreements" during the lifetime of the accounts until their maturity.

Note: Applicants are reminded that as explained in Section 2, "Project and Budget Periods", above, grant funds may not be expended after the five-year budget/project period. Consequently, applicants should consider carefully the length of time participants will need to achieve their savings/investment goals, and at what point in the project period they may wish to discontinue the opening of new accounts. At that point, all required non-Federal share funds will have to have been deposited in the Reserve Fund, along with grant funds.

As noted above, the applicant may itself commit to providing some or all of the required cash non-Federal share, by including a Statement of Commitment, on applicant letterhead, signed by the official signing the SF-424 and countersigned by the applicant's Board Chairperson or Treasurer, that the non-Federal matching funds will be provided, contingent only on the OCS grant award, and that non-Federal share deposits to the Reserve Fund and the opening of Individual Development Accounts will be coordinated so that new accounts will only be opened when there are sufficient funds in the Reserve Fund to cover the total matching contributions requirements of the Savings Plan Agreements.

Note: Applicants are encouraged to mobilize additional resources, which may be cash or in-kind contributions, Federal or non-Federal, for support of project administration and assistance to Project Participants in obtaining skills, knowledge, and needed support services.

b. Mobilization of Additional Resources

Applicants are reminded that they will be accountable for all commitments of additional resources even if over the amount of the required non-Federal match.

c. Reserve Fund

Every project funded under this Announcement must establish and maintain a Reserve Fund in a separate and discrete account in a Qualified Financial Institution or other insured financial institution satisfactory to the Secretary. Such Reserve Fund must be maintained in accordance with the provisions of this section and the accounting

regulations prescribed by the Secretary under 45 CFR parts 74 and 92. See IDA Attachment 7.

Note: Where an applicant is the lead agency for a consortium or group of partnering organizations, and where each of which will be implementing an IDA program under the Applicant's grant pursuant to this Announcement, the Applicant/lead agency must maintain a Reserve Fund into which all required non-Federal share matching contribution funds and OCS grant funds shall be deposited in accordance with Paragraph (1), below. The consortium has two alternatives for maintenance of Reserve Fund(s) in its IDA programs.

First, participating organizations may all operate out of the one central Reserve Fund maintained by the applicant/lead agency. In this case separate accounting structures would be maintained for each of the partnering organizations and the funds assigned for their use in accordance with agreements between the applicant and each organization.

Or second, in addition to the Central Reserve Fund, partnering organizations may each establish a local Reserve Fund in their community into which the applicant/lead agency will deposit from the Central Reserve Fund the funds (grant and non-Federal share) allocated for use by the particular organization. Central and local Reserve Funds will be subject to all of the requirements of this Section.

Whatever the arrangements, it must be spelled out and agreed to in the Partnering Agreements between the applicant and each consortium member.

(1) **Amounts in the Reserve Fund.** As soon as practical after the grant award, grantees shall deposit in the Reserve Fund the required non-Federal share funds received pursuant to the "Non-Federal Share Agreement" or Agreements

reached with the provider(s) of non-Federal matching contributions. Once such non-Federal funds are deposited in the Reserve Fund, grantees may draw down an equal amount of OCS grant funds.

Note: Applicants must provide assurance that provision will be made for payment of all promised matching contributions to IDA accounts opened by project participants in the course of the demonstration project. In order to assure such payment, no accounts may be opened unless, at the time accounts are opened, there are sufficient funds in the Reserve Fund needed to make the total amount of matching contributions pledged to those accounts during their lifetime until they reach maturity. This means that non-Federal share funds, if not deposited in full at the beginning of the project, must be deposited on a schedule consistent with the planned schedule of new account opening.

(2) **Use of amounts in the Reserve Fund.** In accordance with section 407(c) of the AFI Act, Qualified Entities (grantees) shall use the amounts in the Reserve Fund as follows:

(a) **In General.** A qualified entity shall use the amounts in the Reserve fund to:

- i. assist participants in the demonstration project in obtaining the skills (including economic literacy, budgeting, and counseling skills) and information necessary to achieve economic self-sufficiency through activities requiring qualified expenses;
- ii. provide deposits (as matching contributions, equally divided between Federal and non-Federal monies) to individual development accounts for project participants, in an agreed upon

ratio to deposits made in those accounts by project participants from earned income;

- iii. administer the demonstration project; and
- iv. provide the research organization evaluating the demonstration project with such information with respect to the demonstration project as may be required for evaluation.

(b) Limitation on Uses. Not more than 15 percent of AFI Act grant funds shall be used by the qualified entity (grantee) for the purposes described in subparagraphs (i), (iii) and (iv) of paragraph (a) above, of which not less than 2 percent of the grant funds shall be used for the purposes described in paragraph (1) d). Of the total amount of 15 percent of grant funds, not more than 7.5 percent of such funds shall be used for administrative functions under paragraph (a)(iii), including program management, reporting requirements, recruitment and enrollment of individuals, and monitoring. The remainder of the total amount of 15 percent of grants funds (not including the 2 percent specified under paragraph (a)(iv)) shall be used for non-administrative functions described in paragraph (a)(i), including case management, budgeting, economic literacy training, and credit counseling. If the cost of non-administrative functions described in paragraph (1) a) is less than 5.5 percent of the total of Federal grant funds, such excess funds may be used for administrative functions. If two or more qualified entities (grantees) are jointly administering a project, no qualified entity shall use

more than its proportional share of grant funds for the purposes described in subparagraphs (i), (ii), and (iv) of paragraph (a).

(c) Matching Contributions to IDA's. No less than 85 percent of AFI Act Federal grant funds and an equal amount of the required non-Federal share funds in the Reserve Fund shall be used to make matching contributions to individual development accounts.

Note: If a grantee mobilizes additional contributions in excess of the required 100 percent non-Federal share match, such funds may be used however the grantee and provider of the funds may agree. Where the use of such funds is proposed within a Program Element/Proposal Review Criterion which formed the basis for the grant award, grantees will be held accountable for commitments of such additional mobilized funds and additional resources, even though over the amount of the required non-Federal match.

(d) Authority to Invest Funds. A grantee shall invest the amounts in its Reserve Fund that are not immediately needed for payment under paragraph b), in a manner that provides an appropriate balance between return, liquidity, and risk, and in accordance with Guidelines which will be issued by the Secretary prior to making of grant awards and provided to grantees at the time of grant award.

(e) Use of Investment Income. Once funds have been committed as matching contributions to Individual Development Accounts, then any income subsequently generated by such funds must be allocated to such accounts, and shall not be considered as a Federal funds contribution

subject to the \$2000/\$4000 limitations. Income generated from investment of Reserve Fund monies that are not allocated to existing Individual Development Accounts shall be used by grantees for program purposes that may include but are not limited to program administration, participant support, or evaluation data collection.

d. Use of Grant Funds by State and Local Government Agencies and Tribal Governments

Whether the lead applicant signing the SF-424 is the government agency or the non-profit organization, a Reserve Fund for the Project must be established, and maintained, and managed by the lead applicant signing the SF-424. The Reserve Fund so established shall be subject to the requirements of Paragraph (c) above.

e. Eligibility and Selection of Project Participants

(1) **Participant Eligibility.** Eligibility for participation in the demonstration projects is limited to individuals who are members of households:

- (a) eligible for assistance under TANF, or
- (b) whose adjusted gross income does not exceed the earned income amount describe in section 32 of the Internal Revenue Code of 1986, which established eligibility for the Earned Income Tax Credit (EITC) taking into account the size of the household, or
- (c) whose annual income does not exceed 200 percent of the OMB poverty Threshold, and

(d) whose net worth as of the end of the calendar year preceding the determination of eligibility does not exceed \$10,000, excluding the primary dwelling unit and one motor vehicle owned by a member of the household.

The most recent EITC Earned Income Guidelines and final OMB Poverty line thresholds are set forth in IDA Attachment 5 and 6. Revisions of these Guidelines and thresholds are normally issued annually. Grantees should apply the most recent Guidelines and thresholds throughout their project periods. The revised poverty line thresholds may be obtained as part of the latest Census Bureau Report, Poverty in the United States. The thresholds may be found on the web at <http://www.census.gov/hhes/poverty/threshld.html>.

Note: Where the website shows a heading for preliminary thresholds for a given year, click on the preceding year for the current final thresholds. The Guidelines and thresholds will also be accessible on the OCS Website for reading and/or down loading at <http://www.acf.dhhs.gov/programs/ocs>.

It is the responsibility of the project grantee and its partners and collaborators to establish and implement procedures, including eligibility criteria and documentation requirements, for determining eligibility of individuals seeking to participate in their project.

(2) Participant Selection. Under section 409 of the AFI Act grantees are directed to select individuals that the grantee determines are best suited to participate. At the same time there is a preference under section 405(d)(3) for applications proposing to target individuals from neighborhoods or communities that experience high rates of poverty or unemployment. Given this preference,

grantees may restrict participation to individuals and households with lower incomes and net worth than set out in the income and net worth tests above.

(f) Establishment of Individual Development Accounts

Project grantees must create, through written governing instruments, either Trusts or Custodial Accounts that will be Individual Development Accounts on behalf of Project Participants. Trustees of Trusts must be Qualified Financial Institutions. Custodians of Custodial Accounts may be Qualified Financial Institutions, other insured financial institutions satisfactory to the Secretary, or Demonstration Project Grantees. In every case the participant shall make deposits from earned income into his or her Individual Development Account in a participating insured financial institution. In the case of eligible Credit Unions or CDFI's, the individual financial institution may be the Qualified Entity itself.

No Individual Development Accounts shall be established or opened unless and until there are sufficient funds in the Grantee's Reserve Fund to make the total matching contributions pledged to those accounts during their lifetime until they reach maturity.

In every case where the participating insured financial institution and the Demonstration Project Grantee are not one and the same, both shall be parties to the written governing instruments creating the Trust or Custodial Account.

The written governing instruments creating the IDA accounts must contain the following provisions:

- (1) All contributions to the accounts must be either in cash, by check, money order, or by electronic transfer of funds.

(2) The assets of the account will be invested in accordance with the direction of the Project Participant after consultation with the grantee and pursuant to the guidelines of the Secretary (which will be issued prior to the making of grant awards and made available to grantees at the time of the grant award).

(3) The assets of the account will not be commingled with other property except in a common trust fund or parallel account or common investment fund.

(4) In the event of death of the Project Participant, any balance remaining in the account shall be distributed within 30 days of the date of death to another Individual Development Account established for the benefit of an eligible individual as directed by the deceased Participant in the Savings Plan Agreement under Paragraph (h), below; provided, that Participants may at their option direct the disposition of any funds in the account which were deposited in the account by the Participant as he or she may see fit, except that where such disposition is not to another Individual Development Account, all matching contributions made by the grantee to the account, and any income earned thereby, shall be returned to the Reserve Fund. [Note: This will mean that each Project Participant must provide such direction at the time the Individual Development Account is established. Grantees should make provision for modification of such directions during the course of the project, so as to account for changing circumstances.]

(5) Except in the case of death of the Project Participant, amounts in the account attributable to deposits by the grantee from grant funds and matching non-Federal contributions, and any interest thereon, may be paid, withdrawn or distributed out of the account only for the purpose of paying Qualified Expenses of the Project Participant including transfers under paragraph j. (4) below.

(6) The procedures governing the withdrawal of funds from the Individual Developmental Account for both Qualified Expenses and Emergency Withdrawals must comply with the provisions of paragraph j below (Withdrawals from Individual Development Accounts).

(7) A Saving Plan Agreement must exist between the grantee and the Project Participant. This agreement may be incorporated by reference and should cover the information described in paragraph h below.

g. Custodial Accounts

(1) Custodial Accounts shall be viewed as Individual Development accounts on behalf of Project Participants. However, these accounts will not be trusts. As in the case of trusts, the written governing instruments creating the accounts must contain the requirements outlined in subparagraphs h. (1) through (7) with the following exceptions. Whereas trustees of the trusts must be Qualified Financial Institutions, the assets of the Custodial Account may be held by a bank or another institution that demonstrates to the satisfaction of the Secretary that the manner in which the account will be administered will be consistent with the provisions of the AFI Act, and that the IDA's will be created and maintained as described in section 404(5)(A) of the AFI Act.

(2) In addition, in the case of a custodial account treated as a trust by reason of this paragraph, the custodian of such account may be the Project Grantee, provided that it can assure compliance with the requirements of the AFI Act. These arrangements would place the custodial responsibilities with the grantee, and relieve financial institutions of trustee obligations.

- (3) The Secretary has determined that the assets of any such accounts must be held in an insured financial institution and be subject to the agreements between applicants/grantees and participating financial institutions.
- (4) Within the meaning of this OCS Program Announcement, IDA “Custodial Accounts” in which project participants deposit their savings may be solely owned by the participant and in the sole name of the participant. Funds in the account may only be expended for Qualified Expenses or an Emergency Withdrawal as defined in the AFI Act and this Program Announcement; and in keeping with this restriction, any withdrawals must be approved in writing by a responsible official of the project grantee. At the same time, if the participant requests approval for an “unauthorized withdrawal” of funds deposited by the participant into the account, that is, for other than a Qualified Expense or Emergency Withdrawal, the project grantee must agree to approve such an Unauthorized Withdrawal of the participant’s funds, with the explicit understanding on the part of both the grantee and the participant, that the participant thereby loses any matching funds credited to the account (including any accrued interest on the matching funds), and must exit the program.

h. Savings Plan Agreement

When an individual is selected to participate in an AFI project, the project grantee, as part of that selection process, consults with the new Project Participant to reach understandings on such matters as the savings goal, the amounts of savings deposits, the frequency of savings deposits, the asset goals being sought, the ratio of

matching contributions to savings, and any other mutual undertakings by the grantee and the Project Participant. Before the new IDA is opened, these understandings must be incorporated into a Savings Plan Agreement between the grantee and the Participant.

This Savings Plan Agreement should include the following:

- (1) savings goals (including a proposed schedule of savings deposits by the participant from earned income. Which may be for a period of less than five years);
- (2) the rate at which participant savings will be matched (from one dollar to eight dollars for each dollar in savings deposited by Participant, the Federal grant funds portion of which may not exceed \$2000 during the five-year project period);
- (3) the proposed qualified expense for which the account is maintained;
- (4) agreement by the grantee to provide and the participant to attend classes in Economic Literacy Training;
- (5) any additional training or education related to the qualified expense which the grantee agrees to provide and of which the participant agrees to partake;
- (6) contingency plans in the event that the participant exceeds or fails to meet projected savings goals or schedules;
- (7) any agreement as to investments of assets;
- (8) an explanation of withdrawal procedures and limitations, including the consequences of unauthorized withdrawal;
- (9) provision for disposition of the funds in the account in the event of the participant's death (see Paragraph (f)(4), above; and

(10) provision for amendment of the Agreement with the concurrence of both Grantee and Participant.

i. Deposits in Individual Development Accounts

(1) Matching Contributions. Not less than once every three months during the demonstration project, grantees will make deposits into Individual Development Accounts as matching contributions to deposits from household earned income made by Project Participants during the period since the previous deposit. Such deposits may be made either into the accounts themselves or into a parallel account maintained by the grantee in a insured financial institution (or in the grantee institution itself, in the case of grantees that are eligible Credit Unions or CDFI's). It is strongly recommended that matching contributions by grantees be deposited in parallel accounts maintained by financial institutions, rather than in the participants' IDA accounts, as a way of protecting matching contributions from possible attachment or other liability.

Note: Deposits made by Project Participants shall be deemed to have been made from household earned income so long as the income earned during the period since the participant's previous deposit in the account is greater than the amount of the current deposit. For purposes of this program, the term "earned income" means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered.

Matching contributions (as deposits to IDA accounts or to parallel accounts) must be made to IDA's in equal amounts from Federal grant funds and the non-Federal public and private funds committed to the project as described in Paragraph (1) above, and

Sections 405(c)(4) and 406(b)(1) of the AFI Act. Such matching contribution deposits by grantees may be from \$0.50 to \$4 in non-Federal funds and an equal amount in Federal grant funds, for each dollar of household earned income deposited in the account by the Project Participant in whose name the account is established. At the time matching contribution deposits are made, the grantee will also deposit into the Individual Development Account (or the parallel account) any interest or income that has accrued since the last deposit on amounts previously deposited in or credited to that IDA in the parallel account as matching contributions.

(2) Additional Matching Contributions. Once such equal matching contribution deposits are made, grantees may make additional matching contributions to IDA's from other non-Federal sources, or other Federal sources, such as TANF, where the legislation or policies governing such sources so permit. Such additional matching contributions would not be a use of funds falling within any Program Element/Proposal Review Criterion under PART C below, which formed the basis for the grant award, and as such, grantees will not be held accountable for their commitment to the project.

(3) Limitations on Matching Contributions. Over the course of the five year demonstration, not more than \$2,000 in Federal grant funds shall be provided through matching contributions to any one individual; and not more than \$4,000 shall be provided to IDA's in any one household. Such matching contributions of Federal grant funds must be matched, dollar-for-dollar, by matching contributions of non-Federal share dollars from the Reserve Fund. It should be noted that no part of any investment or interest income earned by monies in the Reserve Fund

or a parallel account credited to the participant is considered a Federal funds contribution subject to this limitation.

j. Withdrawal from Individual Development Accounts

(1) Limitations. Under no circumstances may a project participant withdraw funds from an Individual Development Account earlier than six months after the opening of the account. Thereafter a Project Participant may withdraw funds from such account only upon written approval of a responsible official of the project grantee, and only for one or more Qualified Expenses or for an allowable Emergency Withdrawal.

(2) Emergency Withdrawals. An Emergency Withdrawal may only be of those funds, or a portion of those funds, deposited in the account by the Project Participant, and only for the following purposes:

(a) expenses for medical care or necessary to obtain medical care for the Project Participant or a spouse or dependent of the Participant;

(b) payments necessary to prevent eviction of the Project Participant from, or foreclosure on the mortgage for, the principal residence of the Participant;

(c) payments necessary to enable the Project Participant to meet necessary living expenses (food, clothing, shelter—including utilities and heating fuel) following loss of employment.

(3) Reimbursement of Emergency Withdrawals. A Project Participant shall reimburse his/her Individual Development Account for all funds withdrawn from the account for an Emergency Withdrawal, not later than 12 months after the

date of the withdrawal. If the participant fails to make the reimbursement, the Project Grantee must transfer back Federal and non-Federal matching contributions deposited into the account or a parallel account, and any income generated thereby to its Reserve Fund. Any remaining funds deposited by the Project Participant (plus any income generated thereby) shall be returned to such Project Participant.

Applicants are urged to consider the establishment of a separate alternative crisis or emergency loan fund that can respond to participant emergencies without having them risk putting their IDA in jeopardy because of an inability to make reimbursement of an emergency withdrawal within the required time frame.

(4) Transfers to Individual Development Accounts of Family Members. At the request of a Project Participant, and with the written approval of a responsible official of the grantee, amounts may be paid from an individual development account directly into another such account established for the benefit of an eligible individual who is:

- (a) the participant's spouse, or
- (b) any dependent of the participant with respect to whom the participant is allowed a deduction under section 151 of the Internal Revenue Code of 1986.

Note: Such transfers may be made to individuals who in turn would become IDA project participants who would be able to use these funds for any of the Qualified Expenditures. Applicants are reminded of the limit of \$2,000 in Federal IDA matching contributions per individual and \$4,000 per household.

k. Agreements with Partnering Financial Institutions/Statements of Policy

One of the most critical parts of a successful IDA project is the relationship between the project operator and a partnering financial institution, be it a bank or credit union. Not only does the financial institution provide the depository for the Individual Development Accounts, but it also represents for IDA holders their doorway to mainstream economic life: savings and checking accounts, ATM machines, payroll deduction savings, home mortgages, and the opportunity for credit repair, student and business loans, all within a framework of sound financial planning. Moreover, many banks see non-Federal share contributions to the project's Reserve Fund as sound investments which not only offer them tax deductions and Community Reinvestment Act (CRA) credit, but also large stable long-term deposits, and which introduce them to a whole new body of potential long-term clients with strong support networks, whose IDA investments will bring them into the market for home mortgages and business and student loans.

For all these reasons it is vitally important for applicants to develop strong and mutually supportive relationships with the financial institutions which will be their partners in carrying out the IDA project. Thus, every application submitted pursuant to this Announcement must include a copy of the agreement(s) entered into by the applicant with one or more insured Financial Institutions where the Reserve Funds and Individual Development Accounts will be established and maintained. For applicant entities that are eligible Credit Unions or CDFI's, see Note at end of this section, below.

Note: To be considered for funding, each application submitted by other than an eligible Credit Union or Community Development Financial Institution must include a

copy of an Agreement or Agreements with one or more partnering insured Financial Institutions including the accounting procedures to be followed in account management that will conform to Guidelines (CFR Part 74) established by the Secretary.

This Agreement must also include an undertaking by the insured Financial Institution to provide periodic data and reports on account and Reserve Fund activity that will be needed by the applicant to fulfill its data collection and reporting obligations under section 407(c) and 412 of the AFI Act.

Note: The Agreement may also include other services to be provided by the partnering Financial Institution that could strengthen the program, such as Financial Education Seminars, favorable pricing or matching contributions provided by the Financial Institution, and assistance in recruitment of Project Participants. Strong and complete Agreements with financial institutions will be recognized in the application review process under Sub-Element I (d) of the application Evaluation Criteria under PART C, below.

In the case of applications submitted by eligible Credit Unions or Community Development Financial Institutions, where the Reserve Fund and IDA accounts are to be held by the applicant institution itself, the applicant must submit, in lieu of a Financial Institution Agreement, a Statement of Policy, approved by its Board of Directors and attested to by its Chairperson and Chief Financial Officer. Where such applicants are proposing the establishment of Reserve Fund(s) or IDA's in other partnering Financial Institutions, they must submit as part of their applications copies of Agreements with such Partnering Financial Institution(s) in accordance with this section.

(I) Economic Literacy Training, Asset-Related Training, and Credit Repair

(1) Economic Literacy Training. According to many IDA project participants, one of the most valuable aspects of the projects has been the training they receive in economic literacy. This training includes acquiring money management and budgeting skills and learning the workings of the financial system: banks, credit unions, checking and wise use of credit. Some IDA account-holders have said that this training has been even more valuable to them than the matching contributions to their accounts. Under the AFI Act. Economic Literacy Training is a mandatory part of every IDA project. **Applicants are urged to seek assistance from local educational and financial institutions, as well as from the Corporation for Enterprise Development (CFED) and the National Endowment for Financial Education (NEFE), in developing their plans for this training.** Valuable information can be found at the CFED website: www.idanetwork.org and at the NEFE website: <http://www.nefe.org/>

(2) Asset-Related Training. Another important contributor to the success of any IDA project, and a key to assuring that the asset acquired through the IDA actually helps the participant to advance toward economic self-sufficiency, is training in how to manage the asset in a way that maximizes its value. For example, home ownership brings with it serious responsibilities for proper care and maintenance, which must be learned. Similarly, small business management and direction, and sound and knowledgeable education planning, both require training and counseling, often for an extended period of time. **Again, local educational institutions, as well as community agencies, can**

often provide valuable assistance in these areas, and applicants should recruit them to be collaborators in their IDA projects. Valuable information and resources can be found at the CFED website: www.idanetwork.org under Asset Training.

(3) Credit Repair. Many lower-income individuals and families have had serious credit problems leading to bad credit ratings. These bad ratings effectively prevent them from obtaining the credit they would need to be able to take advantage of an IDA to obtain a home mortgage, capitalize a business, or qualify for an education loan or financial aid. **It is therefore critical that any IDA project grantee be sensitive to this problem and prepared to work with the participant and the Financial Institution to achieve effective Credit Repair for the participant.**

(m) Data Collection, Reporting, and Cooperation with National Evaluation

In order to manage an AFI project properly, grantees must receive data on account and Reserve Fund activity on a regular basis from their partnering Financial Institution. This information is vitally important for the grantee to be able to offer needed support and guidance to project participants; and the providing of it is an important part of the grantee's agreement with the Financial Institution. In addition, section 412 of the AFI Act requires grantees to submit annual reports that include the same information, and such additional data as project participant characteristics, saving account characteristics and how they vary among different populations or communities, and what services and supports are provided to participants. This information forms the basis for OCS' annual report to the Congress on the AFI Demonstration Program.

In addition to their responsibilities for annual reporting under section 412, AFI grantees are also required to cooperate with the OCS contractor's nationwide evaluation of IDA projects being carried out under section 414. As one aspect of this cooperation, grantees are required by section 407(b)(1) and (3) the AFI to spend not less than two percent of the Federal grant monies to provide the research organization evaluating the demonstration project under section 414 with such information with respect to the demonstration project as may be required for the evaluation.

To assist grantees in fulfilling these responsibilities, OCS has worked with the ACF Office of Planning, Research and Evaluation (OPRE) and the evaluator to develop a reporting format which will be shared with all AFI grantees to facilitate their preparation of annual reports under section 412 of the AFI Act, as well as the data to be provided to the national evaluation contractor. OCS also plans to make available to all grantees a web-based Information System to facilitate the maintenance, collection, verification and reporting of the data.

8. Legislative Preferences

In accordance with the provisions of the AFI Act, in considering an application to conduct a demonstration project under this Announcement, OCS will give preference to an applicant that:

- a. demonstrates the willingness and ability of the applicant to select eligible individuals for participation in the project who are predominantly from households in which a child(or children) is living with the child's biological or adoptive mother and/or father, or with the child's legal guardian.

Note: Applications that target TANF eligible households will be deemed to have met this preference.

b. provides a commitment of non-Federal funds with a proportionately greater amount of such funds committed from private sector sources; and

c. targets individuals residing within one or more relatively well-defined neighborhoods or communities (including rural communities) that experience high rates of poverty or unemployment.

Note: Applications that target residents of Empowerment Zones (EZ), Enterprise Communities (EC), Public Housing, or CDFI Fund-designated Distress Communities will be deemed to have met this preference. (For information on CDFI Fund Designation of Distressed Communities, applicants may visit the CDFI Help Desk Website at:

<http://www.cdifundhelp.gov>.)

Each of these preferences will be valued at 2 points in the Application Review process. Applicants that do not meet these preferences will have 2 points deducted from their overall review scores for each preference they do not meet. In the case of a consortium of organizations operating programs funded through a lead agency, if a majority of the participating organizations meet these legislative preferences, the corresponding points will not be deducted from the review score of the application as a whole.

9. Other Preferences

a. Support for Non-Custodial Parents. The Office of Community Services and the Office of Child Support Enforcement (OCSE) both in the Administration for Children and Families, signed a Memorandum of Understanding (MOU) to foster and enhance

b. Family Strengthening. In keeping with the commitment of ACF and OCS to strengthen families and the purposes of AFI Act (section 402 and section 403) to support the social well-being and financial stability of families, a preference will be given to applications that integrate their IDA projects with family strengthening activities (such as pre-marital counseling, communication skills training, marriage-oriented financial education, family budgeting, and marriage enrichment training). The goal is to link financial education with family budgeting abilities and marital communication skills that help to strengthen families and improve the communities in which families live.

Accordingly, a preference has been included in this Program Announcement which will subtract two points from the overall review scores of applications that do not include either a statement describing specific linkages to family strengthening resources within the applicant agency, a description of how the applicant's financial literacy training will be augmented for married couples and couples considering marriage, or partnership agreement(s) with other agencies to provide access to such resources. (Such statements/partnering agreements should be included as Appendices to applications under a heading "Family Strengthening".)

10. Treatment of Program Income

Income generated from investment of unallocated funds in the Reserve Fund may be added to the funds already committed from the Reserve Fund to program administration, participant support, or evaluation data collection. However, once funds have been committed as matching contributions to Individual Development Accounts, any income subsequently generated by such funds must be deposited proportionately to the credit of such accounts including Participant Accounts.

Note: No part of such income is considered a Federal Funds contribution subject to the \$2000/\$4000 limitations.

PART C. PROGRAM PROPOSAL ELEMENTS AND REVIEW CRITERIA

1. General Instructions and Guidance

Each application that passes the initial OCS Screening, as described in Section IV, *Application Procedures*, will be assessed and scored by three independent reviewers. Each reviewer will give a numerical score for each application reviewed. These numerical scores will be supported by explanatory statements on a formal rating form describing major strengths and weaknesses under each application criterion published in the Announcement. Scoring for each application will be based on a total of 100 points, and will be the average of the scores of the three reviewers.

The competitive review of Assets for Independence Demonstration Program applications will be based on the degree to which applicants:

- a. Incorporate each of the Program Elements and Sub-Elements below into their proposal narrative, so as to describe convincingly a project that will develop new asset accumulation opportunities for lower-income working families, through creation of IDA accounts and the provision of matching contributions, economic literacy training, and their supportive services, that can lead to a transition from dependency to economic self-sufficiency through the accumulation of assets and the pursuit of activities requiring one or more qualified expenses;
- b. Adhere to the project requirements and include the required program activities and agreements set forth in that part; and

c. Commit to cooperation with the nationwide evaluation of the demonstration projects, and provide for the collection and validation of relevant data to support the national evaluation, being carried out by the national contract currently under contract with ACF, for the project design, implementation, and evaluation of the outcomes of this Demonstration Program.

In order to simplify the application preparation and review process, OCS seeks to keep grant applications cogent and brief, and has **therefore limited project narratives to no more than 30 letter-sized pages of 12-pitch type or equivalent on a single side. Where applications have project narratives (excluding Project Summaries, Table of Contents, Budget Justifications and Appendices) of more than 30 pages, only the first 30 pages will be reviewed for funding.**

Applicants should prepare and assemble their project description using the following review criteria and proposal elements. They should, furthermore, build their project concept, plans, and application description upon the guidelines set forth in each of these criteria.

OCS seeks to learn from the application why the project is important or necessary, what activities will be carried out, and why and how the project as proposed is expected to lead to significant permanent and measurable results in individual and family economic self-sufficiency through economic literacy and accumulation of assets. Applicants are urged to design and present their project in a way that makes clear the cause-effect relationship between what the project plans to do and the results it expects to achieve. The application must begin with a brief one page summary that will not be counted as part of the 30-page project narrative.

Project descriptions are evaluated on the basis of substance, not length. All pages should be numbered and a table of contents should be included for easy reference. For each of the Project Elements or Sub-Elements below there is at the end of the discussion a suggested number of pages to be devoted to the particular element or sub-element. These are suggestions only; but the applicant must remember that the overall Project Narrative must not be longer than 30 pages.

2. Review Criteria and Proposal Elements

EVALUATION CRITERIA 1: APPROACH I

Element 1. Sufficiency of the Project Theory, Design, and Plan. (0 to 45 points)

The degree to which the project described in the application appears likely to result in the establishment of a workable, fiscally sound project that will provide a structure of incentives and supports for TANF eligible households and other working families of limited means that will enable them to increase their economic self sufficiency through economic literacy training and asset accumulation for one or more qualified expenses.

OCS seeks to learn from the application how the project as proposed is expected to establish the creation of new opportunities for asset accumulation by eligible individuals and families; and how these opportunities can lead to significant improvements in individual and family self-sufficiency through activities requiring one or more qualified expenses: for post-secondary education, home ownership, and/or qualified business capitalization.

Applicants are urged to design and present their project, pursuant to the following four sub-elements, in terms of a conceptual cause-effect framework that makes clear the relationship between what the project plans to do and the results it expects to achieve.

Sub-Element I (a). Description of Target Population, Analysis of Need, and Project Assumptions. (0 to 10 points)

Target Population

- Precisely identify the target population(s) to be served.
- Identify and briefly describe the geographic area to be impacted.
- Cite (with source of data) the percentage of residents of that target area who are low-income individuals, who are TANF recipients, as well as the unemployment rate, and other data relevant to the project design.

Note: Both the poverty rate and unemployment rate of the target community(s) are needed to be set forth in the application so that its eligibility for the legislative preference points may be determined.

Analysis of Need and Project Assumptions

The project design or plan should begin with identifying the underlying assumptions about the program. These are the beliefs on which the proposed program is built. They should begin with assumptions about the strengths and needs of the population(s) to be served; about how the accumulation of assets will enable project participants to build on those strengths in their quest to achieve self-sufficiency; and

about the anticipated needs of the participants that could be barriers to that achievement.

Thus the application should include a brief discussion of the following:

- The identified strengths and needs of the population(s) to be served;
- How the accumulation of assets will enable project participants to build on those strengths in their quest to achieve self-sufficiency;
- What anticipated needs of the participants could be barriers to that achievement;
- Any identified personal barriers to employment, job retention, and greater self-sufficiency faced by the population to be targeted by the project (for example, illiteracy, substance abuse, family violence, lack of skills training, health or medical problems, need for child care, lack of suitable clothing or equipment, or poor self-image);
- Any identified community systemic barriers that the applicant will seek to overcome (for example, lack of public transportation, lack of markets, unavailability of financing, insurance or bonding, inadequate social services for employment service, child care, and job training, high incidence of crime, lack of housing, inadequate health care, or environmental hazards).
- The personal and family services and support needed by project participants that will enhance job retention and advancement, so as to assure continued ability to save from earned income, and that will also help to assure that benefits attainable through asset accumulation are not diverted by crises beyond the participants' control leading to emergency withdrawals or loss of the asset.

The applicant should thus be prepared to demonstrate that the proposed project activities would provide participants with realistic prospects for making the investments needed to acquire the assets that are the goal of the IDA.

Where the applicant is the lead agency for a group or consortium of organizations, this narrative should very briefly summarize the location, character, and unemployment and poverty status of the different target populations. More detailed information for each of the participating organizations should be included as Appendices to the application.

It is suggested that applicants use no more than five pages for this Sub-Element, not including any more detailed information about target populations or communities, which should be included in the Appendix.

Sub-Element I (b) Project Approach and Design: Interventions, Outcomes, and Goals (0 to 15 points)

The application should outline a plan of action, which describes the proposed project activities, which will be undertaken, and explains how they will contribute to the achievement of project goals. This sub-element should begin with a concise statement of project goals. In determining these goals and arriving at the projected figures and amounts, applicants are urged to make use of the Work Sheets that may be found in IDA Attachments 2 and 3 at the end of the IDA Section of this Announcement. If the applicant so chooses, the Work Sheets may be included as an appendix to the application, in which case reference to them should be made here. The statement of goals should include:

- The number of IDA's that are proposed to be established for each of the Qualified Expenses under the AFI Act (first home, post secondary education, business capitalization. Note: there is no requirement that a project must include all three Qualified Expenses, and thus an applicant will not be penalized for limiting its proposed project to one or two);
- The projected monthly savings by project participants and the planned rate of matching contributions, (projected savings may vary depending on participant ability to pay and the rate of matching contributions may vary according to Qualified Expenses to be invested in, or other factors);
- The projected savings and asset goals of the project participants. (it is recognized that these projections may be revised during the course of the project, based on actual experience of the participants); and
- Demonstration that projected savings goals have a true relation to the ability of the participant to save and to the value or cost of the Qualified Expense for which the IDA is to be used, be it housing, post-secondary education, or business capitalization. If this is a problem because of very high housing costs in the project area, for example, and additional resources will be needed to acquire the asset, then the applicant should recognize this fact and explain how this barrier is to be overcome, for example: through access to additional resources.

Next, the applicant should present a clear and straightforward description, from the point of view of the project participant, of just how the proposed IDA Project will operate and the way IDA's will be used as a tool to bring new opportunities to the applicant's clients who participate in other programs and projects of the applicant agency or its

collaborators. This description should take an eligible member of the target population through project activities from recruitment through the payment for the Qualified Expense (and beyond, if appropriate). It is suggested that the description generally follow the outline provided in IDA Attachment 9, "Program Design Worksheet Guidance" plus any additional activities that the applicant proposes to undertake as part of its project.

In this description the applicant should discuss all of the planned activities and interventions, including those supported by other available resources or collaborating organizations, and should explain the reasons for taking the approaches proposed. The description should give a clear picture of how the project as a whole will operate from day to day, including the recruiting, financial, program support, and data collection responsibilities of the applicant and any collaborators in the project, and just how they will interact with the financial institutions and other participating agencies.

Where the applicant is a lead agency for a group or consortium of organizations, the role of each must be clearly defined in this section of the application. In such cases applicants should attach copies of signed Partnering Agreements with each of the member organizations setting forth the roles and responsibilities of each.

It is suggested that applicants use no more than 9 pages for this sub-element, not including copies of agreements with financial institutions, partnering agencies or organizations, or sample Savings Plan Agreement, which should be in an Appendix.

Sub-Element I (c) Work Plan, Time Lines, Projections, Management Plan (0 to 10 points)

For this sub-element, applicants should provide the information described below and are urged to make use of the work sheets in IDA Attachments 2 and 3 to calculate the requested projections and budgets. If the applicant so chooses, the work sheets may be included as an appendix to the application, in which case reference to them should be made here.

A. Quantitative quarterly projections of the following information may be presented in the form of a Gantt or PERT Chart or comparable table:

- the projected number of participants to be enrolled in each quarter;
- the number of Individual Development Accounts projected to be opened in each quarter for each of the Qualified Expenses, with an estimate of expected attrition among participants;
- the number and amount of projected deposits in each quarter;
- a projected schedule of IDA completions and qualified expense payments, which should reflect the expected attrition noted above;
- a projected schedule of financial literacy training classes to be presented;
- the number and types of other support services to be provided to participants;
- a projected schedule of asset-related training to be provided to participants; along with key project tasks and timelines and major milestones for their implementation.

Where the applicant is a lead agency for a group or consortium of organizations, this information should be broken out for each of the member organizations. Applicant may be able to use a time line or other type chart to convey this aspect of the work plan in minimal space.

Note: Applicants should make sure that these projections relate accurately to the amount of grant funds requested and rates of matching contributions that are planned for IDAs. Applicants should project the number of IDA accounts that will be matched by the grant fund that will be available to the project, in relation to the proposed maximum matching contribution (which cannot be more than \$2000 in Federal grant funds). Thus:

- Applicants should not project a greater number of IDA accounts than that number that can be matched by the grant funds that will be available to the project.
- Applicants should also be aware that OCS funds awarded pursuant to this announcement will be from FY 2003 funds and may not be expended after the end of the five-year project/budget period in 2008 to support administration of the project or matching contributions to Individual Development Accounts which may be open at that time.
- Consequently, applicants should consider carefully the length of time participants will need to achieve their savings goals and at what point in the project they should discontinue the opening of new accounts.
- Applicants must include a statement of assurance that in every case an IDA account will only be opened for a participant when there are in the project's Reserve Fund sufficient funds for payment of all promised matching contributions to that account during its lifetime until its maturity in the course of the demonstration project.

B. Management Plan or Chart showing the following information:

- The responsibilities of the applicant agency, key personnel, and all partnering agencies and consortium members (where applicable),

- An indication of who will be performing various project tasks such as recruiting, training, economic literacy training, and support activities.

(This management plan or chart should be included in an Appendix to the application.)

It is suggested that applicants use no more than three pages for this sub-element, not counting the management plan/chart, which should be included in the Appendix.

Sub-Element I (d) Financial Institution Agreement/Statement of Policy (0 to 10 points).

Applicants other than eligible Credit Unions or CDFI's must identify the Qualified Financial Institution(s) with which they are partnering in the development and implementation of its IDA project, and all applicants must include in an Appendix a copy of a signed Agreement between the applicant and the Financial Institution(s), or, in the case of eligible Credit Unions or CDFI's, a Statement of Policy, which sets forth:

- (1) That the project's Reserve Fund will be established in the Financial Institution;
- (2) That its management of the Financial Institution will conform to the requirements of the AFI Act;
- (3) The rate of interest to be paid on amounts in the Reserve Fund;
- (4) That IDA accounts will be established in the Financial Institution through written governing instruments, including the requirements for deposits (by cash, check, money order or electronic transfer) and withdrawals (signature of the account holder and of a responsible official of the project grantee required);
- (5) How, when, and where participant deposits will be made;
- (6) How and when matching contributions will be made (e.g. in a parallel account);

- (7) The rate and frequency of interest payments on accounts, including matching contributions;
- (8) That the accounting procedures to be followed in account management will conform to the Guidelines established by the Secretary as set forth in 42 CFR parts 74 and 1000;
- (9) The data and reports that will be furnished to the grantee concerning the Reserve Fund and IDA accounts;
- (10) The Non-Federal Share contribution, if any, being made by the Financial Institution for deposit in the Reserve Fund, and the schedule of deposits of such contribution; and
- (11) Other services to be provided by the Financial Institution(s) that could strengthen the project, such as Financial Education Seminars, favorable pricing on fees, out-stationing of services in community facilities, or assistance in recruitment of Project Participants.

Note: In the case of applications submitted by eligible Credit Unions or Community Development Financial Institutions, where the Reserve fund and IDA accounts are to be held by the applicant Institution itself, the applicant must submit, in lieu of a Financial Institution Agreement, a Statement of Policy, approved by its Board of Directors and attested to by its Chairperson and Chief Financial Officer, that sets forth the provisions listed under this sub-element, and which will be considered in like manner in the competitive review process. Where such applicants are proposing the establishment or Reserve Fund(s) or IDAs in other partnering Financial Institutions, they should submit as part of their applications copies of Agreements with such Partnering Financial Institution(s) in accordance with this sub-element. It is suggested that applicants need

not include discussion of these Agreements/Statements of Policy in their proposal narrative, but should only identify the Financial Institution(s) and reference the Agreement/Statement of Policy as included in an Appendix to the application.

Agreements/policy which meet the basic requirements of paragraphs (1) through (9), above will be awarded up to eight (8) points in the competitive review process. To be awarded a higher score Agreements/Statements of Policy must include some provisions from those included in paragraphs (10) and (11).

EVALUATION 2: ORGANIZATIONAL PROFILES

Element II. Organizational Experience and Administrative Capability; Ability to Assist Participants. (0 to 20 points)

The capability and relevant experience of the applicant, its staff, and its partners and collaborators in developing and operating programs that deal with poverty problems similar to those to be addressed by the proposed project. Applicants should include their experience and capability in providing supportive services to TANF recipients and other low-income individuals and working families seeking to achieve economic stability and self-sufficiency; and their experience in recruiting, educating, and assisting project participants to increase their economic independence and general well being through economic literacy education and the accumulation of assets.

This element is comprised of the following two sub-elements:

Sub-Element II (a). Organizational Experience and Capability. (0 to 10 points)

In this section, applicants should briefly cite a few specific, concrete examples of successful programs and activities, with accomplishments, with which the applicant has been involved that have contributed to its experience and capability to carry out the proposed project. This should include:

- experience in working with the target or similar populations;
- experience engaging in collaborative programming and operations that involve financial institutions;
- examples of financial planning, budget counseling, educational guidance,

It is suggested that applicants use no more than 3 pages for this sub-element, not counting documentation of agency experience or supportive materials, included in the Appendices to the application. Background materials on consortium members (if any) and other collaborating agencies, and, where applicable, Partnering Agreements, should also be included as Appendices.

Sub-Element II(b). Qualifications, Experience, Capacity, and Commitment of Key Staff Persons Who Will Administer and Implement the Project. (0 to 10 points)

The identified Project Director should have supervisory experience, experience in working with financial institutions and budget related problems of the poor, experience with the target population and, if possible, experience with Asset Development and IDA's (or have completed a course in IDA Development). This section should:

- Identify the individual staff person(s) who will have the most responsibility for managing the project, coordinating services and activities for participants and partners, and for achieving performance targets;
- Indicate the amount of time (in FTE) each will be expected to devote to the project and briefly describe their roles and responsibilities;
- Include resumes of key project personnel in the Appendices; and
- Include in the Appendices the Position Description(s) for key project staff who have not yet been hired or identified within the applicant's organization.

Where the applicant is applying as the lead agency for a consortium of partnering organizations, each of these organizations should be briefly described in this section of the Project Narrative; and background materials citing their relevant experience and

staff capabilities should be included in the Appendices. In such cases the lead applicant should document its capability and experience in managing such consortia, and the roles and responsibilities of all participating agencies should be clearly set forth in Partnering Agreements between the applicant and each of the member organizations. Copies of the Agreements should be included in the Appendix, and the roles and responsibilities clearly explained in the Project Design and reflected in the Work Plan under Element II(c).

It is suggested that applicants use no more than two pages for this sub-Element, not counting actual resumes or position descriptions included in an Appendix to the proposal.

EVALUATION CRITERIA 3: NON-FEDERAL RESOURCES

Element III. Availability of Additional Non-Federal Resources (0 to 15 points)

The extent to which additional resources (beyond the required amount of direct funds from non-Federal public sector or private sources that are formally committed to the project as non-Federal Share) will be available to support those activities and interventions identified in Project Approach and Design [sub-Element I(b)], such as economic literacy classes, qualified expense asset-related training, counseling, case management, post-employment support services, and crisis intervention.

As noted below in Part IV, Paragraph D Initial OCS Screening, the only applications that will be considered for competitive review are those that include written documentation of a commitment, contingent only on award of the OCS grant, from the

provider(s) of non-Federal share, in cash as distinguished from in-kind, of at least the amount of the total Federal grant requested.

OCS has determined that in light of the strict legislative limitations on the use of Federal grant funds and of the minimum required non-Federal share (at least 85 percent of each must go toward matching deposits in Individual Development Accounts), important training, counseling and support activities, critical to the success of a project, can best be supported by additional resources, both of the applicant itself and partners, and from the community at large.

Additional resources may be those from existing programs of the applicant or a project partner, such as Family Development, Economic Literacy classes, or Small Business Training, in which Project Participants are enrolled as part of their efforts to achieve self-sufficiency.

In order to receive points in the review process under this sub-Element, the applicant must:

- Identify those additional resources, cash and in-kind, which will be dedicated to support of those activities and interventions identified as part of the Project Approach and Design in sub-Element I(b) (including economic literacy classes, training, counseling, case management, post-employment support services, and crisis intervention; and any staff data collection and verification activities described in the budget (Element VI); and
- Document the commitment of such resources to the project in writing and submit as an Appendix to the application. Such documentation should identify the resources as cash or in-kind, should assign fair value to in-kind resources, and include a written commitment from the provider of these services/resources.

These resources should also be reflected in the budget justification required under Element VI.

Note: Because such additional resources are not part of the legislatively mandated cash non-Federal share requirement, these additional resources may be of Federal or non-Federal origin, public or private, in cash or in-kind. Applicants are reminded that they will be held accountable for commitments of such additional resources even if over the amount of the required non-Federal share.

It is suggested that no more than 3 pages be used for this Element, not including non-Federal Share Agreements, assurances, documents of commitment, partnership agreements, or Memoranda of Understanding, which should be put in an Appendix to the proposal.

EVALUATION CRITERIA 4: RESULTS OR BENEFITS EXPECTED

Element IV Significant and Beneficial Impacts/Critical Issues or Potential Problems (0 to 10 points)

The extent to which proposed project is expected to produce permanent and measurable results that will reduce the incidence of poverty in the community and lead TANF eligible households and other eligible individuals and working families toward economic self-sufficiency through economic literacy education and accumulation of assets; and the extent to which the applicant convincingly explains how the project will meet any critical issues or potential problems in achieving these results.

For this element, applicants should:

- Set forth their realistic goals and projections for attainment of these and other beneficial impacts of the proposed project;
- Demonstrate that projected savings goals have a true relationship to the ability of the participant to save the projected amounts and to the value or cost of the Qualified Expense for which IDA is to be used;
- Quantify anticipated results in terms of
 - The number of AFI Act eligible Individual Development Accounts opened,
 - The rate of growth of individual savings among participants,
 - The number and size of withdrawals for each of the three Qualified Expenses that is included in the project.

Note: There is no requirement that a project must include all three Qualified Expenses, thus an applicant will not be penalized for limiting its proposed project to one or two, and

- The impact of the acquisition of these assets for the participants' movement toward self-sufficiency,

Explicitly address:

- Critical issues or potential problems that might affect the achievement of project objectives, and
- An explanation of how they would be overcome, and how the objectives will be achieved notwithstanding any such problems.

It is suggested that no more than 3 pages be used for this Element.

EVALUATION CRITERIA 5: APPROACH II

Element V Project Data: Adequacy of Plan for Collecting, Validating and Providing Project-related Data for Management Information, Reporting, and Evaluation Purposes (0 to 5 points)

Adequacy of the plan for collecting, validating and providing relevant, accurate and complete data for internal management information, statutory reporting and project evaluation purposes, and a clear expression of a commitment to cooperate with the statutorily mandated evaluation of the national Assets for Independence Demonstration Program.

Although grantees of the Assets for Independence Demonstration Program are not required to have their own project evaluation, they are required to cooperate with, and furnish project data to the statutorily mandated evaluation of the national Assets for Independence Demonstration Program carried out by the independent research organization under contract with ACF (Abt Associates). Under the AFI Act project grantees are required to use at least 2 percent - but not more than 15 percent - of grant funds to provide the research organization (Abt Associates) evaluating the demonstration project with such information with respect to the demonstration project as may be required for the evaluation.

Proposal review will include consideration of the adequacy of the applicant's plan for collecting, validating, and providing relevant, accurate and complete data, and the applicant's plan for internal management information, statutory reporting and OCS national IDA program evaluation purposes.

This element requires the applicant to provide the following:

- An explicit statement of the applicant's agreement to cooperate with the evaluation of the national program being carried out by Abt Associates;
- A brief explanation of the applicant's perception of what that cooperation would entail;
- A well-thought-out plan for collecting, validating, and reporting or providing the necessary data in a timely fashion (the applicant is also encouraged to identify the kinds of data it believes would facilitate the evaluation, reporting, and purposes); and,
- An explicit statement that the applicant agrees to use the MIS IDA information system software developed by the Center for Social Development, or a comparable and compatible Information System, that OCS hopes to provide to grantees for the maintenance, collection, and transmission of data from the proposed project.

Applicants are urged to carry out an ongoing assessment of the data and information collected as an effective process management/feedback tool in implementing their project. If the applicant anticipates such an undertaking, the plans should be briefly outlined here.

Note: To attain a maximum score on this Element, the applicant must state its agreement to use the MIS IDA or comparable/compatible information system approved by OCS.

It is suggested that applicants use no more than 2 pages for this Element.

EVALUATION CRITERIA 6: BUDGET AND BUDGET JUSTIFICATION

Element VI. Appropriateness of Budget and Proposed Use of Cash and In-Kind Resources (0 to 5 points)

Completeness of the Budget Justification, and the degree to which a description of the allocation of both cash and in-kind resources available to the project (including any income generated for the project by the Reserve Fund) demonstrates a thoughtful plan that reflects the needs of Project Participants and the responsive activities and interventions to be undertaken by the applicant and its partners given the proposed budget.

Every application must include Budget Forms SF-424 and 424A, and a Budget Justification document explaining the sources and uses of project funds. The Budget Justification will not be counted as part of the Project Description Narrative that is subject to the 30-page limitation. The Budget Justification should include the following:

- A brief but thorough description of how all the resources available to the project will be employed to carry out the work plan described in Element I, including those training elements and support services designed to help assure participant success in meeting their savings commitments and their chosen “qualified expense use of their Individual Development Account assets”.
- In the budget forms and supporting Budget Justification, applicants must clearly distinguish between AFI Federal/OCS grant funds and other funds, and between cash and in-kind resources described.

- Applicants should provide sufficient detail for all costs, showing how amounts were computed, to substantiate the need, cost, and use of proposed expenditures.
- The budget must clearly reflect that the grantee will use at least 2 percent (but not more than 15 percent) of grant funds to provide the required data to the research organization (Abt Associates) with which ACF has contracted to evaluate the Assets for Independence Demonstration Program as may be required for the evaluation.
- The budget must clearly reflect that at least 85 percent of the Federal grant funds, and an equal amount of the required cash non-Federal share funds, shall be used as matching contributions to participants' AFI-eligible IDA accounts.

Part D. IDA PROGRAM ATTACHMENTS

In addition to the Attachments included at the end of the program announcement (page 344-45) the Assets for Independence Demonstration Program has several unique attachments that are presented here. Refer to Sections IV, V, VII and the attachments for additional requirements.

IDA PROGRAM ATTACHMENT 1:

IDA Application Checklist

1. **A Project Summary/Abstract** (check) at page ____
This should be brief, not to exceed one page, on the Applicant's letterhead (that will not be counted as a part of the Project Narrative/Description) and that includes the following information:
 - a brief identification of the geographic area to be served, indicating poverty and unemployment rates, and the specific population to be targeted by the project;
 - the amount of the grant requested;
 - the name of partnering financial institution(s) and collaborating organizations (if applicable);
 - the amount of required non-Federal match committed;
 - the number of IDA accounts projected to be opened in the course of the Demonstration Project;
 - the proposed rate of matching contributions, and the types and numbers of "Qualified Expenses" expected to be achieved by participants; and,
 - a brief narrative description of the project indicating any of its innovative aspects.

2. **Table of Contents** (check) at page ____

3. A completed Standard Form 424 which has been signed by an official of the organization applying for the grant who has authority to obligate the organization legally; [Note: The original SF-424 must bear the original signature of the authorizing representative of the applicant organization] (check) at page ____

4. A completed *Budget Information-Non-Construction Programs (SF-424A)* (check) at page ____

5. A Budget Justification, including narrative budget justification for each object class category included under Section B of the 424A, as described in PART III, Program Element III (check) at page ____

6. Proof of current tax-exempt status of Applicant or Joint Applicant (See PART II B.) No grants will be awarded to applicants that have not submitted such documentation (check) at page ____

7. A project narrative, limited to 30 pages and which includes *all* of the required elements described in Part III (check) at page ____

8. Appendices, which should have page numbers and tabs, and include the following:

(a) (Where Application is submitted by a State or Local government agency or Tribal government jointly with a tax exempt non-profit organization) a properly executed Joint Application Agreement as described in PART II. Section B.(2), above; (check) at page ____

(b) Filled out, signed and dated Assurances - Non-Construction Programs (SF-424B), (check) at page ____

(c) Restrictions on Lobbying--Certification for Contracts, Grants, Loans, and Cooperative Agreements: filled out, signed and dated form; (check) at page ____

(d) Disclosure of Lobbying Activities, SF-LLL: Filled out, signed and dated form, *if appropriate* (omit Items 11-15 on the SF LLL and ignore references to continuation sheet SF-LLL-A); (check) at page ____

(e) Maintenance of Effort Certification (check) at page ____

(f) Signed Agreement(s) with partnering Financial Institution(s) (or Statements of Policy in the case of Credit Union or CDFI applicants) including identification of insurance carrier and current insurance number (see Part III. Program Sub-Element II(c)); (check) at page ____

(g) Signed Agreements with providers of required non-Federal matching contributions (check) at page ____

(h) Resumes and/or position descriptions; (check) at page ____

(i) Where Applicant is "lead agency" of a or consortium of organizations) Copies of Partnering Agreements between the Applicant and each of the partnering members, setting forth their roles and responsibilities.

(check) at page__

(j) **Any letters and/or supporting documents** from collaborating or partnering agencies in target communities, providing additional information on staffing and experience in support of narrative under PART III Element I. [Such documents are not part of the Narrative and should be included in the Appendices. These documents are therefore not counted against the page limitations of the Project Description]; (check) at page__

(k) **Single points of contact** comments, if applicable.

(check) at page__

IDA PROGRAM ATTACHMENT 2:

IDA Match Structure & Budget Work Sheet

Use separate Work Sheet for each match structure to be offered (e.g. if match rates vary by asset goal)

<u>Match Structure per individual participant</u>	<i>low est.</i>	<i>med. est.</i>	<i>high est.</i>
How much will your Participants save (monthly):			
How long will your Participants save (months):			
Total Participant savings:			
What match rate will you offer (x to 1)			
Total matching contribution:			
(Portion from AFI Act I funds - one half):			
(Portion from non-federal share - one half):			
Total final IDA balance:			
<u>Match Budget per Asset Goal (if different)</u>			
Participants expected to complete program:			
Total match cost:			
Total Reserve Fund target:			
Non-federal share portion of Reserve Fund (one half):			
AFI Act I funds portion of Reserve Fund (one half):			
85 percent of AFI Act I funds requested:			
<i>Operating Budget for Project</i>			
Portion of Reserve Fund eligible to be used for <i>other than</i> matching contributions to IDA's (15 percent maximum) :			
Portion required for data collection (2 percent minimum):			
Portion for administrative functions (7.5 percent maximum unless 5.5 percent not needed for non-administrative support functions):			
Portion for non-administrative functions (5.5 percent)			

IDA PROGRAM ATTACHMENT 3:

IDA Asset Cost Due Diligence Work Sheets

Use the work sheets for each IDA asset goal you intend to offer.

Asset Goal: Home Ownership

- 1. Estimate the approximate selling price of homes in your community.

<i>Estimated cost according to...</i>	
local affordable homeownership program	local real es

4. Estimate the value of available homebuyer grants, subsidies or other programs in your community.

		<i>Potential home buyers' grants or subsidies according to...</i>		
		Bank, credit union or mortgage co	Federal, state or local govt. agency	Affordable homeowner program
Reduced down payment requirement	<i>program name</i>			
	<i>required down</i>	percent	percent	percent
	<i>Eligibility</i>			
Subsidies or reduced mortgage rate	<i>program name</i>			
	<i>subsidized rate</i>	percent	percent	percent
	<i>who's eligible</i>			
Grants or down payment assistance	<i>program name</i>			
	<i>assistance amt.</i>	\$	\$	\$
	<i>who's eligible</i>			
Other programs	<i>program name</i>			
	<i>Description</i>			
	<i>who's eligible</i>			

5. Calculate the total acquisition costs for homes in your community.

	For a household of two (# of bedrooms? __)		For a household of three (# of bedrooms? __)		For a household of four (# of bedrooms? __)	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Selling Price	\$	\$	\$	\$	\$	\$
x Down payment percent	percent	percent	percent	percent	percent	percent
= Down payment \$	\$	\$	\$	\$	\$	\$
Total Closing Costs	\$	\$	\$	\$	\$	\$
Grants / Subsidies:	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Acquisition Cost*	\$	\$	\$	\$	\$	\$

1 Net Acquisition Cost = Down Payment + Closing Costs - Grants or Subsidies

6. Review the on-going costs of homeownership that the acquisition costs you've calculated suggest.

Once you've calculated acquisition costs, it is important to consider the corresponding total mortgage amount (cost of the home less down payment) and monthly mortgage payment in order to see if families in your program would be able to support the on-going costs of homeownership. Consult a financial institution or use a computer spreadsheet (or online mortgage payment calculators) to estimate monthly payments for mortgages of different sizes. Add home maintenance and utility costs, which should be discussed in home ownership classes offered as part of asset-related training.

	For a household of two		For a household of three		For a household of four	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Selling price:	\$	\$	\$	\$	\$	\$
- Down payment	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
= mortgage amount	\$	\$	\$	\$	\$	\$
Mortgage rate	percent	percent	percent	percent	percent	percent
<i>Monthly payment on...</i>						
a 20 year mortgage:	\$	\$	\$	\$	\$	\$
a 30 year mortgage:	\$	\$	\$	\$	\$	\$
Adjustable Rate Mortgages (ARM's)	\$	\$	\$	\$	\$	\$

Asset Goal: Microenterprise

1. Estimate the total amount of start-up capital required by low-income entrepreneurs launching microenterprises in your community.

	<i>Average required start-up capital according to:</i>					
	local microenterprise program		Small Business Administration lender		bank or community development credit union	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Service-based business	\$	\$	\$	\$	\$	\$
Manufacturing business	\$	\$	\$	\$	\$	\$
Retail business	\$	\$	\$	\$	\$	\$

2. Estimate the percentage of total start-up capital an entrepreneur must have “in hand” in order to qualify for a start-up loan or other financing.

		<i>Potential microenterprise grants or subsidies according to...</i>		
		local microenterprise program	Small Business Administration lender	bank or community develop. credit union
Capital grants or cash assistance	<i>program name</i>			
	<i>required down</i>	\$	\$	\$
	<i>eligibility</i>			
Subsidized or reduced rate loans	<i>program name</i>			
	<i>subsidized rate</i>	percent	percent	percent
	<i>who's eligible</i>			
Other programs	<i>program name</i>			
	<i>description</i>			
	<i>who's eligible</i>			

Percent of total capital required to qualify for financing according to:

	Service-based business		Manufacturing business		Retail business	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Total start-up capital requirement	\$	\$	\$	\$	\$	\$
percent of capital needed to qualify for financing	percent	percent	percent	percent	percent	percent
Grants or subsidies:	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Start-up Cost*	\$	\$	\$	\$	\$	\$
	local microenterprise program		Small Business Administration lender		bank or community development credit union	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Service-based business	percent	percent	percent	percent	percent	percent
Manufacturing business	percent	percent	percent	percent	percent	percent
Retail business	percent	percent	percent	percent	percent	percent

**3. Estimate the value of available microenterprise grants or subsidies in your community.
Estimate the total cost to start up a microenterprise in your community.**

- Net Start-up Cost = Total Start-up Capital x percent of Capital Needed to Qualify for Financing - Subsidies or Grants

Asset Goal: Education

	<i>Costs to pursue...</i>			
	a 2 year AA degree at a community or junior college - <i>specify:</i> ()	a 4 year degree at a state college- <i>specify:</i> ()	Post graduate degree/study at a state college – <i>specify:</i> ()	a professional or trade credential at a vocational training program ()
Tuition and fees	\$	\$	\$	\$
School expenses (books, supplies, etc.)	\$	\$	\$	\$
Estimated living expenses	\$	\$	\$	\$
Total cost	\$	\$	\$	\$

1. Estimate the cost of post secondary courses of study, including tuition, fees, school-related expenses and living expenses, by calling local schools and vocational training programs.

2. Estimate available grants or other forms of financial aid.

		<i>Available grants or support for...</i>			
		a 2 year AA degree	a 4 year degree	Post graduate degree/study	a professional or trade credential
Aid from individual schools	Grant program				
	Amount	\$	\$	\$	\$
	Eligibility				
State education financing agency	Grant program				
	Amount	\$	\$	\$	\$
	Eligibility				
Other aid programs	Program				
	Amount	\$	\$	\$	\$
	Eligibility				
Other aid programs	Program				
	Amount	\$	\$	\$	\$
	Eligibility				

3. Calculate total cost of obtaining post-secondary education.

	<i>Total net cost to obtain a...</i>			
	2 year AA degree	4 year BA degree	Post graduate degree/study	professional or trade credential
Total cost	\$	\$	\$	\$
Less grants	(\$)	(\$)	(\$)	(\$)
Net cost	\$	\$	\$	\$

Review on-going monthly education loan repayment costs.

Once you've calculated the cost of obtaining a post-secondary education, it is important to consider whether IDA participants would be able to support the on-going monthly cost of repaying their education loans. Consult a financial aid specialist or use a computer spreadsheet (such as the =PMT function in Microsoft Excel) to estimate monthly payments for education loans totaling different amounts.

	<i>Total net cost to obtain a...</i>			
	2 year AA degree	4 year degree	Post graduate degree/study	Professional or trade credential
Total amount borrowed to finance education:	\$	\$	\$	\$
Loan financing rate:	percent	percent	percent	percent
<i>Monthly payment on...</i> loans with a 10 year term:	\$	\$	\$	\$
<i>Monthly payment on...</i> loans with a 15 year term:	\$	\$	\$	\$

What level of income would be necessary to support these monthly loan payments? Can people with degrees listed above find work in your community that provides an income of the necessary level?

IDA PROGRAM ATTACHMENT 4:

IDA SAMPLE OPERATING BUDGET FORM

Fill in shaded cells to complete your operating budget

Expense Category		Program Year 1	Program Year 2	Program Year 3	Program Year 4	Category Subtotal
	<i>Line Item</i>					<i>Line Item Total</i>
Staffing						\$211,933
	<i>Program Manager (1/3 FTE)</i>	\$12,500	\$12,875	\$13,261	\$13,659	\$52,295
	<i>Program Coordinator</i>	\$25,000	\$25,750	\$26,523	\$27,318	\$104,591
	<i>VISTA / other volunteer</i>	\$9,000	\$9,270	\$9,548	\$9,835	\$37,653
	<i>Employer's FICA (7.65 percent)</i>	\$2,869	\$2,955	\$3,043	\$3,135	\$12,002
	<i>Health Insurance</i>	\$991	\$1,021	\$1,051	\$1,083	\$4,146
	<i>Other Benefits</i>	\$298	\$307	\$316	\$326	\$1,247
	<i>Other</i>					\$0
Consulting						\$5,500
	<i>Group Facilitation</i>	\$2,000				\$2,000
	<i>Economic Literacy</i>	\$2,500	\$1,000			\$3,500
	<i>Other</i>					\$0
Occupancy						\$48,915
	<i>Rent</i>	\$10,000	\$10,500	\$11,025	\$11,576	\$43,101
	<i>Insurance</i>	\$500	\$513	\$525	\$538	\$2,076
	<i>Electricity</i>	\$300	\$308	\$315	\$323	\$1,246
	<i>Heat</i>	\$600	\$615	\$630	\$646	\$2,492
	<i>Other</i>					\$0
Systems						\$4,347
	<i>Computer Hardware</i>	\$1,250	\$100	\$100	\$100	\$1,550
	<i>Computer Software</i>	\$450		\$150		\$600
	<i>Mgmt Info. Sys. (MIS)</i>	\$1,200				\$1,200
	<i>Internet Service</i>	\$240	\$246	\$252	\$258	\$997
	<i>Other</i>					\$0
Supplies & Materials						\$2,663
	<i>Participant Workbooks</i>	\$938	\$625			\$1,563
	<i>Office Supplies</i>	\$400	\$300	\$200	\$200	\$1,100
	<i>Other</i>					\$0
Services						\$6,754
	<i>Postage</i>	\$990	\$990	\$990	\$990	\$3,960
	<i>Photocopying</i>	\$263	\$263	\$263	\$263	\$1,050
	<i>Telephone</i>	\$420	\$431	\$441	\$452	\$1,744

	<i>Other</i>					\$0
Travel						\$4,617
	<i>Employee Milleage</i>	\$465	\$388	\$388	\$388	\$1,628
	<i>Conference Airfare</i>	\$500	\$513	\$525	\$538	\$2,076
	<i>Conference Lodging</i>	\$220	\$226	\$231	\$237	\$914
	<i>Other</i>					\$0
Other						\$2,500
	<i>Conference Registrations</i>	\$250	\$250	\$250	\$250	\$1,000
	<i>Workshop Refreshments</i>	\$375	\$375	\$375	\$375	\$1,500
	<i>Other</i>					\$0
	<i>Other</i>					\$0
	Totals	\$74,518	\$69,817	\$70,404	\$72,490	\$287,228

IDA PROGRAM ATTACHMENT 5:

OMB Poverty Thresholds - Poverty 2002

(Use landscape & legal printer options to print this table)

Poverty Thresholds for 2002 by Size of Family and Number of Related Children Under 18 Years (Dollars)

Size of family unit	Related children under 18 years							
	None	One	Two	Three	Four	Five	Six	Seven or more
One person (unrelated individual)...								
Under 65 years.....	9,359							
65 years and over.....	8,628							
Two persons.....								
Householder under 65 years.....	12,047	12,400						
Householder 65 years and over.....	10,874	12,353						
Three persons.....	14,072	14,480	14,494					
Four persons.....	18,556	18,859	18,244	18,307				
Five persons.....	22,377	22,703	22,007	21,469	21,141			
Six persons.....	25,738	25,840	25,307	24,797	24,038	23,588		
Seven persons.....	29,615	29,799	29,162	28,718	27,890	26,924	25,865	
Eight persons.....	33,121	33,414	32,812	32,285	31,538	30,589	29,601	29,350
Nine persons or more.....	39,843	40,036	39,504	39,057	38,323	37,313	36,399	36,173
34,780								

Source: U.S. Census Bureau.

Go to [Poverty 2001](#)

Go to [Poverty Statistics](#)

Last Revised: February 03, 2003

IDA PROGRAM ATTACHMENT 6:

EITC Income Guidelines --Tax Year 2002

	Not filing jointly	Married filing jointly
No qualifying child(ren)	\$11,060	\$12,060
One qualifying child	\$29,201	\$30,201
More than one qualifying child	\$33,178	\$34,178

Income and family size determine the amount of the EITC. To qualify for the credit, both the earned income and the adjusted gross income for 2002 must be no more than the amounts listed above.

IDA PROGRAM ATTACHMENT 7: Accounting Regulations for Reserve Funds

PART 1000--INDIVIDUAL DEVELOPMENT ACCOUNT RESERVE FUNDS ESTABLISHED PURSUANT TO GRANTS FOR ASSETS FOR INDEPENDENCE

Sec.

1000.1 Scope.

1000.2 Definitions.

1000.3 Requirements.

Authority: 42 U.S.C. 604 nt.

Sec. 1000.1 Scope.

This part applies to the Office of Community Services' Assets for Independence Program.

Sec. 1000.2 Definitions.

Individual Development Account means a trust or custodial account created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, as defined in section 404(2) of Pub. L. 105-285, or enabling the eligible individual to make an emergency withdrawal as defined in section 404(3) of Pub. L. 105-385. The written governing instrument creating the trust or custodial account must meet the requirements of section 404(5) of Pub. L. 105-285, and of the Project Eligibility Requirements set forth in Program Announcements.

Qualified Entity means one or more not-for-profit organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or a State or local government agency; or a tribal government which has submitted an application under section 405 of Pub. L. 105-285 jointly with a 501(c)(3) organization that is exempt from taxation under 501(a) of the Internal Revenue Code of 1986; or an entity that is a credit union designated as a low-income credit union by the National Credit Union Administration (NCUA), or an organization designated as a community development financial institution by the Secretary of the Treasury (or Community Development Financial Institutions Fund), and can demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability.

Reserve Fund means a fund, established by a qualified entity, that shall include all funds provided to the qualified entity from any public or private source in connection with the demonstration project and the proceeds from any investment made with such funds. The fund shall be maintained in accordance with section 407 of Pub. L. 105-285.

At least 85 percent of the Federal grant funds in the Reserve Fund must be used as matching contributions for Individual Development Accounts.

Sec. 1000.3 Requirements.

(a) A qualified entity, other than a State or local government agency or tribal government, shall establish a Reserve Fund for use in the Assets for Independence program. Each reserve fund established by a qualified entity, other than a State or local government agency or tribal government, is subject to the Department of Health and Human Services' uniform administrative requirements under 45 CFR part 74.

(b) Any reserve fund established by a qualified entity that is a State or local government agency or tribal government is subject to the Department of Health and Human Services' uniform administrative requirements under 45 CFR part 92.

[FR Doc. 01-23892]

IDA ATTACHMENT 8

FINANCIAL AGREEMENT SPECIFICATIONS Between Project Entity and Qualified Financial Institution

- (12) The project's Reserve Fund will be established in the Financial Institution;
- (13) The rate(s) of interest to be paid on amounts in the Reserve Fund and on the amounts in Individual Development Accounts;
- (14) IDA accounts will be established in the Financial Institution through written governing instruments, including the requirements for deposits (by cash, check, money order or electronic transfer) and withdrawals (signature of the account holder and of a responsible official of the project grantee required);
- (15) Specific information on how, when, and where participant deposits will be made;
- (16) Details on how and when matching contributions will be made (e.g. in a parallel account);
- (17) The rate and frequency of interest payments on accounts, including matching contributions;
- (18) That the accounting procedures to be followed in account management will conform to the Guidelines established by the Secretary as set forth in 42 CFR parts 74 and 1000.
- (19) The data and reports that will be furnished to the grantee concerning the Reserve Fund and IDA accounts;
- (20) The Non-Federal Share contribution or other financial commitment, if any, being made by the Financial Institution for deposit in the Reserve Fund, or elsewhere and the schedule of deposits of such contribution(s);
- (21) Other services to be provided by the Financial Institution(s) specific to this project that could strengthen the project, these may include but are not limited to Financial Education Seminars, waiving of customary fees or favorable pricing on fees, out-stationing of services or financial institution personnel in community facilities, or assistance in the recruitment and maintenance of Project Participants in the pursuit of project goals.

IDA ATTACHMENT 9

IDA PROGRAM DESIGN WORKSHEET GUIDANCE

It is suggested that the description for the program narrative generally cover the points listed and any additional activities that the Applicant proposes to undertake as part of its project.

1. Recruitment: How/where does the potential participant learn information about the Project that will lead to his/her decision to enroll?
2. (Selection): How, when, on what basis, and by whom is the recruit selected to participate in the project?
3. (Consultation): How and when and with what assistance, e.g., Case Management or Family Development, does the new participant make decisions concerning the determination of amount of weekly or monthly savings and the selection of "Qualified Expense"? Or is this part of the Selection Process?
4. (Savings Plan Agreement): When and where and with whom does the Participant reach agreement on and sign a "Savings Plan Agreement"? (Include here a brief discussion of the provisions of the Agreement, or refer to a sample provided in the Appendix – IDA Attachment 10.)
5. (Opening of the IDA): Where, when and how does the Participant actually open his/her IDA account with the Insured Financial Institution?
6. (Savings Deposits): How and where will participant make savings deposits? Where is the Institution in relation to the Participant's home/place of work? How does the Participant get to the Institution to make deposits into his/her IDA? In person? By mail? Through payroll deduction?
7. (Participant Supervision): What procedures are used to supervise all aspects of the client's participation in the maintenance of their account and the acquisition of their asset goal. Does the agency maintain a system for responding to missed deposits or missed appointments to scheduled training?
8. (Delinquency): What happens if a scheduled deposit is missed? Will the participant be sent a post card? Receive a supportive phone call?
9. (Training and Support): Where and when and from whom does the participant receive "Economic Literacy" or "Budgeting" training, and do childcare and transportation need to be provided?
10. (Credit Repair): Where and when and from whom does participant receive Credit Repair Services if they are needed; and are there ways to escape from, or avoid Predatory Lenders?

11. (Post Employment Support Services): Where and when and from whom does the participant receive needed support to remain on the job with opportunity for advancement (So as to assure continued savings from earned income)?
12. (Crisis Intervention): Where and when and from whom does the participant receive emergency services so as to avoid having to make Emergency Withdrawals?
13. (Qualified Expenditure Support): Where and when and from whom does the participant receive "Qualified Expenditure" training related to home ownership, pursuit of educational goals, or business plan development and business management?
14. (Additional Asset Resources): What assistance will be given to participants, when, and by whom, where additional resources in addition to the IDA balance will be required for acquisition of the "Qualified Expenditure" asset, such as financial aid for education or homebuyer grants? (See the Asset Cost Due Diligence Work Sheet in IDA Attachment 3.)
15. (Withdrawals): When the IDA savings/match goals have been achieved here, when and how does the participant make or arrange withdrawals to support the purchase of "Qualified Expenses"?

Note: The above outline identifies most of the activities and support needed by a project participant to be able to take full advantage of an IDA as a means of acquiring an asset that can help her or him achieve true self-sufficiency. It is therefore vitally important that the Applicant, in its description, demonstrate the capacity to carry out these activities and to provide this support, either through its existing program staff or through collaboration with other agencies in the community.

IDA ATTACHMENT 10

Savings Plan Agreement Specifications

Before the new IDA is opened, these understandings must be incorporated into a Savings Plan Agreement between the grantee and the Participant. This Savings Plan Agreement should include the following items.

1. A savings goal including a proposed schedule of savings deposits by the Participant from earned income, which must be for a period of less than five years
2. The proposed qualified expense for which the account is maintained;
3. The length of time to achieve the participants savings and asset acquisition goals
4. The rate at which participant savings will be matched (from one dollar to eight dollars for each dollar in savings deposited by Participant) **Note: The Federal grant funds portion of which may not exceed \$2000 per individual and \$4,000 per household during the five-year project period)**
5. The schedule of match deposits and interest allocation to be followed by the Project Entity
6. Agreement by the grantee to provide and the Participant to attend classes in Economic Literacy Training
7. Any additional training or education related to the qualified expense which the Grantee agrees to provide and of which the Participant agrees to partake
8. Notification of participant in the event that the Participant exceeds or fails to meet projected savings goals or schedules and contingency plans to be followed
9. Any agreement as to investments of assets maintained in the Parallel Reserve Fund Account
10. An explanation of withdrawal procedures and limitations, including the consequences of unauthorized withdrawals
11. Provision for disposition of the funds in the account in the event of the Participant's death

12. Provision for amendment of the Agreement with the concurrence of both Grantee and Participant