

INDIVIDUAL DEVELOPMENT ACCOUNTS & THE FAMILY EMPOWERMENT PROGRAM

July 2019

COMMUNITY – COLLABORATION - SUPPORT

The story of the Family Empowerment Program's (FEP) Individual Development Accounts (IDA) cannot be told without first mentioning those that recognized the importance of the work and contributed to the effort. IDA funds issued from the federal government require a match from non-federal cash sources. The Family Empowerment Program was lucky to have broad support. Those who provided match funding were: The United Way of Washtenaw County, Ypsilanti Area Community Foundation, Eastern Leaders Group, Zingermans, Great Lakes Capital, Chesapeake Community Partners, and Eastern Michigan University's Office of Government Relations.

Individual Development Accounts?

An Individual Development Account is an asset building tool / specialized savings account that provides matched savings to low-income families, often with the goal of purchasing a home, completing secondary education, or supplementing or starting a small business.

IDA Design

Qualifying expenses for FEP IDAs included:



First-time Home Purchase



Postsecondary Education



Business Capitalization

Match rate for funds: 8 to 1

Maximum IDA holder savings: \$250 (+ \$2000 match = \$2250 total)

To be both realistic and as flexible as possible for the population the FEP serves, there was no maximum or minimum savings period (although a 3-6 month minimum was strongly suggested), no deposit frequency requirement, no minimum regular deposit, and no limitation on 'missed' or infrequent deposits. The only requirements to begin saving and to open up an account were a source of earned income and \$5.00.

Individuals were required to meet with FEP staff regarding their IDA goal and accompanying plan to make their participation a success. Additionally, IDA holders requesting a matched withdrawal were required to complete a minimum of one general financial education course, as well as a specialized education, dependent on their savings goal (homebuying course for homeownership, meet with University career services and counseling for secondary ed., etc...).



Again, to ensure ease of access and keeping in mind the bevy of barriers the population served by the FEP face, Washtenaw Federal Credit Union (WFCU) was chosen as the banking partner in the work. They proved to be a central part of the equation both due to their close proximity (<1 mile from all sites) and willingness to not deny FEP applicants due to poor credit history. Transportation to the credit union was offered to those interested in opening accounts, was available to existing account holders, and was frequently provided. The process was entirely streamlined by WFCU assigning a specific employee to FEP IDAs who handled all reports, accounts, and enrollment.

Training, Assistance, and Service Utilization

It is optional to offer various supports to those participating in IDA programs, ranging from economic literacy/financial education to mentoring and additional direct cash assistance.

Due to the Family Empowerment Program's existing relationships and proximity to resources, the FEP attempted to offer as much support as possible both directly and through community connections. Case management was already provided in-house to all FEP participants and was expanded to include and embrace IDAs. Individuals were followed up with ~quarterly specifically regarding accounts, promoting regular deposits and their individual plans of service reflected the end goal of the account (home purchase, etc...).

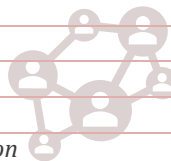


While case management and transportation were handled in-house, the vast majority of additional support came from FEP partners. United Way of Washtenaw County houses a robust financial coaching program that was engaged via an MOU. Per this, UWWC agreed to provide financial counseling at their Ann Arbor location and via on-site counseling for participants. This



evolved into ‘office hours’, wherein UWWC financial counselors traveled to the FEP and met with IDA holders during standing two-hour blocks every other week in the Hamilton Crossing community room. Secondly, the Michigan State University Extension and Habitat for Humanity assisted in the effort.

Total number of individuals approved that subsequently opened an IDA	30
IDA holders who received general financial education	28
IDA holders who received individualized budgeting assistance	28
IDA holders who received individualized credit counseling/repair	28
IDA holders who received asset-specific education for <i>home purchase</i>	3
IDA holders who received asset-specific education for <i>business capitalization</i>	3
IDA holders who received asset-specific education for <i>secondary education</i>	17



Demographics

Demographic data represents the cumulative, unduplicated number of Individual Development Account holders for each self-reported category at the time of enrollment.

The vast majority of Individual Development Account holders were female (87%), identified as black or African American (83%), and the average age of an IDA participant was 27. All account holders were employed either full or part-time, or were self-employed, while 90% completed some college or had received a degree.

A granular breakdown can be found below:

IDA Holder Gender	<i>Female: 26</i>
	<i>Male: 4</i>

IDA Holder Race	<i>Black: 25</i>
	<i>Multiracial: 3</i>
	<i>White: 2</i>

IDA Holder Age	<i>20 – 29: 13</i>
	<i>30 – 39: 10</i>
	<i>40 – 49: 5</i>
	<i>50+: 2</i>



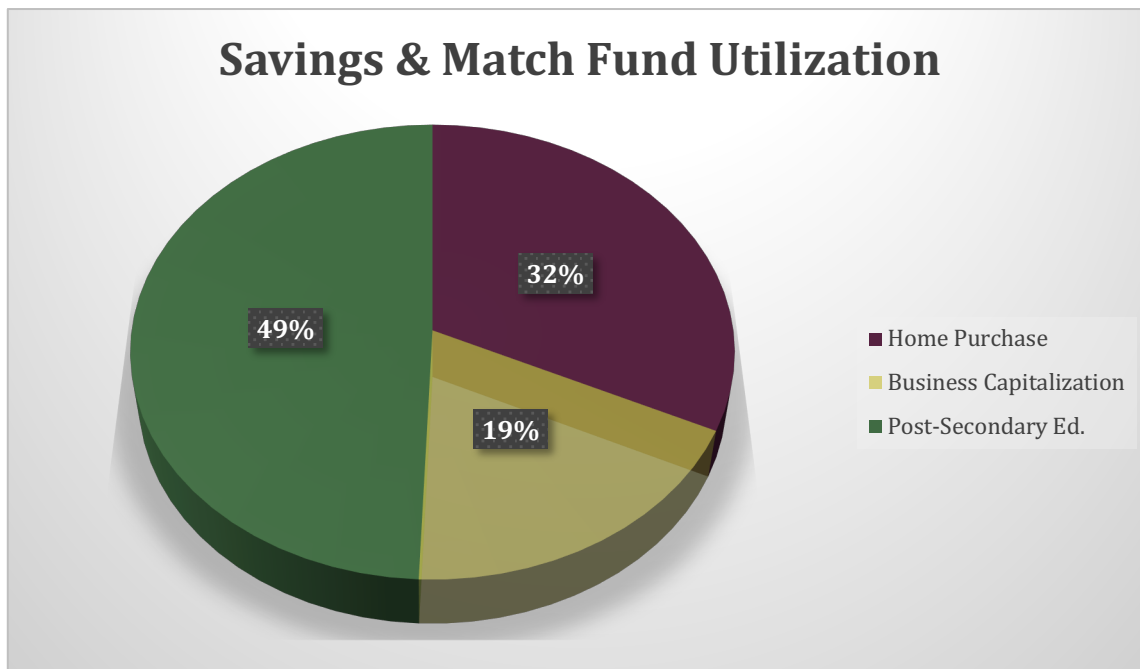
Employment	<i>Full Time: 10</i>
	<i>Part Time: 17</i>
	<i>Self-Employed: 3</i>

Educational Attainment	<i>Completed Grades 9 – 11: 1</i>
	<i>High School Diploma/GED: 3</i>
	<i>Vocational School Degree: 2</i>
	<i>Some College: 18</i>
	<i>Associates Degree: 2</i>
	<i>Bachelors Degree: 2</i>
	<i>Graduate Degree: 1</i>

Household Adjusted Gross Income Level	<i>Federal Poverty Guideline</i>	
	<i>Below 100%</i>	12
	<i>100 – 150%</i>	9
	<i>151 – 200%</i>	3

Matched Withdrawals

Individuals overwhelmingly utilized the IDA program to either pay off past balances associated with prior university stints, or to attend college for the first time.



Post-Secondary Ed: \$5,005.45

Home Purchase: \$3,250.00

Business Capitalization: \$1,888.89

