Launching Your AFI Project

New Grantee Orientation Webinar Series

November 16, 2016

Parker: Good afternoon, and thank you for joining the second webinar in the new grantee orientation series, Launching Your AFI Project. My name is Parker Cohen. I'm an associate director on the savings and financial capability team at CFED. CFED holds the contract to provide AFI grantees with technical assistance. So in this webinar, we're going to talk about three main things: basic AFI fundamentals, AFI requirements regarding project design and considerations around these requirements, and also tools that can help you succeed as you launch your project.

This webinar will be led by myself, Parker Cohen, as well as my colleague Santiago Sueiro, a program associate at CFED. Before we get started I'd like to go over a few housekeeping items. You have the choice of dialing in with your phone or listening to the webinar through your computer. Select the appropriate audio option on the GoTo Webinar control panel. You can ask a question at any time by using the chat box in your GoTo Webinar control panel or raising your hand to request to be unmuted. If you're watching this live and experience any technical difficulties, please type a question into the GoTo Webinar interface or email us at ssueiro@cfed.org, and we will help you trouble-shoot your problems.

Please keep in mind that this webinar is being recorded. We've muted all attendees to ensure sound quality, so if you have any questions or issues, please type them into the query box as shown on your screen. We'll make a recording available, as well as a transcript of this presentation on the IDA Resources website. You can see the address for the AFI resource center on your screen. This webinar will last approximately 90 minutes with time for Q&A at the end. Feel free to type in your questions using the box at any time throughout the presentation.

In the last webinar, you learned about the structure of AFI and the Office of Grants Management, the AFI Resource Center and also how to access your AFI grant funds. If you missed that webinar, go to the AFI Resource Center to view the slides, transcript, and recording. You need to know these basics because you'll be using them from the beginning as you get started launching your project.

Today, we will provide a review of AFI program fundamentals and requirements. We will then discuss AFI requirements around the outreach, application, and enrollment phases of your grants, as well as practical considerations for you to think about as you design these phases. Finally, we will share insights on how you can utilize partnerships and MOUs during the project phases. This webinar will provide you with the guidance and tools to be successful.

Okay, first we're going to provide a brief overview of the AFI program. So as a refresher, the Assets for Independence was established by the Assets for Independence Act, part of the Community

Opportunities Accountability and Training and Education Services Act of 1998. There are three components to AFI: funding grants for IDA projects, supporting grantees and their partners by providing training and technology assistance, and ongoing research and evaluation of our project administration and impacts.

Through AFI grants, grantees provide individual development accounts or IDAs and related services to eligible low-income individuals who enroll in an AFI project. AFI-IDA participants accounts or special withdrawal-restricted savings accounts. Participants can only make deposits, not withdrawals, from these accounts, except under specific circumstances, including eligible asset purchases with the grantees approval and signature. Participant accounts must be open for a minimum of six months in order to purchase an asset.

Grantees use project funds to match the participant's savings according to the grantee's savings program design that you've likely outlined in your application. Section 410 of the AFI legislation requires grantees to match participant deposits not less than once every three months. And there are three different models to match funds. Grantees can deposit match funds directly into the participant's IDA account; however, this is not a common practice because it becomes logistically cumbersome. Grantees can also deposit match funds into parallel accounts, either one for all participants or one parallel account for each participant. A single parallel account to allocate participants' match funds every three months is commonly preferred for logistically reasons instead of a parallel match funds account for each participant.

Now, let's go ahead and look at how participants and grantees use the savings in match funds. AFI allows for three assets savings goals: first home purchase, post-secondary education or training, or business capitalization. Each of these areas have specific rules. AFI allows participants to use home ownership IDAs as long as this is the first home the participant has owned in the last three years. Post-secondary education or training IDAs can be used for expenses such as tuition and fees, books, supplies, and equipment required for enrollment in an eligible educational institution. Costs associated with attending many vocational schools are also allowable. Business capitalization IDAs may be used to start or expand a small business. Additionally, a few savers will choose to transfer their IDA to a dependent or spouse to be used for one of these three asset purchases. Each asset purchase goal has more specific requirements as outlined in the legislation. You will likely have questions as you go along to discuss with your program specialist or the AFI Resource Center.

And it's important to know that the AFI legislation spells out exactly how the funds in the reserve fund, both the federal funds and the non-federal match are to be used. Eighty-five percent of the total project fund, again, both the federal AFI grant and the non-federal funds, goes directly to match participant savings. Two percent of the AFI grant funds must be used for data collection. No more than 7.5% of the AFI grant funds can go toward administrative expenses like program management, reporting, recruitment, enrollment, and monitoring.

Finally, 5.5% of the AFI grant fund may be used for non-administrative functions like case management, budgeting, economic literacy, and credit counseling. The portion of the non-federal funds that is not

required to be used for participant match may be used for any of the uses described above and also described in section 407C1 of the AFI Act, and it's not subject to the same restrictions as federal funds. For example, you may not spend more than 7.5% of the non-federal funds for administrative costs. These percentages are established by section 407C3 of the AFI Act.

So now that we've given that quick overview, we'll provide more detail of the AFI requirements that all grantees must follow. This illustration you see on your screen depicts the typical stages a participant completes during his or her IDA journey. Although not all AFI IDA projects follow the exact course of steps laid on in the images on your screen, the six stages in a common AFI IDA project are recruitment, application, enrollment, economic education, saving, and asset purchase. It may be helpful to think about your project design in terms of all the steps an IDA participant takes.

In this webinar, we will focus on requirements AFI has for grantees for the first three stages of this journey: recruitment, application, and enrollment. We will then offer some practical considerations as you begin to think about how best to design these stages for your IDA project. You'll note that the text of the slides is sometimes black and sometimes orange. The black font indicates AFI requirements. These are things you must follow to be in compliance. The orange text indicates practical considerations. These are not requirements but are important to think about as you implement your AFI grant.

All AFI grantees must manage their project in accordance with the AFI Act and federal grants policies, including the HHS Grants Policy Statement. Links to those resources are shown on your screen.

Okay, we're going to start with recruitment. Note that the AFI legislation does not include any specific requirements for outreach and recruitment. However, there are several things you should think about when conducting these activities. These include determining enrollment goals, assessing target population needs, and identifying savings-ready participants. In the following slide, we'll talk more about these considerations.

Before you begin outreach, however, you must first determine your enrollment goals. You'll need to calculate the number of participants your projects will need to open IDAs, reach their savings goals, and make asset purchases to successfully complete the work plan in your grant application. First, determine the amount of funds allowable for savings matches. As a reminder, 85% of project funds, which is both the federal AFI grant and the non-federal funds, goes directly to match participant savings, while 2% of the AFI grant funds must be used for data collection. No more than 7.5% of the AFI grant funds can go for administrative expenses, and 5.5% of the AFI grant funds may be used for non-administrative functions like case management, budgeting, economic literacy, and credit counseling. If you spend less than the legislative percentages on administrative or non-administrative functions, you may increase the number of participants that you enroll. To figure out the number of asset purchases, you would divide the available amount for savings matches by the number-- excuse me, by the maximum match for each individual in the program, as described on this slide.

Okay, so let's look at an example of how this works. So for an AFI grantee with a notice of an award that states that the grantee has received $100,000 in federal funds, you would, of course, first, add to the $100,000 in federal funds the $100,000 in non-federal match for a total project cost of $200,000. Then if

we subtract the 15%, which would be $30,000 allocated for data collection, administrative, and non-administrative functions per the AFI legislation, there is $170,000 remaining for matching participant savings. So $170,000 divided by the maximum match of $4,000, that's $2,000 federal and $2,000 non-federal, will yield 42 participants for the maximum number of asset purchases. Keep in mind that it's unlikely that every participant who opens an IDA will reach the savings goal and make the asset purchase. Once you have opened enough IDAs to reach your project goal, you also need policies for retaining IDA participants and managing a group of potential eligible participants on a waiting list. It's important to meet the goals that you laid out in your grant application.

While AFI does not have any rules regarding outreach and recruitment, there are several considerations, which we will share, that can help you design and execute an outreach and recruitment strategy best suited for your community. You can be as traditional or creative with your recruitment strategies as you would like. It’s important to customize your recruitment strategy to customize it to your community's needs so that you find potential participants that are strong candidates. We have several tips to help you with recruitment.

First, you can use it to conduct outreach in one or multiple ways. Common outreach strategies include using printed materials such as flyers or brochures, presentations to community members or organizations, newspaper or radio ads, and also social media platforms. When considering recruitment strategies, convey basic asset-building concepts to your target population first, and then put IDAs in that context. Focus on the benefits of the AFI IDA, and tailor them to the needs and dreams of your target population.

When designing outreach strategies, be mindful of your participants' cultural and linguistic backgrounds. For instance, if you were serving a population with limited English proficiency or low computer literacy, think about how you can tailor outreach materials so they are accessible to the population you are serving. Use language that resonates with your target population, and be aware of cultural differences. Share information about the IDA project at locations your target population frequently visits. Think about the most trusted messengers or who in the community would be best to promote your project. If you have run AFI projects in the past, think about reaching out to former project participants to share their experiences with potential applicants. Consider how widely you want your message to circulate. You may be better off with a smaller-focus outreach that will reach those most likely to participate in your target population rather than casting a wide net through a newspaper or radio ad. When considering how wide to cast your outreach net, also think about your enrollment goals, the number of participants you are able to enroll based on your federal and non-federal funds. It's also a good idea to include in your data collection how participants hear about your AFI IDA project so you know which strategies are most effective. You may also consider using incentives to register participants, such as providing perks or support for training attendance such as gift cards, raffles, refreshments, transportation vouchers, or child care. But be careful to use non-AFI resources for incentives.

In thinking about your recruitment strategy, it is also important to identify savers that are ready to participate. You may want to consider internal recruitment, outside referrals, or readiness assessment tools. AFI can be a demanding program, so you may want to make sure you select participants that are

in the position to save and are motivated to complete their savings goals. Participants should be at least in a position to save. That means they are in a position to make savings deposits through earned income. Participants should also be motivated to complete the program and purchase one of the three qualified assets: a first-time home, small business expenses, or post-secondary education expenses. Finally, participants should be able to open and maintain an IDA savings account for a minimum of six months. You also need to plan to prepare ineligible applicants to become a savings-ready participant in the future. For example, applicants who have recently filed for bankruptcy, have extremely low credit, or have unstable employment or housing are likely not savings-ready. You should consider referring these applicants to other support services and invite them to come back when they are more likely to be able to save and complete an asset purchase.

Recruiting savings-ready participants is essential to the success of your project because good project retention and completion outcomes start with good recruitment. When considering how to recruit eligible participants, think about recruiting internally within your organization from other programs. You can also reach out to community organizations with whom you have a strong relationship to refer clients to the IDA project. Finally, you can also implement a readiness assessment tool, such as credit checks for potential home buyers to determine whether the IDA project is a good fit for potential applicants. The link in the slide is a common practice resource for recruiting AFI IDA project participants.

All right, and now I'm going to turn it over to Santiago to discuss the application portion of the IDA saver's journey.

Santiago: All right, thanks, Parker. Now we'll cover the application portion of the participant journey. In the following slides, we'll talk more about the requirements and considerations you see on your screen. Once you have begun recruiting participants, you will have to determine their eligibility, most often during the application process. Section 408 of the AFI Act limits eligibility for participation in AFI-funded projects. Grantees are required to determine whether perspective participants meet the federal eligibility requirements for participation in the AFI project prior to enrollment in the project.

There are two ways to determine whether an applicant meets the income wealth criteria. The first is that any individual who is a member of a household that is eligible for assistance under their state's Temporary Assistance for Needy Families or TANF program is automatically eligible in an AFI IDA program. The second way to determine eligibility is that any individual who is a member of a household that meets both of the following requirements is eligible. First, there is an income test. The adjusted gross income of the household is equal to or less than 200% or the federal poverty guidelines or is EITC-eligible. Plus, they meet the net worth test, which means that the net worth of the household, as of the end of the calendar year preceding the determination of eligibility does not exceed $10,000, excluding the value of the primary residence and one vehicle.

So just to reiterate, there are two ways to determine participant eligibility. One, any individual who is a member of a household that is eligible for assistance under their state's TANF program is automatically eligible, or two, any individual who is a member of a household that meets the following mix of requirements is eligible: the income test or adjusted gross income of the household is equal to or less

than 200% of the federal poverty guidelines for is eligible for the EITC and the net worth test, which is when the net worth of the household, as of the end of the calendar year preceding the determination of eligibility does not exceed $10,000, excluding the value of the primary residence and one vehicle.

Although AFI only mandates the TANF or both the income test and net worth test to determine eligibility, grantees can choose to implement additional eligibility requirements. For example, while earned income is technically not an eligibility criterion, participants may deposit only earned income into their IDAs. This means that participants cannot deposit money received from government benefits or child support into their IDAs. For example, TANF funds do not count as earned income, therefore TANF-eligible individuals may qualify for the AFI program, but unless they have earned income, they will not be able to make qualifying deposits. For this reason, grantees commonly verify the availability of earned income for deposits during the eligibility screening.

This does not mean eligible applicants without earned income cannot open an AFI IDA. Perhaps this client is also enrolling in a work force development program, and so anticipates having earned income soon. That person may open an AFI IDA as long as they pass the income and wealth eligibility requirements. However, they cannot begin saving in their IDA until they have some secure earned income.

Another consideration you can make in setting eligibility parameters is having additional requirements for specific asset purchases. For example, some projects require credit review and have explicit cutoff criteria, in particular for home ownership, to ensure that participants' credit scores will be able to be high enough to be able to purchase a home within the savings period. While you do not want to have eligibility requirements that make it difficult for your community members to access IDAs, it is important to think about what requirements can help you recruit participants that are ready to save for at least six months and will make an asset purchase. Be certain that any additional requirements your project chooses meets federal civil rights laws and are applied evenly to all applicants.

In addition to verifying what AFI requires during the application process, you can think about the following strategies to make the application process more efficient for both the participant and your organization. Use a checklist to lay out the documents the applicant needs to submit to avoid the need to go back and forth. Make sure the process is as streamlined as possible to reduce time and hoops required. Keep your application as short as possible while still collecting the necessary information. Minimize the number of steps in the process so participants aren't required to make multiple trips to your organization to complete the process. Laying out the document requirements up front and making sure participants know exactly what they need to bring will facilitate this process.

Use plain and simple language on all materials, and if possible, provide your application in other languages. Use a standard formula for calculating an applicant's income and net worth and for comparing them against the AFI eligibility guidelines. Consider using the AFI eligibility spreadsheet, which is hyper-linked in the Power Point. Cross-train staff on how to complete the application process to increase reach.

AFI does not dictate how applications are submitted and how application decisions are made, so your organization can determine what works best for your staff and community.

The next step in the participant journey and last step we'll discuss today is enrollment. In the following slides, we'll talk more about the requirements and considerations you see on your screen.

Once a participant's application has been approved, the next step that you will take is to enroll them in an IDA program and help them open IDA accounts. The enrollment process varies from grantee to grantee. AFI mandates the following requirements: IDAs be open for a minimum of six months before a match withdrawal is made. This is important when you think about your five-year grant timeline and the amount of time your participants will have to save and make their asset purchase. We will talk about this in more detail in future webinars. IDAs must be withdrawal-limited, that is participants should only be able to make a withdrawal from their IDA with the signature of the grantee organization. For most AFI grantees, that means that the IDAs are either custodial or trust accounts. The funds in the IDA cannot be comingled with any other funds. The IDAs must be opened in a federally insured financial institution or state insured if no federally insured financial institution is available.

Account statements must be provided to the saver and the grantee organization, and all account details must be clearly stated in the participant's savings plan agreement. You'll need to discuss these requirements and some additional considerations with your financial institution partner. The links at the bottom of the slide will bring you to two sample savings plan agreements that you can reference as you create one that is specific to your project.

Now, let's talk about some considerations around enrollment. The process should be as streamlined and efficient as possible to keep potential participants engaged throughout the process and reduce hassle factors. Here are a couple of tips and strategies. Remember to provide easy to read materials. Use plain and simple language, and if possible, provide all your materials in other languages. Keep participants appraised of their status throughout the process. Send reminders such as text messages about items they need to bring in. Make sure once a client is selected that they have a quick, easy process in place for them to open their IDA account.

If all of your slots are currently filled, encourage activity for those on your waiting list. Financial education, credit repair, setting up emergency savings or other activities that might help them, even if they don't open an IDA, that make them more likely to succeed when they do. Partners may be especially helpful in this area. Use enrollment to gather information to help with support services, such as working with your client to complete a budget to identify where to save money. The link on this slide is to a webinar on behavioral strategies to improve recruitment, enrollment, and retention of IDA participants.

Another important consideration of enrollment is to facilitate participants opening their accounts with your financial institution partner quickly and easily. Some AFI grantees send their participants to a local branch. Others go to the branch with their participants, and other still are able to open the accounts immediately online. You will need to develop a relationship with one or several financial institutions and formalize that partnership with an MOU. The links in the slide take you to a template and a webinar that

may assist you with developing financial institution partnerships for your AFI project. Please visit this website by clicking on the link in this presentation.

When you set up that partnership with one or several financial institutions, be sure to talk about both the requirements we've already discussed and the additional considerations on this slide. For example, account opening. How will account opening take place? Will you be able to open accounts online for your participants? Will they need to go to a local branch in person? What forms will they need? What type of IDA will they open? For grantee signatories, how will your organization be listed as a signatory on the account?

When thinking about low or no cost to the saver, what additional fees or requirements are associated with the account type? Are there initial deposit requirements? Are there minimum balance requirements? Are there monthly fees? Fees for withdrawals when your participants are ready to make their asset purchase? Try to work with your financial partner to ensure these accounts are low or no-cost and do not have a burdensome requirement. For multiple deposit options, how can participants make deposits into the IDA? In person or at a branch? Direct deposit or ACH? Perhaps a deposit-only ATM card. Mobile deposit through the financial institution mobile app? When thinking about convenient branch locations and hours, it is important to consider access to the financial institution, and for account closing, what will happen to the account after your participants have made your asset purchases? When will your organization be able to close them out? Should they be converted to a traditional low-cost savings account?

Although your participants will not be using many of these account features while you are just launching your grant and beginning enrollment, it is important to think through all of these considerations beforehand. Discuss them with your financial institution partner and include them in your MOU. And with that, I'll turn it over to Parker.

Parker: Okay, thank you Santi. We've just covered the requirements and considerations of the first three stages of a typical AFI project, recruitment, application, and enrollment. The last thing we'll talk about in this webinar is the importance of partnership. We've just discussed one specific AFI-IDA partnership, the one that you will have with your financial institution, but there are many other partnerships AFI grantees can leverage to support implementing an AFI grant. Partnerships are key to AFI project implementation. Common partnerships include financial institutions, as I just noted, recruitment-related partners, and also implementation partners, including organizations that provide financial education and other services.

Non-profits such as Habitat for Humanity, local colleges, free tax preparation sites, Head Start sites, and local government offices serving low-income households can connect you with potential project participants and help with marketing. To help potential participants in the door, it is helpful to develop referral pipelines from other organizations. Many successful IDA projects get participant referrals from partners such as social service agencies and organizations who provide complementary services, especially those that focus on partner assets such as microenterprise or home ownership. Additionally,

developing referral partnerships with businesses to provide their eligible employees with IDAs may be a good potential referral.

Identifying referral partnerships in the early stages of your project could help boost retention and help your AFI project succeed. The links in the slide include strategies and a webinar on common practices for developing strategic partnership as well as a link to tool nine in building financial capability, a planning guide for integrating services, which can help you design an effective referral partnership. Please visit the website by clicking on the link in this presentation.

Grantees should ensure that they have a strong network of partners to support this project design. It is the grantee's responsibility to establish an oversight plan to guarantee that all project partners comply with all AFI and project requirements. When developing your oversight plan, consider different methods of ensuring quality, including monitoring or site visits and detailed agreements. It is important to clearly define roles and responsibilities as well as data collection protocols and to provide necessary training and technical assistance.

All right, so we know that was a lot of information, so what questions do you have around AFI requirements around recruitment, application, or enrollment? And once again, just as a reminder, feel free to put your questions into the chat box as shown on the screen.

One initial question we had is will these slides be available for download, and the answer to that is yes. These slides as well as a transcript and the audio recording of this webinar will be available on the AFI Resource Center.

Okay, so while we're waiting for other questions to come in, I'm going to go ahead and talk about what else is coming up on the new grantee orientation series. So webinar three, Launching Your AFI Project: Savings, Economic Education, and Asset Purchase, will be coming up on Wednesday, November 30th, and this will build off of the previous webinar by providing an overview of the following three steps of a typical AFI grant: savings, economic education, and asset purchase. Grantees will be introduced to the tools and resources for successfully launching a new AFI grant will have the opportunity to ask questions about AFI project design. And the fourth webinar, Data and Reporting, will be on Wednesday, December 14th, and we'll explain the types of reports you're required to file and the reporting dates. The webinar will also include a discussion of using data to manage your project.

Okay, so another question has just come up, and that is is there any minimum dollar amount for each monthly deposit? So this is a great question. First off, there is no minimum dollar amount required by AFI, and also, AFI does not require monthly deposits, either. The requirement around how long an account has to be open is really that the account has to be open for six months before a participant can make an asset purchase. However, participants are not required by AFI to deposit monthly. It is up to you as the designer of your own project to think about which requirements you would like to have around savings frequency, and that can really depend on your target population and the goals of your specific AFI project. So for example, if you work with employees that have irregular income, possibly from seasonal employment, you may want to not require monthly deposits because you know that participants will be making most of their money at certain times of the year and not other times.

That is correct, deposits do have to come from earned income, and earned income is defined by the IRS, so that's one thing to keep in mind. As Santi noted earlier, to be eligible for the AFI program, you do not necessarily have to have earned income. For example, you could be a TANF participant that does not earn income and still be eligible, but to actually make allowable deposits into your AFI IDA account, it has to come from earned income.

So question is do applicants have to be US citizens? The answer is no. There is nothing in the AFI statute that states that applicants have to be US citizens.

There's a question about why a TANF recipient may be eligible for an IDA and someone who receives SSI or SSDI is not considered eligible. This is a good distinction to make. Someone who receives SSI or SSDI may be eligible. You're just not allowed to deposit funds received from those benefits because they're not considered earned income, and the same thing with TANF. TANF recipients or those that are eligible for TANF are automatically eligible to be participants in AFI, but the funds they get from TANF cannot be used as earned income-- or not considered earned income, so they cannot be used for deposits, so that's a great question.

Okay, and there are a couple of really project-specific questions that we will follow up with you individually on, so if I'm not answering your question right now, that's okay. We will follow up with you. And here's a question: among current grantees, what is the average requirement for deposit? For example, every month, every three months, etc.? I think it's really common for AFI grantees to put in their savings plan agreement that participants are expected to deposit monthly. However, just because that is common does not mean that that's the right thing for you to do considering your AFI project and your target population, so I would really caution you to think about what you think is best for given your organization's desires and your participants' needs when considering questions such as deposits, frequency and any requirements you make.

Okay, so while we're waiting for any final questions to come in, I want to put the link on the screen for the AFI Resource Center. Once again, it's idaresources.acf.hhs.gov, and it's a really useful website for all AFI grantees. You can learn all sorts of helpful tips about managing your grant and about other issues related to being an AFI grantee.

If each spouse enrolls in the program, what is the maximum amount of allowable match per household? That's a really good question. It's a maximum of $2,000 federal in match per individual or $4,000 per household. That means that if you're matching-- as you should be-- dollar for dollar, federal to non-federal, that an individual can receive typically up to $4,000 in match, in a couple, $8,000.

Great, so that appears to be all the questions we have at this time, and once again, if your question didn't get answered, we're going to reach out to you individually, but thank you all for participating today. It's a great turnout, and congratulations if you have recently received a new AFI grant award, and I hope you have a great rest of your day, and happy Thanksgiving next week.