Expanding IDA Participation Through Collective Action

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EXECUTIVE SUMMARY

This project builds upon the initial success of Individual Development Accounts (IDAs) in helping Americans save money and acquire assets. IDAs are matched savings accounts offered to low-income individuals. CFED (formerly the Corporation for Enterprise Development, and the client for this initiative) showed through its *American Dream Demonstration* that IDAs do encourage people to save. However, despite promising results, IDA program participation has grown slowly since its inception. Most IDA practitioners find it difficult to effectively expand participation in their programs without compromising the quality of services they offer.

IDA practitioners often communicate and interact with each other, yet most work is done in isolation. Thus, initiatives, such as fundraising and public awareness campaigns, are typically performed on an individual program basis, placing a strain on these resource-constrained organizations. After performing research, CFED determined that some form of collective action among members of the field could help alleviate the strain on individual programs and accomplish the goal of expanding program participation. CFED has proposed a network that would provide services to the field in five key areas: fundraising, public awareness, operations, policy, and research.

This project seeks to preliminarily determine the most effective means of building a collective action network. The primary output of the project is an analysis of the critical, self-identified needs of IDA practitioners, the stakeholders they would most like to connect with, and the service delivery methods that most appeal to them. A survey of practitioners was conducted and supplemented with interviews to determine this information. Of the five key services mentioned above, the primary, self-identified needs of practitioners are receiving assistance with fundraising, public awareness, and operations. However, since these needs are self-identified, they must be combined with previous research to determine the true needs of practitioners. Practitioners would most like to utilize a network to connect with funders, other practitioners, and state IDA collaboratives. Finally, the most preferred methods of service delivery via a network are internet-based delivery and in-person methods, such as conferences.

Using these results, the report provides proposals and recommendations for utilizing collective action. Given the need for fundraising, one proposal is to develop a national match fund. However, CFED is undergoing a project to determine the viability of a national match fund, so this proposal is not discussed at length in this report. The report also provides high-level recommendations for building a successful network. A successful network must use a discovery driven planning process and must adhere to four principles: leverage existing networks, build a strong value proposition for its members, obtain buy-in of members, and be multi-dimensional with several segments to meet user needs. The report then presents one proposal for a network: a three-phase implementation plan. Phase I, network initiation, focuses on building a network that offers only critical services to key members via limited delivery methods. The goal of this phase is to prove the concept and build a strong value proposition for the network. Phase II, rapid growth, builds upon the successful elements of Phase I, with a goal of implementing as many valuable services as possible and reaching as many members as possible. Phase III is the mature network phase. At this point, the network will not require any drastic changes related to its membership or the services offered (assuming no major environmental changes occur, such as new legislation). Thus, the network must be managed and continually assessed, but it will only experience incremental changes. The match fund and network proposals are not mutually exclusive.

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INTRODUCTION & POLICY QUESTION

Poverty is a serious issue in the United States today. For those in poverty, escape can seem like a daunting, if not impossible task. One of the primary factors that contributes to poverty is the inability of impoverished individuals to acquire the necessary assets to become economically self-sufficient. Individual Development Accounts (IDAs) are one of the most promising programs currently available to assist these individuals in saving money and acquiring assets.

In 1998, Congress passed the Assets for Independence Act (AFIA), which authorized the U.S. Department of Health and Human Services (HSS) to establish and administer a five-year, $125 million demonstration of IDAs. Although small scale IDAs existed prior to 1998, the AFIA Demonstration was the first federal program established to test the efficacy of IDAs as a poverty reduction strategy for low-income Americans.[1] Initial assessments of IDA programs are promising. However, while many of these programs have encouraged people to save and have subsequently led to important asset purchases, the programs are still relatively new and there have been few participants. Thus, there are still open questions about how broadly IDA programs can be scaled, how cost effective such programs are in the long term, and how effective IDAs are at alleviating poverty. However, the promising data gathered to-date suggests that it is worthwhile to expend serious effort to pursue increased IDA participation. To achieve this goal, it is imperative to meet the needs of practitioners, since they are the core stakeholders in any IDA program, yet these needs must first be understood. CFED has proposed a collective action network concept that could meet these needs and help drive the field forward.

This leads to the essential policy question that must be explored:

> **What are the perceived needs of IDA practitioners that they believe will enable them to increase IDA participation (without compromising the quality of services they offer), and how can collective action be utilized to best meet those needs and expand program participation?**

This project seeks to augment the research performed already by CFED with an identification of the perceived needs of IDA practitioners. The needs are considered "perceived needs" because they are self-identified needs of practitioners. Ultimately, these perceived needs must then be combined with additional research to determine the true needs of practitioners; however, this is outside the scope of this project. Finally, the project provides recommendations for collective action that will address these self-identified needs, with an ultimate goal of expanding the reach of IDA programs.

BACKGROUND

Poverty and Asset-Building

Poverty is a serious issue in the United States today. Thirty-seven million people, 12.7 percent of the US population, lived in poverty in 2004, a slight increase from 12.5 percent in 2003. Poverty rates vary considerably by race, with African-Americans and Hispanics having the highest poverty rates (24.7 and

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[1] http://www.nlihc.org/advocates/idas.htm

21.9 percent, respectively in 2004), followed by Asian-Americans (9.8 percent in 2004) and non-Hispanic Whites (8.6 percent in 2004).[2] American Indians and Alaska Natives experience the highest poverty rates. The three-year average poverty rate for American Indians and Alaska Natives from 1998 to 2000 was 25.9 percent.[3] Chronic poverty is an even more serious problem. The chronically poor are identified as those individuals and households that persistently lie below the poverty line. The primary issue with chronic poverty is that it affects not only those in poverty today, but also subsequent generations.

A key factor that contributes to poverty is the inability of low-income individuals to accumulate permanent assets. Many poverty alleviation initiatives focus on increasing income. However, although income and assets are related, they are different concepts. Income refers to the flow of resources into a household over time, while assets refer to the total amount of accumulated wealth at a given point in time.[4] Therefore, the economic position of two households with the same income but different levels of assets can be widely different. While increasing income may assist low-income individuals and households in the short term, the inability to accumulate assets prevents many from becoming economically self-sufficient over the long term and escaping poverty.

Michael Sherraden of Washington University in St. Louis argues in *Assets and the Poor: A New American Welfare Policy* (1992) that assets are more important than income in alleviating poverty. He maintains that assets represent lifetime financial accumulation much better than income and that assets have many positive economical, psychological, and sociological outcomes. Sherraden states, "…assets improve economic stability; connect people with a viable, hopeful future; stimulate development of human and other capital; enable people to focus and specialize; provide a foundation for risk taking; yield personal, social, and political dividends; and enhance the welfare of offspring."[5] As such, organizations are beginning to offer strategies to build assets among low-income individuals and households in addition to those that enhance income. One of the key asset-building strategies currently in use is the Individual Development Account (IDA).

Individual Development Accounts (IDAs)

IDAs are matched savings accounts intended to help low-income individuals and households accumulate assets and wealth. IDAs combine matched savings accounts with financial education to enable individuals to build savings. Individuals can then invest their savings in specified asset-building items (as determined by the IDA program) such as homes, entrepreneurial ventures, or post-secondary education. Since participants place earned income in IDAs, the strategy appeals to society's sense of assisting those who are willing to assist themselves. IDAs appear to be a promising method for helping the working poor build assets.

CFED (formerly the Corporation for Enterprise Development), one of the leaders in the field of asset-building initiatives, along with its partners conducted the most extensive demonstration of IDA

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[2] http://www.census.gov/hhes/www/poverty/poverty04/pov04hi.html

[3] United States Economic Census Bureau, *Poverty in the United States: 2000,* US Census Bureau Poverty Survey, 2002.

[4] Curley, Jami and Grinstein-Weiss, Michael, *Individual Development Accounts in Rural Communities: Implications for Research*, CSD Working Paper No. 03-21, 2003

[5] ibid

programs to date (**Exhibit 1** provides a brief overview of CFED). The *American Dream Demonstration* (ADD) ran from 1997 to 2001 and consisted of 14 IDA programs across the United States, which included 2,364 participants. The research component of the demonstration took place from 1997 to 2003. CFED designed and guided ADD while its research partner the Center for Social Development (CSD) at Washington University in St. Louis designed the research and published the assessment. This is the largest and most widely cited study addressing the effectiveness of IDAs.

Results of the study show that poor individuals do save and accumulate assets through participation in IDAs. Assuming a 2:1 match rate, participants in the programs deposited an average of $19.07 per month, made a deposit in six of every 12 months, and accumulated approximately $700 per year in their IDAs. Average monthly net deposits (AMND) were approximately 1.6 percent of monthly income. The average length of program participation was 24.5 months and approximately 32 percent of the participants made matched withdrawals during their enrollment in the program. The average value of matched withdrawals per participant with at least one matched withdrawal was $878, and the average value of matched withdrawals plus matches per participant was $2,586. Of these matched withdrawals, 28 percent were used for home purchases, 23 percent for microenterprise purposes, 21 percent for post-secondary education, and 18 percent for home repair. These statistics vary by program characteristics and demographic factors.[6]

IDA Stakeholders and Partnerships

IDAs require the commitment of numerous stakeholders to be successful. Therefore, it is important to understand and manage the key stakeholders' interests, roles, and responsibilities. For this reason, strong partnerships are important. Regardless of the nature of the partnership, each stakeholder's interests must be taken into account. However, most IDA practitioners still face the challenge of bringing key stakeholders together to form beneficial partnerships.

Figure 1 provides a simple framework for understanding the complex network of stakeholders that can be present in each IDA program. It clearly indicates the importance of the IDA practitioner, who serves as the core of each program. Partnerships between practitioners and some stakeholders (e.g. financial institutions) are vital and must be developed and managed effectively. Other partnerships, such as those between practitioners and community organizations are beneficial, yet not crucial to success.

[6] Schreiner, Mark, Clancy, Margaret and Sherraden, Michael, Final Report, Saving Performance in the American Dream Demonstration, A National Demonstration of Individual Development Accounts, Center for Social Development, October, 2005.

Figure 1: IDA Program Stakeholder Framework
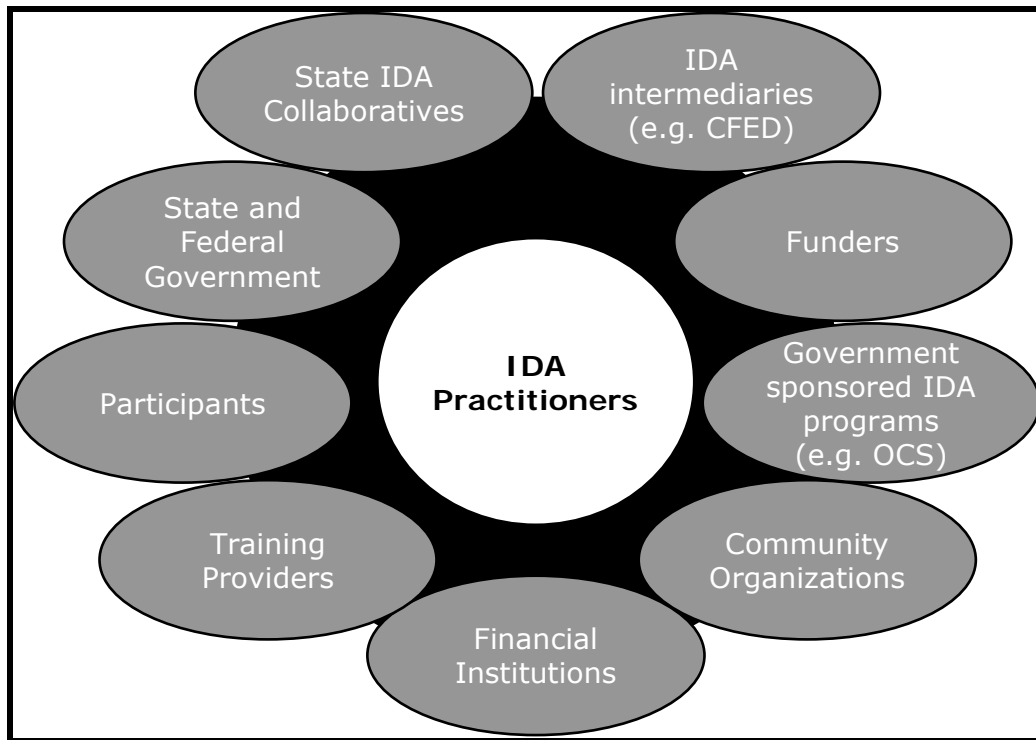
Figure 1 identifies the ten key stakeholders in any IDA program. As mentioned above, the core of any program is the IDA practitioner who takes responsibility for the day-to-day management and administration of the program and its participants. For example, many practitioners provide financial services training, an important component of any IDA program (although training providers are another important stakeholder that may provide this education for participants). In a survey of rural IDA participants, it was shown that hours of financial education obtained was statistically related to AMND. More specifically, between the ranges of one and six hours of education, each additional hour of education was associated with a $3.25 increase in AMND. Between the ranges of seven and 12 hours, each additional hour of education was associated with a $2.03 increase in AMND.[7] While providing such training to a small group of participants is relatively easy and often done in person, efforts to provide such education at scale (e.g. through web-based methods) are still in their infancy.[8] Practitioners obviously have numerous other responsibilities beyond financial education.

An IDA program also benefits from participation of a financial institution, which is in the better position to administer and manage the accounts. Financial institutions currently invest in IDAs for a variety of reasons such as Community Reinvestment Act (CRA) considerations, market expansion and customer development, maintenance and expansion of relationships with nonprofit organizations, and a commitment to the community.[9] However, most financial institutions do not invest because there is no compelling business case for doing so. The profit potential associated with providing IDAs is minimal from the perspective of many institutions. A recent survey in *Community Investments* showed

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[7] ibid

[8] Center for Financial Services Innovation (CFSI), *Marrying Financial Transactions with Asset-Building Opportunities*, July 2005.

[9] *Individual Development Accounts: An Asset Building Product for Lower-Income Consumers,* Community Developments: Insights, February 2005.

that less than 20 percent of IDA programs are profitable for financial institutions.[10] As a result, relatively few financial institutions have participated in IDA programs. As of 2002, only 2.9 percent of all federally insured banks and thrifts and 0.7 percent of all credit unions sponsored IDA programs.[11] In addition, financial institutions are only likely to offer IDAs if there is adequate nonprofit (i.e. IDA practitioner) involvement. In fact, 71 percent of financial institutions offering IDAs would not continue to offer programs without a nonprofit partner's involvement.[12] This information once again stresses the importance of establishing strong partnerships.

Additional stakeholders include funders, who play a critical role in program success by supplying sustainable matching and operating funds. They have an interest in ensuring their funds are used effectively. State and federal governments also play an important role in IDA programs by providing funding, as well as creating and modifying legislation that affects IDAs. IDA intermediaries, such as CFED, are organizations (usually nonprofits) that have a considerable interest in expanding IDAs. These organizations do no administer IDAs, but seek to advance the field through other means such as support, research, and innovation. In addition, participants, quite obviously, are a critical stakeholder in IDA programs, since they are the beneficiaries of all IDA program services.

Many states have formed successful state IDA collaboratives. For example, the Michigan IDA Partnership (MIDAP) is a partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF) formed to create a statewide IDA program in Michigan.[13] The Illinois Financial Links for Low-Income People (FLLIP) partnership is a similar collaborative between state and local agencies, human services advocates, bankers, and other private sector organizations.[14] These collaboratives act as statewide networks to connect key stakeholders to each other for the purposes of advancing the field.

Community organizations are also an important component of many IDA programs. While these nonprofit organizations may not offer IDAs, they take an interest in the same target population as and/or offer related services to IDA programs. Thus, there can be considerable overlap between the organizations. Examples include economic development agencies, affordable housing organizations, and organizations that serve Native Americans. Finally, there are two government sponsored IDA programs, the Assets for Independence Program, which is a large scale national IDA program housed at the Office of Community Services (OCS), and the Office of Refugee Resettlement (ORR) IDA Program, which serves refugees. Both programs are within the Administration for Children and Families, U.S. Department of Health and Human Services, and are examples of IDA programs that federal agencies administer. Such government-sponsored organizations are also vital to the success of IDA programs.

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[10] Cytron, Naomi and Carolina Reid, *Individual Development Accounts: Engaging the Financial Services Industry in Asset Building,* Community Investments, May 2005

[11] Stegman, Michael A. and Phillip H. Kim, *Legitimizing Individual Development Accounts (IDAs) within Financial Institutions,* University of North Carolina at Chapel Hill, August, 2004.

[12] ibid

[13] Losby, Jan L. and Jill R. Robinson, *Michigan IDA Partnership: Year 3 Program Evaluation Report,* ISED Solutions, March 2004.

[14] Anderson, Steven G., Scott, Jeff and Zhan, Min, *Financial Links for Low-Income People (FLLIP): Final Evaluation Report,* School of Social Work, University of Illinois at Urbana-Champaign, June 2004.
http://www.povertylaw.org/advocacy/community_investment/fllip_evaluation_exec_summary.cfm

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FIVE KEY BARRIERS TO IDA EXPANSION

As discussed above, despite the success shown in ADD, IDAs have not had the nationwide impact that many had hoped. In 2002, there were approximately 500 programs in the US serving between 20,000 and 50,000 accountholders.[15] These numbers represent a small portion of the people that could potentially benefit from such a program. Drawing on existing research, five key barriers have been identified that have made it extremely difficult to expand successful IDA programs to increase their reach and impact. Each of these barriers is related to two or more of the stakeholders presented in **Figure 1** above. In addition, it is important to note that these barriers do not exist in isolation from each another. Thus, to expand IDA participation, all of these barriers must be addressed and overcome.

1. <u>Fundraising</u>

Fundraising is one of the principal issues facing most nonprofit organizations. Many IDA programs receive federal government funding. Others sources of funding include state and local governments, foundations, corporations (including financial institutions), and individuals. However, most IDA practitioners struggle to acquire sufficient funding. IDA practitioners spend a considerable amount time attempting to raise funds for both matching grants to participants and day-to-day operational needs to allow them to build the capacity and efficiency of their programs. To raise funds more effectively, IDA practitioners may benefit from assistance with several aspects of fundraising. This may include assistance with writing grant proposals, obtaining access to potential funders, or identifying potential sources of funding.

Matching Funds

Acquiring and maintaining necessary funding sources to match participant savings is a significant concern. IDA programs can only be successful if they have adequate funds available to match those deposited by program participants. Typically, it is easier to raise matching funds than it is to raise operational funds, because funders prefer to support programs where the direct impact to beneficiaries is evident. Many sources of matching funds are potentially available, including public, private, and individual funds. Today, most funding is provided by the federal government through the Assets for Independence Program. However, IDA practitioners often do not know all of the possible funding sources or how to access them.

Operating Funds

It is exceedingly difficult for practitioners to secure funds for day-to-day program operations. As mentioned above (and as seen throughout the nonprofit sector), funders prefer to support programs that directly assist the beneficiaries rather than support overhead or operating costs. Thus, funders clearly prefer to provide matching funds instead of operating funds. However, IDA programs cost approximately $64 per participant per month to administer, indicating the critical need for operating funds. This cost does not include the cost of matching funds, but does include costs associated with recruitment, financial education, monitoring deposits and withdrawals, and other necessary services.[16]

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[15] The Aspen Institute, Economic Opportunities Program, *Individual Development Accounts, A Report to the Field, Connecting Policy to Practice,* April 2005.

[16] Boshara, Ray, *Welfare and Beyond #32,* Policy Brief, The Brookings Institution, March 2005.

No data currently exists on how these costs change with the size of the program (i.e. whether economies of scale can be realized).

2. Public Awareness

Despite the existence of IDA programs for over a decade, public awareness of IDAs is minimal. Increased public awareness would have numerous benefits for program expansion, specifically the enhanced ability to attract new participants to the program and possibly the increased ease of obtaining funding given the greater demand. The cost and effort of participant recruitment clearly inhibits IDA program expansion. However, while general awareness of IDAs will help with participant recruitment, issues of trust may also present a barrier to be overcome. Many potential IDA participants often do not trust IDA programs because of their connection to mainstream financial products and services. Some individuals have never interacted with mainstream financial institutions, while others do not trust financial service providers because of experiences with organizations that practice predatory lending. However, while limited awareness of IDAs is a concern, most program sites do not have the financial resources or knowledge to develop sophisticated marketing programs to encourage and build levels of participation.

Public awareness must be addressed at both the local and national level. One of the primary initiatives must be the development a common message about the shared characteristics of IDA programs. Today, there is considerable variation among programs in terms of services offered and public awareness initiatives, which makes the message about IDAs complex and confusing to many potential participants or funders. Once a message is developed, public awareness could be enhanced by developing success stories, obtaining a celebrity spokesperson, or hiring an advertising agency.

3. Operations

There are considerable management challenges associated with administering IDA programs. Many programs simply do not have the human resource capacity to manage a large number of participants, administer financial education classes, recruit new participants, acquire funding, etc. Successful programs also require sophisticated data gathering and tracking to evaluate participants and the program. Some of the specific services that would help practitioners run their programs more efficiently and effectively are technical assistance, training courses for practice improvement, access to financial training curricula for participants, access to shared services (e.g. shared purchasing), and general networking opportunities with other practitioners to discuss means of improving service delivery.

4. Policy

The current legislative environment presents some barriers to expanding IDA participation. Current legislation, such as the Assets for Independence Act (AFIA), and proposed legislation, such as the Savings for Working Families Act (SWFA), are important factors in determining the success of IDA programs. AFIA, passed in 1998, was important in enabling IDAs to grow initially. However, AFIA must be reauthorized if this federal funding stream is to continue. AFIA also contains several components that hinder IDA program expansion. For example, the current federal policy requires

earned income to be placed in IDAs, which limits some people's access to IDA programs such as people with disabilities whose Social Security benefits do not count as earned income.

The proposed SWFA would offer a one-to-one tax credit for financial institutions that contribute match funding to IDAs. The IDA Tax Credit under SWFA would provide up to $500 per IDA per year, in addition to a $50 per account annual credit, which could substantially expand the amount of matching funds available for IDAs and solidify them as part of the federal tax system. SWFA has been stalled in Congress for years but is gaining new momentum in the current Congress through the efforts of CFED and its partners.

In addition, there is a need to modify or pass legislation that would enable a broader range of uses for matched funds based on the needs of an individual program site. For example, cars may be a necessary asset for people in rural communities to obtain and maintain a job. Other possible uses could include post-secondary education expenses for children, affordable housing rental deposits, health care coverage, emergency medical expenses, and retirement accounts. These are just a few federal level examples of the numerous regulatory issues that currently exist. IDA practitioners require assistance with how best to get involved with policy development, advocacy, and implementation at both the state and federal levels to help address and overcome these issues.

5. <u>Research</u>

There is a need for high-quality research on IDA programs that compares data across the field and shows the impact of IDA programs. This would help to establish a base of success from which fundraising can be conducted. Second, it would help to reinforce any public awareness campaigns. Third, it could aid the establishment of partnerships with financial institutions and other private sector organizations. However, while some quality research has been produced by IDA intermediaries and academic institutions, more is needed to effectively support the field. IDA practitioners, for the most part, do not have the ability to conduct research on their own because of limited resources available to collect and analyze data on a regular basis. Many also do not have the resources to collect and provide quality participant data to researchers. IDA practitioners need better research to help advance their objectives of securing funding for match and operations, enhancing public awareness, and developing financial institution partners.

<u>Additional Barriers</u>

Four additional barriers are identified and discussed below. The classification of these barriers as "additional" is not meant to imply that they are less important than the five discussed above. However, these barriers were not explicitly addressed in the IDA practitioner survey. Therefore, only limited discussion of the following four barriers is contained in this report.

Partnering with Financial Institutions

As discussed briefly above, IDA practitioners find it difficult to form positive, sustainable partnerships with financial institutions. Financial institutions are a key part of the IDA stakeholder group (as shown in **Figure 1**), because they are needed to open and manage participant accounts. However, making the

business case to financial institutions is extremely challenging for IDA practitioners since little financial benefit accrues to financial institutions based on their association with IDA programs.

Product Differentiation

Some IDA programs have taken a "one-size-fits-all" approach to the lower-income segment of the population. Instead of working to effectively understand and segment these individuals and households, IDA programs have traditionally attempted to cater to a predetermined set of needs.[17] However, different challenges face Native Americans, for example, than those with disabilities; and lower-income individuals in rural areas may have different needs than those in urban areas. Many IDA practitioners recognize these differences, but IDAs must continually work to meet the needs of their target population to increase participation and/or enhance service delivery to existing clients.

Community Collaboration

As discussed above, many IDA programs would be more successful if they could work together with other organizations in the community. This includes nonprofit organizations in related fields such as economic development or affordable housing. However, it is difficult for many practitioners to form positive, sustainable partnerships in the community with a diverse range of key organizations. The difficulty associated with working collaboratively in the community presents a smaller, yet not insignificant, challenge to IDA expansion.

Participant Retention

Many IDA practitioners find it difficult to retain participants for extended periods of time. Participant retention is just as vital as participant recruitment, because savers only receive full benefits if they stay engaged with the program. However, many savers find it difficult to participate, or remain in the program, for a variety of reasons such as lack of time and resources (e.g. difficulty in attending financial education classes due to transportation issues).

COLLECTIVE ACTION & THE NETWORK CONCEPT

Some members of the IDA field, including CFED, believe the issues addressed above could be tackled through collective action. Collective action means bringing members of the field (i.e. practitioners, intermediaries, state IDA collaboratives, etc) together to address the problems of IDA expansion cooperatively. Collective action could have many positive outcomes, such as reducing the costs and inefficiencies associated with fragmentation and the ability to take advantage of economies of scale across the field. In addition, building relationships in a national network can enhance learning across the field by increasing the ability to share ideas and information with others. Collective action could also increase the power of the IDA field and subsequently its ability to influence policy at the state and federal levels.

Currently, many practitioners work in an isolated manner. However, some formal collective action does exist in the form of state IDA collaboratives (e.g. MIDAP) and services facilitated by IDA

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[17] ibid

intermediaries (e.g. conferences, listservs). These organizations and services have been useful and could form the basis for more aggressive collective action in the future. Clearly, collective action is not a panacea and must be complemented by individual action on the part of key stakeholders; however, collective action appears to be a crucial way to move the field forward efficiently and effectively.

Therefore, this paper argues that more collective action is needed. The IDA field must build upon the existing collective action framework to be successful. This can be accomplished by building stronger and more broad-reaching partnerships to facilitate collective action within the IDA field. As discussed above, partnerships are vital to the success of IDAs. Partnerships could assist the management of stakeholder interests and interactions shown in **Figure 1**. IDA intermediaries are the most likely candidates to drive the initial development of partnerships and collective action, but IDA practitioners are the core stakeholders that need to drive the process on an ongoing basis. In addition, many other stakeholders must be committed to the process.

CFED has explored the possibility of initiating collective action through a nationwide network. This network would facilitate collective action by bringing together key stakeholders and providing services that could address the many barriers to program expansion mentioned above. This network is not simply a structure, but rather an overall approach and a mindset that could enable the field to drive toward its mission of enhancing IDA participation. A variety of services could be offered via a network using numerous delivery methods. The key to this analysis is to identify the perceived needs of IDA practitioners in order to determine which services should be offered through a network. Because these perceived needs are self-identified by practitioners, they must be compared to research already conducted by CFED. The network must meet the needs of practitioners because, as shown in **Figure 1** above, practitioners are the core component of any IDA program. Value will only be derived from the network if practitioners' needs are being met. This is why the practitioner survey and interviews conducted throughout the course of this project are so vital. Four key questions were addressed in the survey:

1. **What are the key services that the network needs to provide to practitioners?**
2. **Other than practitioners, who else should be involved in the network?**
3. **How should these services be delivered?**
4. **How can this network be managed to be successful?**

Key Services

All of the barriers to expansion mentioned above could be addressed by the network. The network could help with fundraising, public awareness, policy changes, research, and operational issues. However, the network must focus on providing the services that are most necessary to overcome the critical barriers that hinder program participation and that appeal to the core network participants, IDA practitioners. The network cannot provide an exhaustive list of services to the field.

Network Members

An important step in this process is to determine who should be involved in the network. As described above, numerous stakeholders play a role in the delivery of IDAs. Members of the network could

include any or all of these stakeholders, such as practitioners, intermediaries, state collaboratives, and government sponsored IDA programs. However, certain stakeholders are more important to enhancing participation than others are. Regardless of the nature of the network formed, members would need to explicitly understand their roles and responsibilities within the network.

Methods of Delivery & Network Structure

There are numerous ways to structure the network and to deliver the services offered through the network. Although the network will be nationwide, smaller local versions of the network may also be useful. While a nationwide network may be useful in influencing policy, for example, smaller, segmented networks (e.g. between programs serving Native American participants) may be more useful for information dissemination, and statewide networks (similar to existing collaboratives) may be useful in addressing state policy issues. In addition, the methods of interaction and service delivery (e.g. web-based delivery, one-on-one interactions, conferences, listservs) may vary according to member needs. Several of these delivery methods already exist and can be leveraged.

Management Issues

Finally, whatever the structure of the network, it must be managed effectively to be successful. Day-to-day management of such a complex network is not a trivial concern and will require financial and human resources. Funding for a network could be provided by network partners on a fee-for-service basis or through a membership fee. While that may place a burden on the participants, funding for a network that provides services for the field may be extremely difficult to obtain from outside funders (since it will be viewed as an operational expense). If a fee is charged to participants, pricing is a concern as willingness and ability to pay may vary across the field. Additionally, alternative low-cost business models should be explored that would reduce the overall costs of the network.

Another issue is ensuring that members of the network are active. Active engagement will be required from a large number of members in order for members to obtain the full value of the services offered. If members have no time or desire to be active participants in the network, the value will be extremely low. The final concern is the governance of the network. Participation, input, and buy-in from all participants is desired, but clearly not all members can be involved in every decision made concerning the network (e.g. which services to provide, how to leverage resources, which policy or public awareness initiatives to place a high-priority on, etc).

RESULTS & DISCUSSION

While CFED conducted research to address these four questions, minimal input was obtained from IDA practitioners. Thus, this project has focused on assessing the perceived needs of practitioners, as identified by the practitioners themselves. This information coupled with the CFED analysis provides important information to help determine which services could and should be offered via a network. However, additional surveys of other key network stakeholders should be conducted in the future to augment this data.

An online survey was developed to assess practitioners' perceived needs. It was sent to nearly 500 IDA practitioners nationwide. Ninety-one practitioners responded to the survey, which constitutes approximately an 18 percent response rate. While it was hoped the response rate would be higher, it was sufficient for this analysis. The findings from the survey are included and discussed below. Additional data on survey results can be found in **Exhibits 2 – 5: Detailed Survey Results.** The discussion of survey data is augmented with notable insights from the interviews conducted with IDA practitioners (A list of interviewees can be found in **Exhibit 6: Interviewees**). Results from interviews are not meant to be generalizable since the sample size is small. However, some valuable insights were gleaned from the interviewees that are worth presenting.

Key Findings

This section provides a high-level overview of the key findings from the practitioner survey and interviews. Detailed findings are discussed in subsequent sections.

Key Services
- Obtaining assistance with fundraising efforts is by far the most important self-identified practitioner need. Nearly 75 percent of respondents ranked it as their primary or secondary need.
- Obtaining assistance with operations and public awareness are the second and third most important self-identified practitioner needs, respectively.
- Obtaining assistance with other services, such as research and policy initiatives, are far less important self-identified practitioner needs.

Network Members
- Practitioners expressed a desire to connect with numerous stakeholders across the field, recognizing the value that such interactions could provide.
- According to practitioners, the three stakeholder groups they would most like to interact with are funders, other practitioners, and state IDA collaboratives.
- However, practitioners expressed the need to connect with different stakeholders for different services (e.g. the stakeholders they would like to connect with for fundraising assistance are not the same as those they would like to connect with for assistance with operations).

Methods of Delivery & Network Structure
- Practitioners wish to receive assistance with services via two primary methods: internet delivery of information and in-person methods (such as conferences and one-on-one phone calls).
- Practitioners expressed the desire for different services to be delivered via different methods (e.g. the desired methods of delivery of fundraising assistance are not the same as those for research assistance).
- Practitioners expressed a strong desire to segment the network to ensure they can more easily connect with practitioners whose programs are similar to their own. Segmentation could be based on state, region, type of organization (e.g. faith-based), target market (e.g. youth, refugees), etc.

Management Issues
- Many practitioners envision a network as a valuable tool, yet a majority believe the network will either provide no value or remain skeptical of the value it could provide them in effectively

running their IDA program.

- A large majority (approximately 85 percent) of practitioners indicated they would be willing to spend less than $250 annually to support the network.
- A large majority (over 90 percent) of practitioners indicated they would be willing to spend less than five hours per week interacting with the network.
- A majority of practitioners would like to serve either in an advisory role or in a formal decision making role in any new network structure.

Implications for the Network

This section presents an overview of the major implications of the key findings discussed above. It is meant to show how survey and interview responses may impact the design and management of a collective action network. Several issues arise from the results presented above that must be addressed for a network to be successful.

- Any network structure must focus first and foremost on assisting practitioners with their fundraising needs. Fundraising is the crucial network component that can ensure practitioner participation.
- A proposed network structure that leads with research, policy, or other services is not likely to be widely adopted and used by practitioners.
- Any network structure must connect practitioners together to deliver services. However, additional members of the network must be chosen based on the services offered (e.g. the key members to include for fundraising assistance will differ from the key members to include for research assistance).
- In-person methods are desired by practitioners, but are expensive and could be difficult to support given the likely budget constraints. Therefore, there is a disconnect between these desired services and practitioners' relatively low willingness to pay that must be resolved.
- Network segmentation is a desired component of a network, yet is also expensive to build and support given the likely budget constraints. Therefore, there is a disconnect between these desired services and practitioners' relatively low willingness to pay that must be resolved.
- A strong value proposition must be developed for practitioners to enhance their level of participation (given their skepticism). Without nearly full participation from practitioners, the true value of a network may not be realized.
- The amount practitioners are willing to pay is likely not enough to support a nationwide network. Therefore, a stronger value proposition must be built to increase their willingness to pay, an additional source of funding must be obtained, and/or the network must take advantage of a low-cost business model. Costs are an important constraint on the success of the network, and therefore a sound business model must be developed that addresses this constraint.
- While practitioners would like to receive services from a network, most are not able to spend a considerable amount of time interacting with the network. Thus, either services that are offered must be designed to require minimal levels of participation, or a strong value proposition must be developed that will encourage higher levels of participation.
- The governance structure of a network must allow input from many practitioners. However, obtaining input from a large number of practitioners on every decision could be unwieldy. Thus, the development of an effective governance structure is a nontrivial exercise.

Detailed Findings – Key Services

The most important aspect of the survey was to assess the key services that IDA practitioners believe they need assistance with to be successful. Survey respondents were asked to prioritize which of six service categories they would most like to receive assistance with to help them run their program more effectively. The six service categories were fundraising, public awareness, operational and practice related services, policy related services, research, and any other services not included in the first five categories. Respondents were able to prioritize two services, their primary need and their secondary need. **Tables 1 & 2** below indicate how respondents prioritized their primary and secondary needs. These tables show that the most important needs for practitioners are fundraising, operations, and public awareness.

Table 1: Primary Practitioner Needs

	Number of Respondents (n=91)	Percentage of Respondents
Fundraising	45	**49.5%**
Public Awareness	24	**26.4%**
Operations	11	**12.1%**
Policy related services	7	**7.7%**
Research	3	**3.3%**
Other	1	**1.1%**

Table 2: Secondary Practitioner Needs

	Number of Respondents (n=87)*	Percentage of Respondents
Fundraising	21	**24.1%**
Public Awareness	15	**17.2%**
Operations	32	**36.8%**
Policy related services	12	**13.8%**
Research	4	**4.6%**
Other	3	**3.4%**

*Note: n=87 for this question because four respondents answered this question with the same answer they chose for their primary participant need. These responses were removed for analysis purposes.

Practitioners were then asked to indicate which specific services within those categories they would most like assistance with (e.g. which aspects of fundraising are most important). An overview of these results is presented below. More detailed results can be found in **Tables 3 – 7** of **Exhibit 2: Detailed Survey Results – Key Services**.

Fundraising
Tables 1 & 2 show that 49.5 percent of respondents listed receiving assistance with fundraising as their primary need, while an additional 24.1 percent listed this as their secondary need. Thus, nearly 75 percent of all IDA practitioners would like assistance with one or more aspects of fundraising. This is not particularly surprising given the difficult fundraising environment faced by IDA practitioners today, as discussed above. There is considerable uncertainly for many practitioners concerning where funds will originate from and how best to obtain those funds. This includes both matching funds and

operational funds. Given the overwhelming response, fundraising services appear to be a vital component to any network developed for the field.

Table 3 in **Exhibit 2** provides more detail on the perceived fundraising needs of practitioners. The three most important needs are (1) obtaining a national source of match and operating funds, (2) obtaining assistance with obtaining funds, and (3) having access to a comprehensive (or nearly comprehensive) list of funding sources. CFED is currently working with the field on a project called the *American Dream Match Fund*, which utilizes collective action concepts to aid practitioners considerably in their need for a national source of match funds. As discussed above, operating funds are more difficult to come by, but a network may be more effective at convincing funders to support more capacity building initiatives. However, obtaining operating funds still presents a challenge and could prove to be a considerable bottleneck in attempting to move the field and the network forward.

A network could be effective at assisting practitioners with their second and third most important fundraising needs. Practitioners' need for assistance with obtaining funds and locating new sources of funding are intertwined. A comprehensive list of funding sources is something a network could develop and provide relatively easily and is something that could have a tremendous impact on practitioners' fundraising efforts. Many programs are funded by a relatively small number of funders, and part of the reason for this is that practitioners do not always know all of the potential funding sources. It should be noted that funders must be contacted to confirm their willingness to be included on such a list, because it is obviously important to maintain good relationships with all potential funders. Assistance with obtaining funds could also be enhanced by a network, not only by disseminating information about potential funding sources, but also through the creation of joint grant proposals or by facilitating access to funders. Finally, working together on fundraising efforts could limit the resource burden associated with obtaining funds.

Practitioner interviews confirmed the considerable need for fundraising among practitioners, and reinforced the fact that match funds are easier to acquire than operating funds. The need for additional operating funds was clear. In addition, as with the survey, a major insight was the need to have an easier way to identify and access new sources of funding. Another issue recognized by interviewees was the need to connect their IDA fundraising effort with other fundraising efforts of their organization (since most practitioners are not solely focused on IDA programs). The ability to obtain funding for a suite of activities instead of having to fund each separately is extremely appealing. Finally, there was interest among interviewees for a network that could take on a larger share of the fundraising burden. Specifically, the network could manage a national match fund to which all IDA practitioners could apply for financial support, instead of practitioners having to apply for individual grants. This connects well with the CFED *American Dream Match Fund* project that is currently underway.

Operations
Tables 1 & 2 show that 12.1 percent of respondents listed receiving assistance with operations as their primary need, while an additional 36.8 percent listed it as their secondary need. Thus, nearly half of all IDA practitioners would like to receive assistance with one or more aspects of operations. This is also not particularly surprising given the relative difficulty in obtaining funds for operational activities as well as the significant human resource constraints facing IDA programs. Operational and practice

related assistance could help practitioners improve the day to day operations of their programs, which could help them better serve their participants and free up time for other activities such as fundraising. **Table 5** in **Exhibit 2** provides more detail on the perceived operational needs of practitioners. The three most important needs are (1) obtaining technical assistance for practice improvement, (2) facilitating networking opportunities with other practitioners, and (3) receiving additional training for practice improvement. Clearly, one of the overarching goals of the network is to enhance networking opportunities with other practitioners, which would enable practitioners to share knowledge across the field about how to improve their operations. Technical assistance and training opportunities could also be offered by the network via online or in-person methods.

Interviewees also noted the need for assistance with practice improvement. Not surprisingly, each of the interviewees had a desire to deliver their services in a more efficient and cost effective manner. Some of the needs they mentioned were counseling and training for practitioners, enhanced back-office support, and a list of field-wide best practices related to program operations. In addition, one interviewee expressed a desire for shared services across the field, including shared purchasing.

Public Awareness
Tables 1 & 2 show that 26.4 percent of respondents listed receiving assistance with public awareness as their primary need, while an additional 17.2 percent listed it as their secondary need. Thus, over 40 percent of all IDA practitioners would like to receive assistance with one or more aspects of public awareness. This is also not particularly surprising given the relative unknown nature of IDA programs throughout the nation and in local communities served by IDA programs. Lack of knowledge inhibits practitioners from attracting new participants and obtaining fundraising dollars.

Table 4 in **Exhibit 2** provides more detail on the perceived public awareness needs of practitioners. The three most important needs are (1) marketing the program locally, (2) increasing public awareness of IDAs nationally, and (3) establishing common messages about IDAs. A network could be extremely effective at helping to build public awareness of IDA programs nationally. It could bring together numerous resources to develop a common message about IDAs and use this message to market the program. Once a national marketing message is developed, individual IDA practitioners could use the message to create materials and market the program locally. National marketing efforts will clearly help build brand recognition in local markets.

Interviews confirmed the need for public awareness. Most interviewees viewed public awareness as an important means of enhancing their, and the field's, fundraising efforts. They recognized the deficiencies that currently exist in public awareness efforts, and expressed the need to be more proactive. Today, most IDA information is only available on websites or other media that must be sought out by potential participants or partners, so there is a need to more actively build awareness. In addition, there is a need to produce a high-level common message about characteristics shared by all IDA programs to enhance the ability for a public awareness campaign to succeed. This could also include the production of more comprehensive messaging that combines IDAs with financial literacy and other related components of providing financial stability and freedom to participants. Most interviewees believed that partners needed to help with public awareness, and one interviewee mentioned approaching major advertisers to assist with this effort.

Interviewees also recognized the need to incorporate personal contact into public awareness campaigns, instead of relying on pamphlets or other static materials. An additional insight gleaned from the interviews was the need for public awareness campaigns to educate people about IDAs, not just enhance awareness through success stories, due to the lack of knowledge about program aspects such as eligibility criteria. This is vital because, for example, some IDA practitioners receive numerous calls each day from people that want to participate in the program, yet many of these people are not eligible. Fielding these inquiries places a considerable burden on practitioners. Finally, interviewees recognized the fact that public awareness campaigns need to include a broad-based national effort as well as local and regional efforts in order to be successful.

Policy

Tables 1 & 2 show that 7.7 percent of respondents listed receiving assistance with policy as their primary need, while an additional 13.8 percent listed it as their secondary need. Thus, obtaining assistance with policy related services is considerably less important to IDA practitioners than obtaining assistance with fundraising, operations, or public awareness. This result is likely related to the limited time practitioners have to address policy issues. Many practitioners would like to have more influence on policy, but they see this as a long-term goal, while fundraising, operations, and public awareness are more of a short-term necessity. However, a network could assist with policy by increasing influence and resources available for advocacy work.

Table 6 in **Exhibit 2** provides more detail on the perceived policy needs of practitioners. Results indicate that federal policy concerns are more important than state policy concerns in aggregate, likely stemming from the greater influence federal policy has on IDAs. The results also show that policy implementation would be more desirable than policy development and advocacy. While a network could help bring together stakeholders for the purposes of policy implementation, it could also be effective in development and advocacy work. Thus, in addition to the lack of importance placed on policy, the network may have trouble meeting all of the specific policy needs of practitioners.

Interviewees had mixed feelings on the importance of receiving assistance with policy initiatives, though most felt it was not as important as the other key services. Generally, there was a feeling that it would be nice to be involved, but that there was too little time and too much effort required to do so. Interestingly, most of the interest in policy expressed by interviewees was at the state level, rather than the federal level, which is slightly different from the survey results. Policy, in their view, is important because it drives public awareness and fundraising efforts. In addition, one interviewee stated that neglecting policy for more short-term initiatives was somewhat short-sighted, believing that influencing policy is necessary to achieve long-term impact because it is the only way to create a sustainable funding stream.

Research

Tables 1 & 2 show that 3.3 percent of respondents listed receiving assistance with research as their primary need, while an additional 4.6 percent listed it as their secondary need. Thus, obtaining assistance with research is considerably less important to IDA practitioners than obtaining assistance with fundraising, operations, or public awareness. This is likely related to the limited time practitioners have to serve as either a consumer or a producer of research. Some practitioners would like to have more access to research for the purposes of pursuing their main needs of fundraising and

public awareness. A network could assist with research by helping to aggregate research across the field and by more easily disseminating research that is produced.

Table 7 in **Exhibit 2** provides more detail on the perceived research needs of practitioners. The three most important needs are (1) comparing data across the field to show impact, (2) using research for practice improvements, and (3) providing research to financial institutions and other private sector organizations. A network can certainly assist with these services, but practitioners would need to participate in these efforts for them to be successful, which is difficult for most resource-constrained IDA programs.

Interviewees expressed a desire for more and better research on IDAs, viewing research as a key driver in fundraising. Research is vital to fundraising because potential funders want to support organizations that can demonstrate impact. Therefore, while practitioners recognize the need for success stories, there is greater need for research that shows concrete results, impact, and cost effectiveness of programs. Several interviewees believed that too little research focuses on these important issues.

There was some recognition that such results-oriented research will make it easier to find partners and develop beneficial relationships with other organizations such as financial institutions and community-based nonprofits. In addition, one interviewee mentioned the desire to benchmark her program against other IDA programs to evaluate her own success. Moreover, some interviewees stated that most existing research neglects issues faced by programs working with smaller segments of the population (e.g. youth, refugees). However, while most interviewees would like to be more involved in research, they do not have the capacity to do so.

Other Services
Tables 1 & 2 show that 1.1 percent of respondents listed receiving assistance with other services as their primary need, while an additional 3.4 percent listed it as their secondary need. Thus, the five main categories presented in the survey were able to capture nearly all of the needs of practitioners. In fact, two of the four "other" responses were directly related to fundraising (*linkage to more match sources*, and *layering different funding*). Additional needs included *working collaboratively in a community*, and *finding agencies to take the accounts*, which are two of the additional barriers previously discussed in this report. A network could address each of these needs.

Detailed Findings – Network Members

A second important aspect of the survey was to assess who IDA practitioners would like to be members of a network; that is, who do practitioners believe would be most valuable to connect with as part of this collective action effort. Survey respondents were asked to prioritize which of eight stakeholder groups they would most like to connect with for each of the key services indicated above. The eight stakeholder groups were other practitioners, state IDA collaboratives, IDA intermediaries or support organizations, program participants, state or local government decision-makers, federal government decision-makers, funders, and financial institutions.

Table 8 in **Exhibit 3: Detailed Survey Results – Network Members** indicates how respondents

prioritized their desire to interact with each stakeholder group for each service, and overall. **Figure 2** below shows the importance of connecting with each stakeholder group for the overall suite of services, according to practitioners. The figure indicates that in aggregate, the three most important stakeholder groups are (1) funders, (2) other practitioners, and (3) state IDA collaboratives. However, intuitively these needs vary by service. Other practitioners and state IDA collaboratives will certainly be part of any network. It is not surprising that funders were mentioned given the need for fundraising assistance; however, it may be difficult to integrate funders into the network initially.

Figure 2: Importance of Connecting with Stakeholders for Overall Suite of Services
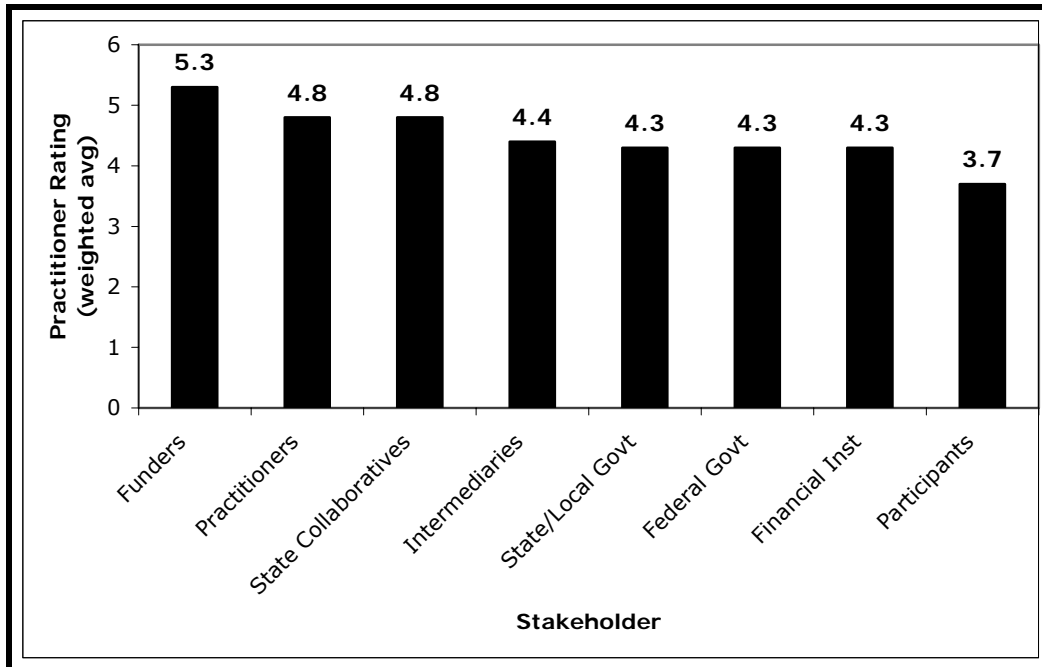
As expected, interviewees expressed considerable interest in network membership, and each expressed the value of connecting to more stakeholders. Although many practitioners already have multiple contacts within the field, most echoed the importance of connecting with funders, other practitioners, and state IDA collaboratives as well as other potential members mentioned in the survey.

However, interviewees mentioned the importance of connecting with other potential members that were not included in the survey. There was a desire to connect with more individuals and organizations that deal with specific populations, yet are not IDA practitioners. For example, an IDA practitioner serving refugees or individuals with disabilities may want to connect with other community organizations providing services to the same population to leverage potential synergies. Additionally, there was some desire to work more closely with community organizations, such as those focused on economic development or affordable housing. Faith-based organizations, religious institutions, and a variety of other nonprofits (e.g. the EITC coalition) were also mentioned. Moreover, several interviewees mentioned the need to connect with more for-profit partners such as real estate companies. While the value of these for-profit partners is evident, practitioners often have a difficult time identifying and accessing for-profit organizations. Many suggested that a list of potential partners, specifically in the for-profit arena, would be extremely helpful.

Fundraising

Table 8 in **Exhibit 3** shows that for fundraising assistance, the three most important stakeholder groups are (1) funders, (2) financial institutions, and (3) government decision-makers (local, state, and federal). Interviewees expressed a desire to connect with the typical groups of funders as well as individuals, small local foundations, and corporations. The clear goal here is to expand the funding base and be able to increase access to high potential funders.

Public Awareness

Table 8 in **Exhibit 3** shows that for public awareness assistance, the four most important stakeholder groups are (1) state IDA collaboratives, (2) other practitioners, (3) program participants, and (4) funders. This indicates practitioners' desire to build awareness on the local and state levels and to develop success stories to use in presenting programs to the public.

Operations

Table 8 in **Exhibit 3** shows that for operations assistance, the three most important stakeholder groups are (1) other practitioners, (2) state IDA collaboratives, and (3) funders. Clearly, other practitioners are the most important group in providing this type of assistance because they best understand day-to-day program operations.

Policy

Table 8 in **Exhibit 3** shows that for policy assistance, the four most important stakeholder groups are (1) federal government decision makers, (2) state and local government decision makers, (3) other practitioners, and (4) state IDA collaboratives. Clearly, access to government decision makers is the crucial component of any policy initiative. Although, the need to connect with other practitioners and collaboratives shows recognition that stakeholders working together have enhanced influence in the policy arena.

Research

Table 8 in **Exhibit 3** shows that for research assistance, the three most important stakeholder groups are (1) other practitioners, (2) IDA intermediaries or support organizations, and (3) program participants. In addition, interviewees mentioned the need to connect with large foundations or academic institutions for assistance. Intermediaries, foundations, and academic institutions produce most of the research today, yet these results indicate the need to connect with other practitioners and participants to produce high-quality data for the field.

Detailed Findings – Methods of Delivery & Network Structure

A third important aspect of the survey was to determine the methods of service delivery that appeal most to IDA practitioners. Survey respondents were asked to prioritize which of eight possible methods of delivery would be most appealing for receiving assistance with key services. The eight methods were internet-based delivery of documents and information, online chat, a listserv, online working groups, in person one-on-one discussions, one-on-one phone or email discussions, conference calls, and conferences or other gatherings.

Table 9 in **Exhibit 4: Detailed Survey Results – Methods of Delivery & Network Structure** indicates

how respondents prioritized these methods for each individual service, and for the overall suite of services. **Figure 3** below shows practitioner preferences for various delivery methods for the overall suite of services. The figure indicates that in aggregate, the three most important methods are (1) conferences or other gatherings, (2) internet-based delivery of documents and information, and (3) one-on-one phone or email discussions. However, intuitively these needs vary by service. Internet-based services would certainly be part of a network because they are relatively easy to develop and manage over time. Moreover, conferences and one-on-one contact can be built into a network relatively easily by leveraging existing services offered by CFED and other intermediaries. However, in-person methods are obviously much more expensive and would require larger financial resources.

Figure 3: Practitioner Preferences for Various Service Delivery Methods for Overall Suite of Services

Interviewees were extremely interested in the structure of the network and the methods of delivery. In terms of network structure, the desire for segmentation was a key component of nearly all of the interviews conducted. Every interviewee mentioned the need to connect with more practitioners operating programs that are similar to their own. Segmentation based on state, region, type of organization (e.g. faith-based), target market (e.g. youth, refugees), and degree of program sophistication (primarily related to age and program maturity) were all mentioned as possible ways to divide the network. Interviewees saw the value of a national network, but wanted to ensure that smaller, segmented networks could exist within the larger nationwide effort to assist them in dealing with their own specific program issues.

From a delivery standpoint, interviewees expressed a preference for personal contact (e.g. conferences, one-on-one phone conversations, etc) over web-based methods of receiving network services. They believe more can be learned quickly from personal contact than from websites and that web-based methods are very time consuming. However, interviewees did mention the value of the current IDA listserv and would like to see that service integrated into a new network. Related to the segmentation

discussion above, interviewees would like to see more personal contact (e.g. via conferences) at various levels to ensure that all needs are discussed. This includes the local, state, regional and national level. Some believed that national conferences, while valuable, address only broad concerns with little focus on the specific issues of smaller, unique programs.

Fundraising

Table 9 in **Exhibit 4** shows that for fundraising assistance, the three most important methods of delivery are (1) conferences or other gatherings, (2) conference calls, and (3) one-on-one phone or email discussions. While fundraising efforts are certainly more effective when conducted in person, these results indicate minimal recognition that services such as a list of funding sources could easily be provided via internet-based methods.

Public Awareness

Table 9 in **Exhibit 4** shows that for public awareness assistance, the three most important methods of delivery are (1) conferences or other gatherings, (2) internet-based delivery of documents and information, and (3) in-person one-on-one discussions. Practitioners realize that the internet is an easy way to communicate about new public awareness techniques and campaigns, but also that in-person methods are required.

Operations

Table 9 in **Exhibit 4** shows that for operations assistance, the three most important methods of delivery are (1) in-person one-on-one discussions, (2) conferences or other gatherings, and (3) one-on-one phone or email discussions. Not surprisingly, practitioners need in-person assistance with operations issues. Improving operations is a hands-on process and cannot easily be accomplished through alternative methods such as reading documentation on a website.

Policy

Table 9 in **Exhibit 4** shows that for policy assistance, the four most important methods of delivery are (1) internet-based delivery of documents and information, (2) conferences or other gatherings, (3) in person one-on-one discussions, and (4) one-on-one phone or email discussions. Therefore, both web-based and in-person methods appeal to practitioners when it comes to affecting policy. The internet can be used effectively for informational purposes, while advocacy strategies may be easier to develop in person.

Research

Table 9 in **Exhibit 4** shows that for research assistance, the four most important methods of delivery are (1) internet-based delivery of documents and information, (2) a listserv, (3) online working groups, and (4) conference calls. This indicates that most practitioners primarily see themselves as consumers, rather than producers, of research.

Detailed Findings – Management Issues

The final set of issues addressed in the survey was related to network management. Respondents were asked questions concerning the value of the network, their willingness to pay for network services, their desired level of interaction with the network, and their desired level of decision-making authority

concerning the network. **Tables 10 – 13** in **Exhibit 5: Detailed Survey Results – Management Issues** show the detailed results of this section of the survey.

Network Value

Admittedly, the notion of a network is somewhat ambiguous at this point, which made this section of the survey difficult to structure. Nevertheless, survey respondents were asked to assume that the network could assist them with their perceived primary and secondary needs using their most preferred methods of service delivery, and would include at least other IDA practitioners, state IDA collaboratives, and IDA intermediaries or support organizations. Given this description of the network, they were asked to assess the value of the network in helping them do their job more effectively. **Table 10** in **Exhibit 5** shows that 48.4 percent of respondents believe the network would be valuable. However, an additional 48.4 percent of respondents were simply unsure of whether the network would be worthwhile and the remaining respondents believed there would be no value to the network. This is reasonable given the lack of clarity surrounding the structure of the network; however, it indicates some apprehension on the part of practitioners concerning the network's value. This skepticism must be addressed since the network will be much more valuable if it is embraced by the entire field.

Interestingly, when the potential structure of the network was explained to interviewees, the response was much more positive. This may indicate the lack of clarity included in the survey. Interviewees recognized the increased power and influence gained through collective action, which leads to a stronger voice and provides more motivation for the field. In addition, there was consistent recognition that exposure to new individuals, organizations, and ideas is extremely valuable. However, there was some concern that a nationwide network may focus too much on the needs of larger programs without adequate support for smaller programs. They expressed a need to continually assess the network to ensure this does not occur. Thus, interviewees could be described as cautiously optimistic about the value of a network.

Willingness to Pay

Table 11 in **Exhibit 5** shows that 60.5 percent of respondents would be willing to pay no more than $100 a year to receive services from a network, and that nearly half of these (25.3 percent of all respondents) would not be willing to pay anything. An additional 24.2 percent of respondents would be willing to pay no more than $250 annually. **Figure 4** below graphically displays practitioners' willingness to pay to support the network.

Figure 4: Practitioner Willingness to Pay (Annually)
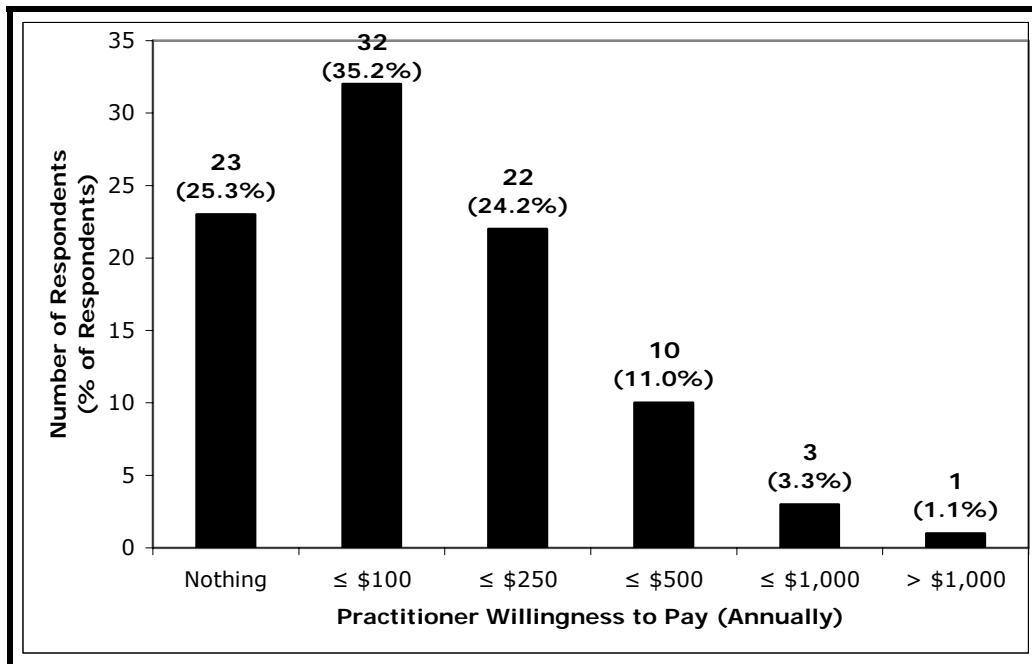
These results could have considerable consequences for managing the network, as funding may be scarce. Even if all of the approximately 500 IDA practitioners would each pay $100 per year, this only provides the network an annual budget of $50,000, which is quite low given the estimated labor and technological requirements. Although the results are not surprising given the fundraising concerns that exist for most practitioners, the results highlight the need to produce a strong value proposition for practitioners. A strong value proposition may increase practitioners' willingness to pay. In addition, these results highlight the need to develop a sound, viable business model that addresses these funding constraints.

Interviewees suggested they would be willing to contribute financially to the network if the value is clear. However, there was concern that the network could require more resources than the programs themselves. Interviewees also suggested implementation of a sliding scale for funding that is based on ability to pay. Regardless of the value, there is an upper limit to what each program can contribute.

Level of Interaction
Table 12 in **Exhibit 5** shows that 61.5 percent of respondents would be willing to spend no more than two hours per week interacting with the network. An additional 30.8 percent of respondents would be willing to spend no more than five hours per week interacting with the network. Thus, over 90 percent of IDA practitioners have less than five hours per week to invest in the network. This has implications for not only the services offered by the network, but also the means by which they are offered. Although the results are not surprising given the human resource constraints at most program sites, the results once again highlight the need to produce a strong value proposition for practitioners.

Not surprisingly, interviewees suggested they would be willing to invest time and effort into the network if the value is clear. However, since resources are limited, there was some concern that the network could require more time and effort than is possible. Regardless of the value, there is an upper

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Expanding IDA Participation Through Collective Action
Mark McKeag

limit to what each program can contribute in terms of time and effort.

Governance

Table 13 in **Exhibit 5** shows that 50.6 percent of respondents would like to at least serve as an advisor on decisions made concerning the network, with approximately ten percent of those people (5.5 percent of overall respondents) indicating their desire to have formal decision making authority. In addition, 46.2 percent of respondents would like to provide minimal input on decisions, while only 3.3 percent indicated no need to have any decision-making authority. These significant findings will affect the nature of a network. The results are also somewhat surprising given the limited amount of time and money practitioners are willing to spend on a network. It is clear that participants do not just want to be consumers of network services, but want input into decisions concerning which services are offered, how they are offered, who is included in the network, etc.

The primary insight concerning governance gleaned from interviews was the strong desire to ensure that the needs of each state inform the decisions of the network. Given the unique policy and funding environments found in every state, there was a suggestion that every state have a board member to help direct the network.

Demographic Information

Respondents to the survey represented a wide cross-section of IDA practitioners and programs. This includes 17 different organization/institution types (with social service nonprofits representing the highest percentage). Nearly 85 percent of respondents began offering IDAs in 1999 or later, yet there was representation from programs that began offering IDAs prior to 1992. Thirty-two states were represented, with Michigan having the highest percentage of respondents (15 percent of the total). Large, small, and medium sized programs (based on number of savers) were well represented. In addition, respondents represented IDA programs with varying geographic reach (from one specific community to statewide), though a higher percentage had a wide geographic reach. Fifty-seven percent of respondents represented urban programs while the remaining 43 percent represented suburban or rural programs. Nearly seventy-five percent of practitioners that responded ran programs that were AFIA funded. Finally, the programs surveyed served a large number of populations ranging from low-income individuals to refugees to people with disabilities.

Statistical Analysis

The purpose of collecting demographic information was to see whether these factors influenced practitioners' answers to the survey questions. To determine the statistical significance of these factors, numerous regression analyses (primarily using logistic regression techniques) were conducted to determine whether such factors as program age, program size, whether a program is AFIA funded, and whether the program is urban (to name only a few) influenced practitioners' answers. Analyses were also conducted to determine whether a practitioner's secondary need was statistically related to her primary need. However, despite a multitude of analyses, no statistically significant relationships could be found. This may be due to the relatively small sample size of the data and/or the overwhelming homogeneity of responses (i.e. the tremendous need for fundraising assistance).

RECOMMENDATIONS

These results inform the recommendations for using collective action to move the IDA field forward. The recommendations presented below are meant to provide a baseline for collective action. They begin with high-level recommendations for the development of a successful network. Then, two preliminary (yet not mutually exclusive) proposals are presented: the development of a national match fund (which is not discussed in detail) and a phased implementation approach for building a collective action network.

Discovery Driven Planning

To successfully develop a collective action network, a process of discovery driven planning should be followed. Discovery driven planning recognizes that the planning process may be different for a new project or venture than for an existing business or organization. This process acknowledges that there are many unknowns at the start of a new project or venture and therefore many assumptions must be made. The notion of discovery driven planning is to treat these assumptions not as facts, but as estimates that must be tested and continually questioned and reassessed. Over time, these assumptions will be converted to knowledge as the project unfolds. In addition, new information will be continually incorporated into the existing project. The simple notion here is that in an entrepreneurial type venture or project, learning is achieved by doing. Thus, the true potential of the project is not known with certainty at the outset, but rather is discovered as it develops. [18]

Building a network is an entrepreneurial type venture that lends itself to discovery driven planning. Although research has been conducted by CFED and through the surveys and interviews administered in this project, little certainty exists concerning how to build a successful network. Many assumptions can be made about the key services to offer, the critical stakeholders that must be part of a network, etc; however, it is important that those assumptions not be treated as facts, but rather as educated guesses that must be continually reassessed and questioned as the network grows over time. After an initial network is developed and rolled-out based on existing assumptions, more information will be gleaned which will provide more clarity concerning the appropriate network structure. Then, changes can be made as necessary. Therefore, it is important to avoid major irreversible investments early in the network development process. Although following this entrepreneurial, discovery driven planning process will require considerable time and effort, it will ensure that the network reaches its full potential over the long term.

Four Keys to a Successful Network[19]

Currently academic research on building successful nonprofit networks is limited. However, based on emerging thinking by experts in the field, there are four key principles to building a successful, sustainable network.

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[18] MacMillan, Ian C. and Rita Gunter McGrath, *Discovery Driven Planning,* Harvard Business Review. July-August 1995.
[19] Wei-Skillern, Jane. Interview, February 23, 2006. Assistant Professor of General Management Initiative on Social Enterprise, Harvard Business School. Cambridge, MA.

1. Leverage Existing Network(s)

The first step in building a network is to realize that collective action is not a novel idea. In fact, while some connections are stronger and more formalized than others, networks already exist throughout the IDA field at the local, state, and national level. For example, practitioner-to-practitioner interactions, state IDA collaboratives, and national IDA conferences are all existing forms of collective action. Each serves a different purpose, but each is valuable. The proposed network must take a strategic approach to utilizing these existing connections and seek to enhance and formalize the strong connections that already exist. This proposal does not seek to destroy or significantly alter existing connections that provide value. The key is to determine which connections are strongest, which can be leveraged to build an effective network, and how more value can be created within those existing networks. Leveraging existing connections will not only enhance the quality of the network, but also will enable the network to be built quickly and with minimal disruption to practitioners. It is important to recognize and vocalize this fact to all potential members of the new network. Once established, more connections can be built and weaker connections can be enhanced.

Example: How to leverage the existing network

A simple example of how to leverage the existing network is to work with an existing, well-respected state IDA collaborative to co-sponsor an event. The event would take place within the chosen state, would include all members of the collaborative as well as other IDA practitioners in the state that are not part of the collaborative, and would focus on the specific fundraising needs faced within that state. The conference could then be expanded by encouraging funders to participate.

2. Build a Compelling Value Proposition for Members

Members of this network must believe in its value to their program and to the broader IDA field. They must be able to see the clear benefits of the network in accomplishing their goals of increasing participation without compromising the quality of service they deliver. It must be clear that being a network member is more valuable than not being a member. Otherwise, they will not participate or will not participate fully and the true value of collective action will never be realized.

The value proposition will be difficult to build until the network is rolled out and its value can be more accurately assessed. Clearly, there is a "chicken and egg" problem here – members may be skeptical to join the network without a clear value proposition, yet the value of the network increases significantly as more members join. Thus, the value proposition must be an ever-evolving component of the network. It must be analyzed and reassessed on a continual basis, particularly when the network is in its infancy. The key is to initially identify influential practitioners and target a value proposition at their programs. Once they buy-in to the value of the network, these influential practitioners can bring other practitioners on board by explaining the value of network membership. While this is a time-consuming and difficult process, it is the only way to ensure long-term success. Without a clear and compelling value proposition, the network will not reach its full potential.

3. Create Buy-in for a Shared Vision

In addition to creating a strong value proposition, members must buy-in to the shared vision of the network. Members must agree on the goals of the network and believe in the mission that all are trying to accomplish. It is imperative that individual members do not look out for themselves or their own goals at the expense of other programs. Members must be willing to give up some control over the

network, because too much input will hinder its flexibility and speed in delivering services. They also need to be willing to invest resources (time and money). In addition, they need to be willing to give up some recognition for successes that might be consequences of the network. Members should have a desire to increase participation in IDAs on a national level, even if that means some programs excel more than others. All of this will only be possible if all network members are committed to and aligned around the long-term goal of expanding IDA participation throughout the United States.

In addition, members of the network must be peers, while recognizing the important roles that each member plays in accomplishing the goals. The power and influence of certain members cannot exceed that of other members, despite the size of a member's program, the length of time someone has been a network member, or any other factor. Everyone should have an equal stake in the partnership, which is why buy-in is so critical to success. Creating buy-in may take considerable time and effort.

4. Provide Support for a Multi-dimensional Network Structure

A successful network must have local, state, regional, national, and other levels of segmentation (as described above) to serve the needs of practitioners. As stated by most practitioners, segmentation is an important component of any network because different issues require the attention of different segments and sub-segments of the IDA practitioner population as well as different stakeholders. However, not all segments of the network need to be maintained and supported by a centralized administrator. The important task is to build a framework that enables a multi-dimensional network to evolve over time. Some local or issue specific networks may only contain a small number of members, yet the opportunity to form these smaller networks under the umbrella of the larger segments is imperative. **Figure 5** shows a simplified version of a multi-dimensional network structure.

Figure 5: Multi-dimensional Network Structure
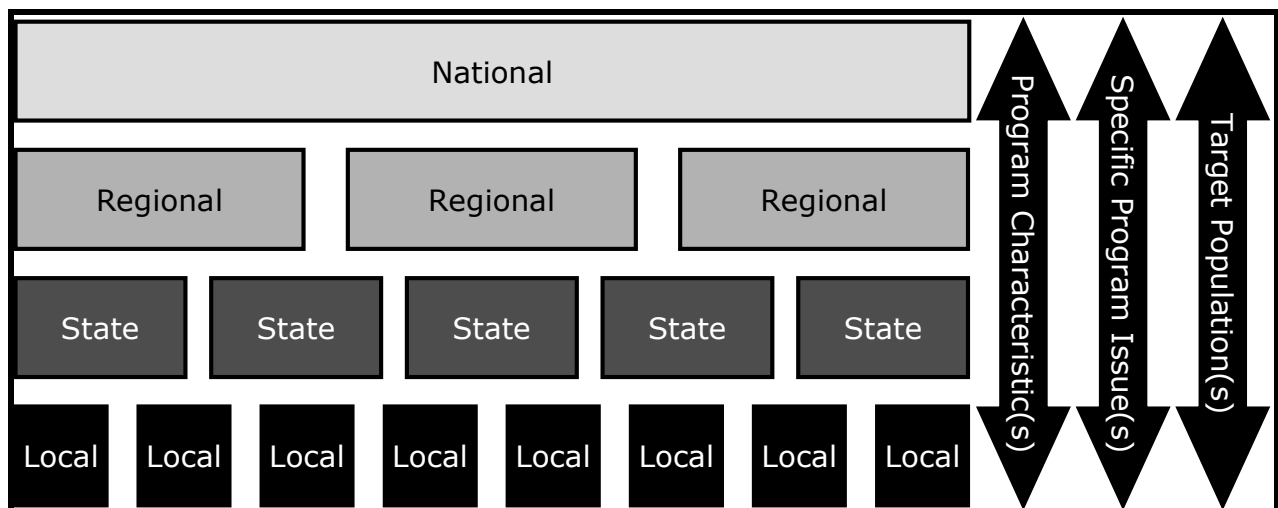
The diagram is not meant to imply a hierarchy in terms of importance or value, it is meant to show the dimensions that may be considered in a multi-dimensional network. As pictured, some segments, such as segmentation by program characteristic (e.g. faith-based organizations), will touch multiple geographic levels. In a similar manner, segments based on geography may touch a number of different non-geographic segments.

The first step in building such a network is to determine which needs are important at which level, and to identify the potential characteristics that may drive segmentation. Once these are determined, the responsibility of the network is to provide the means for people to engage whichever network segments they deem useful to their program. Again, the goal is not to develop and maintain a large number of network segments (although certainly a national network will be centrally maintained), but rather to make these connections possible and easy to make for practitioners. Many network segments already exist, such as state IDA collaboratives, which can easily be leveraged as part of the larger, multi-dimensional network. Thus, this does not simply need to be a top-down process. This structure will take considerable time to build and increased segmentation could add considerable costs to the network if any centralized facilitation is implemented.

Example: How to build and support a multi-dimensional network

A simple example of how to build and support a multi dimensional network is to create a web-based search function where practitioners can search for other members with similar program characteristics. For example, a practitioner in Oregon could search for programs in the Northwest that serve refugee populations and have been in operation for less than two years. The search would provide contact information for practitioners that meet all three criteria. If a network is established among these practitioners, that network can be formalized and supported as necessary by a centralized administrator, although centralized facilitation of these networks could be expensive. In addition, practitioners could use the search function to identify a more complex regional network of funders, financial institutions, practitioners, etc. Some existing tools may enable this search functionality to be built relatively quickly and easily.

Proposal 1: National Match Fund

It is clear that the greatest need for practitioners and IDA programs is a stable source of funding. Therefore, establishing a national match fund is an obvious alternative that would effectively support IDA programs and enhance IDA participation. One of the recently proposed methods for utilizing collective action to create this stable source of funding is the *American Dream Match Fund*, developed by CFED. CFED and others in the field are currently working to determine the viability of this plan and will create a proposal by the end of this year. Therefore, this report does not focus on the details of the match fund. However, based on the self-identified needs of practitioners, this report does propose that the match fund is one way to meet the critical fundraising needs of IDA practitioners through collective action. The match fund could serve as a complement, rather than an alternative, to a network. If the national match fund is successful, a network could assist in providing non-fundraising services. Alternatively, if the national match fund cannot be built successfully, a network could provide fundraising services. In addition, the national match fund could be structured so that only members of the network could have access to the funds and the success of a network could help facilitate the creation of the national match fund.

Proposal 2: Phased Network Implementation Plan

There are numerous ways to develop a collective action network. One of the most promising proposals is discussed below. It is important to recognize that the four key principles of a successful network discussed above will take considerable time and effort to develop and implement. As such, a phased implementation approach should be utilized with the goal of building a sustainable and successful network over time. The proposed implementation plan presented here has three phases and utilizes

the process of discovery driven planning. **Figure 6** shows a simplified version of this phased implementation plan.

Figure 6: Phased Network Implementation Approach
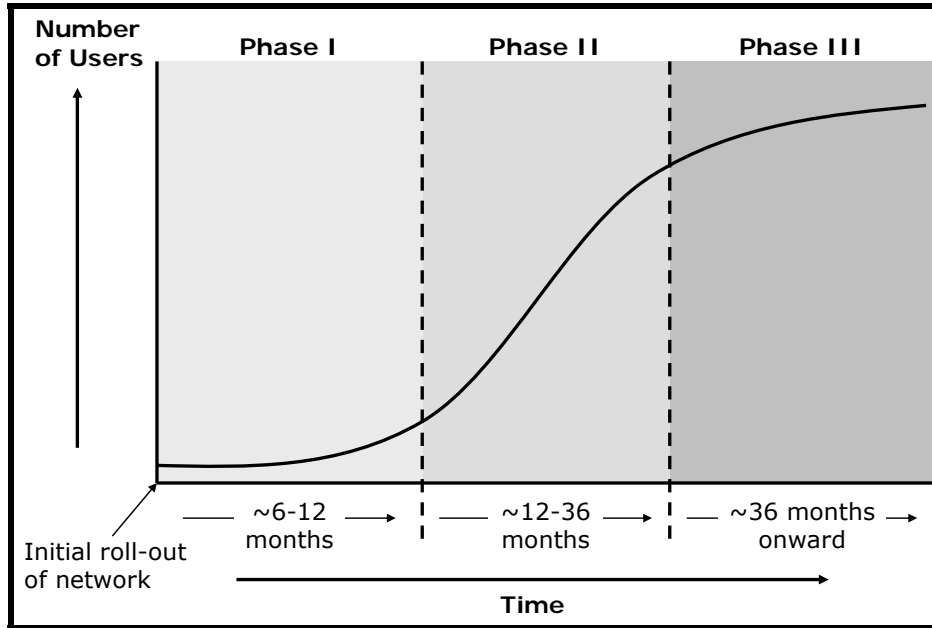
The figure focuses on how the number of members grows as a function of time, although timing is approximate. The sections below address the characteristics of each phase including which services will be offered, which members will be involved, and which delivery methods will be used in each phase. In addition, the management of each phase is addressed. It should be noted that Phase I begins with the roll out of the initial network, thus there is a period of network development that precedes it.

Phase I: Network Initiation
Phase I will begin once a basic network structure is in place and is estimated to last six to twelve months. However, this timing is approximate and it is more important to complete the stage successfully than to adhere to this timeline. This phase will take advantage of many of the key network connections already in place and will include only a limited number of members and services. The goal is to build a base of support for the network, to continue to develop and refine the network, and generally to prove the concept and value of the network on a small scale before rolling it out to a larger number of potential members. Proof of concept may include an increase in the amount of funds received by network members, increased operational efficiency of network members, a general buzz throughout the field about the value of the network, or an increase in public awareness of IDA programs. Clearly, increased fundraising will be the easiest to measure quantitatively.

Key Services
Only key services will be included in Phase I of the network. Based on survey and interview data, these key services should include assistance with fundraising, operations, and public awareness. However, the focus should be on fundraising. Services should be chosen to meet the most vital needs of practitioners, and should be considered in terms of their ability to be implemented. The initial

services should be relatively simple and cost effective. The idea is to develop these initial services and then continually assess their usefulness using the process of discovery driven planning. For example, the fundraising component should include the development of a list of funding sources and the means for accessing those funders. While this list of sources will certainly not solve all of the fundraising issues faced by practitioners, it would be a step in the right direction. Public awareness services should focus on providing members means to market their program locally, and incrementally enhancing the overall national marketing campaign.

From an operations perspective, the network should focus on providing practitioners technical assistance, training courses, and curricula related to practice improvement. Finally, the initial means of enabling segmentation, such as the search engine example, should be included in Phase I. Once these initial services are tested, they can be changed, augmented, or removed as necessary. While these initial services encompass only a limited number of the overall suite of potential services, the goal in Phase I is to provide the most needed services to members. The focus should be on delivering a small number of high-quality services, not a large number of services. In addition, no major irreversible investments should be made until services have been proven effective.

Network Members
Only key members will participate in Phase I of the network. Members should be chosen based on their value and willingness to participate. Based on survey and interview data, the two members that must be included are key practitioners and key state IDA collaboratives. While there is a desire for funders to be involved, it is too soon to approach them since the network concept has yet to be proven. It is imperative that each of the initial partners buy-in to the network concept and the shared vision that was discussed above. In addition, members should be chosen based on their influence in the field and on other practitioners. Key practitioners should also be identified by the strength of their existing networks and their ability to participate in Phase I from a financial and time perspective. For the sake of efficiency, this group of funders may be homogeneous and not be fully representative of all IDA programs. At this stage, only network members will have access to network services.

Methods of Delivery & Network Structure
A limited number of delivery methods should be implemented in Phase I. Methods should be chosen based on practitioner preferences and ease of implementation. These methods include internet-based delivery of information and documents as well as a limited number of personal connections, such as conferences and phone calls. Existing conferences should be leveraged as part of this phase, and the ability for members to connect with each other one-on-one should be enhanced. In addition, the current IDA listserv should be leveraged since it is already developed and used by many practitioners.

Management
A crucial component of Phase I is determining how the network will be managed. The first step is to find a relatively small number of key players (practitioners, intermediaries, and collaboratives) who are willing to serve as champions for the effort. This small group of individuals and organizations will be in charge of maintaining the network and must be active participants in the network. Organizations should be chosen based on not only their willingness to be involved, but also their ability to drive this phase successfully to completion. They must have the time and willingness to assess the network components on a regular basis and the means for suggesting and implementing necessary changes.

Additionally, there are funding concerns. With a limited number of participants, membership fees will do little to support the network. Therefore, while the champions of this effort must be willing to invest financially, Phase I must be primarily funded by external sources. For example, if Phase I includes 50 practitioners and each is willing to invest $250, this will provide an annual budget of $12,500. $12,500 is not nearly enough to support the network during this phase, so external funding is vital. Therefore, the group of champions must identify one or two funders to help support this phase. Obtaining funding may be difficult given the operational nature of the network, but it is imperative to secure some funding from outside to drive Phase I forward. Thus, certain members of the champion group may be chosen based on their strong connections to sources of funding.

Phase II: Rapid Growth

Phase II will begin once a sound, proven network structure is in place at the completion of Phase I. This is estimated to start approximately twelve months after rollout of the network and last approximately two years. However, this timing is approximate and it is more important to complete the stage successfully than to adhere to this timeline. This phase will build upon the successful elements of Phase I by expanding the number of network services, members, and delivery methods. However, this phase will not be characterized by a proliferation of services, members, and methods – each addition to the network must have value. Therefore, continual assessment of member needs is critical. The goal of Phase II is to implement as many valuable services as possible and reach as many valuable members as possible. In addition, there will be considerable changes in the management of the network under this phase.

Key Services

The key services offered during Phase I will serve as the basis for Phase II. Fundraising, operations, and public awareness assistance will be refined and augmented utilizing discovery driven planning. Since many of the services in these three categories will be relatively mature at this point, and no major changes will be necessary, this phase will also focus on adding policy and research components to the network. The key policy and research components should be added based on practitioner needs. In addition, segmentation mechanisms should be enhanced. At the end of Phase II, the network should offer a suite of services that captures nearly all of the critical needs of the field.

Network Members

The key network members participating in Phase I will serve as the basis for Phase II. Adding network members will be the most important and difficult activity of Phase II. Phase II should focus on adding members that will bring value to the network. New practitioners, funders, foundations, other intermediaries, governmental decision-makers, community organizations, financial institutions, and corporations should all be actively pursued as potential members. Ideally, a relatively strong value proposition can be made to these members since the concept and usefulness of the network has been proven (although the value proposition may be more difficult to make for some members than for others). It is important that each new member be treated as a peer, and not be overshadowed by the initial Phase I network members. Finally, buy-in must also be created among these new members.

Methods of Delivery & Network Structure

The key methods of delivery offered during Phase I will serve as the basis for Phase II. This phase will see a growth in delivery methods, primarily in the sophistication of web-based delivery and in the

number of in-person communication methods. Information offered on the internet should be valuable and easily accessible with increased search functionality to enable easy access to information. Additional conferences should be offered and supported by the network. These conferences should be driven by the segmentation needs of practitioners, meaning conferences could be based on geography or some other program characteristic or issue. Moreover, the ability for members to discuss issues one-on-one should be enhanced. Conference calls, also driven by segmentation, should be actively implemented to enhance communication. Existing methods of delivery (e.g. existing conference calls and conferences) should be leveraged where possible.

Management

The management of the network will change considerably under Phase II. In Phase I, a few key players were involved in network management, but in Phase II, the network must have a more formal and complex management structure. First, a manager should be hired to administer the network on a full-time basis. This person should understand and be committed to the mission of the network. It must be clear that someone is ultimately in charge of the network, although ideally this person should not be directly affiliated with any IDA program or intermediary so she can maintain independence. In addition, more decision rights and input should be handed over to members, specifically practitioners. A board should be established for the network that is as representative as possible (although the size of the board must obviously be manageable).

In addition, a pricing scheme must be introduced to help fund the network. Annual fees should be charged of practitioners, although fees should be based on ability to pay. For a network of this size, funding must be sustainable and must come partially from the practitioners who are deriving the most benefit from the service. However, the amount of money received from practitioners will not likely be sufficient to support the network. For example, if Phase II includes 350 practitioners and each is willing to pay $100, this will provide an annual budget of $35,000, which will not fully support the activities of the network. Therefore, new members, such as corporations or foundations, should be approached to augment the practitioner fees with funding of their own. In addition, other low-cost business models should be explored to keep network costs as low as possible while continuing to deliver high-quality services.

Phase III: Mature, Sustainable Network

Phase III will begin approximately three years from initial rollout of the network, and will last as long as the network is a useful tool for supporting IDA practitioners. At this point, the network will have reached a relatively mature point and will not require any drastic changes related to its membership or the services offered. Thus, the network must be managed and continually assessed, but it will likely only experience incremental changes. Significant changes will only be necessary in response to major changes in the environment, such as implementation of a national match fund, new legislation, the introduction of new asset-building tools that replace IDAs, etc. Major changes should initiate a reassessment of the entire network, which could begin an entirely new phased implementation cycle and lead to a new and different network structure.

In the absence of such major changes, additions to the network during Phase III are likely to include only minor adjustments and additions to services or delivery methods as well as the addition of several new IDA practitioners or partners on a limited basis. Network management will also be mature,

although it may be unwieldy given the size and scope of the network. Developing an effective, yet representative governance structure is a nontrivial exercise and may be the most difficult task in Phase III. In addition, in this phase the network should meet each of the four principles to a successful network presented above. It is important not to be complacent during this phase and to continue to adhere to the discovery driven planning process. There will always be valuable modifications to make, and member needs may change over time so it is imperative to assess their needs on a regular basis.

Key Services
Key services offered via the network will be continually assessed and refined or augmented as necessary. New services will be added if there is demonstrated value, but few new services are likely to be developed in Phase III.

Network Members
Members of the network will be continually assessed and added or removed as necessary. It is unlikely that a large number of new members will be added, but continuous augmentation of the member base with new practitioners, new funders, and new financial institutions will be valuable.

Methods of Delivery & Network Structure
Methods of service delivery in the network will be continually assessed and refined or augmented as necessary. New methods are unlikely to be added, unless there is demonstrated value to doing so.

Management
Ongoing management of the network is likely to be the biggest challenge in Phase III. Pricing schemes should be formalized at this point, yet membership fees will still not be sufficient to support the network. For example, if Phase III includes 500 practitioners and each is willing to pay $250, this will provide an annual budget of $125,000, which will not fully support a mature network. In addition, there is likely to be ongoing discussion about who is making decisions regarding the network. Board members will have to be rotated on a regular basis to ensure input from a representative group of members. Smaller boards (e.g. state-level boards) may be implemented as necessary. The goal is to create a truly peer-to-peer network in which members feel their voice is being heard, but which is flexible enough to make decisions in a timely manner. As mentioned above, designing this governance structure will be a difficult and time-consuming exercise.

Next Step: Build a Viable Business Model
The critical next step necessary before implementing this phased implementation approach is the development of a sound, viable business model. The business model must clearly show how the network can be financially sustainable over the long term. The tension between the need to deliver a suite of high-quality services and the lack of financial resources available must be addressed. Funding constraints are a significant bottleneck in developing the network as proposed above. The funding constraints are caused by the limited willingness of practitioners to pay for these services as well as the difficulty in obtaining outside funding for such an operational project. Without a viable business model, the network will not be successful.

EXHIBIT 1: CFED OVERVIEW

CFED, formerly the Corporation for Enterprise Development, is the primary client for this project and worked closely with me throughout its development.

CFED is a leader in the IDA field and is working to address many of the barriers identified in this report. CFED is a nonprofit organization that works to expand economic opportunity at the local, regional, and national levels. The organization believes that expanding economic opportunity will bring greater social equity, alleviate poverty, and lead to a more sustainable economy. CFED is committed to expanding its leadership role in the asset-building field and to identifying and implementing the next generation of asset-building products for low-income individuals and households. At the heart of this vision lies a stronger and deeper partnership with the private sector to achieve scale in product and service delivery. CFED would like to expand its current knowledge of IDAs and asset-building initiatives to enable the expansion of IDA programs.

EXHIBIT 2: DETAILED SURVEY RESULTS – KEY SERVICES

Table 3: Fundraising Needs*

	Primary Need Respondents (n=45)	Secondary Need Respondents (n=21)	Weighted Average (n=66)
Grant writing models	2.7	3.1	**2.8**
Grant writing training	2.4	2.8	**2.5**
Lists of funding sources	4.5	4.0	**4.3**
Assistance in obtaining funds	4.9	5.0	**5.0**
A national source of match and operating funds	5.1	5.0	**5.1**
Other	1.3	2.0	**1.5**

*Note: Responses rated on a scale of 0-6 (0=*not important*, 1=*least important*, 6=*most important*)

Table 4: Public Awareness Needs*

	Primary Need Respondents (n=24)	Secondary Need Respondents (n=15)	Weighted Average (n=39)
Marketing the program locally	5.3	5.5	**5.4**
Increasing public awareness of IDAs nationally	4.6	4.2	**4.4**
Obtaining a celebrity spokesperson for IDAs	3.1	2.8	**3.0**
Establishing common messages about IDAs	4.1	4.0	**4.1**
Building a national story bank with stories about participants	2.8	3.0	**2.9**
Other	2.0	1.0	**1.6**

*Note: Responses rated on a scale of 0-6 (0=*not important*, 1=*least important*, 6=*most important*)

Table 5: Operational/Practice Related Needs*

	Primary Need Respondents (n=11)	Secondary Need Respondents (n=32)	Weighted Average (n=43)
Technical assistance for practice improvement	4.0	4.5	**4.4**
Access to shared services (e.g. purchasing products or services)	2.7	3.3	**3.2**
Training for practice improvement	3.6	4.1	**4.0**
Access to financial training curricula and best practices	3.9	3.3	**3.4**
Networking opportunities with other practitioners	4.8	4.1	**4.3**
Other	1.0	2.0	**1.7**

*Note: Responses rated on a scale of 0-6 (0=*not important*, 1=*least important*, 6=*most important*)

Table 6: Policy Related Needs*

	Primary Need Respondents (n=7)	Secondary Need Respondents (n=12)	Weighted Average (n=19)
State policy development and advocacy	2.1	3.6	**3.0**
State policy implementation	2.7	3.5	**3.2**
Federal policy development and advocacy	4.2	3.5	**3.7**
Federal policy implementation	4.7	3.4	**3.9**
Other	3.0	1.0	**1.7**

*Note: Responses rated on a scale of 0-5 (0=*not important*, 1=*least important*, 5=*most important*)

Table 7: Research Needs*

	Primary Need Respondents (n=3)	Secondary Need Respondents (n=4)	Weighted Average (n=7)
Collecting participant data	2.0	4.3	**3.3**
Comparing data across the field to show impact	6.0	4.8	**5.3**
Connecting research to real participant stories	4.0	3.8	**3.9**
Using research for policy change	5.0	4.0	**4.4**
Using research for practice improvements	5.3	5.0	**5.1**
Providing research to financial institutions and other private sector organizations	4.7	4.8	**4.7**
Other	1.0	0	**0.4**

*Note: Responses rated on a scale of 0-7 (0=*not important*, 1=*least important*, 7=*most important*)

EXHIBIT 3: DETAILED SURVEY RESULTS – NETWORK MEMBERS

Table 8: Importance of connecting with the following stakeholders for each service (weighted average)*

Service *Stakeholder*	Fundraising (n=66)	Public Awareness (n=39)	Operational/ Practice (n=43)	Policy (n=19)	Research (n=7)	Total (n=178)**
Other practitioners	3.5	5.0	6.4	5.0	6.9	**4.8**
State IDA collaboratives	4.2	5.5	5.0	5.0	3.6	**4.8**
IDA intermediaries or support organizations	4.2	4.3	4.5	4.5	5.6	**4.4**
Program participants	2.5	4.8	4.5	3.3	5.1	**3.7**
State or local government decision-makers	4.9	4.4	3.3	5.2	3.3	**4.3**
Federal government decision-makers	4.9	3.5	4.0	5.4	2.9	**4.3**
Funders	6.6	4.8	4.6	4.1	4.3	**5.3**
Financial institutions	5.2	3.7	3.7	3.5	4.4	**4.3**

*Note: Responses rated on a scale of 1-7 (1=*least important*, 7=*most important*)

**Note: n=178, which includes all responses for the primary and secondary needs question (each member chooses two services), less the four respondents who chose the same service as their primary and secondary need. These responses include the "other services" category although these are not explicitly stated in the table.

EXHIBIT 4: DETAILED SURVEY RESULTS – METHODS OF DELIVERY & NETWORK STRUCTURE

Table 9: Preference for methods of obtaining assistance with each service*

Service *Delivery Method*	Fundraising (n=66)	Public Awareness (n=39)	Operational/ Practice (n=43)	Policy (n=19)	Research (n=7)	Weighted Average (n=178)**
Internet-based delivery of documents and information	5.2	5.2	5.3	5.9	5.7	**5.3**
Online chat service	2.3	2.6	2.0	2.4	2.9	**2.4**
A listserv	3.8	4.0	3.8	4.1	5.1	**3.9**
Online working groups	3.4	3.8	3.4	3.4	4.7	**3.5**
In person one-on-one discussions	4.8	5.0	5.7	5.2	4.1	**5.1**
One-on-one phone or email discussions	5.3	4.8	5.4	5.2	4.3	**5.2**
Conference calls	5.4	4.4	4.9	4.5	4.7	**5.0**
Conferences or other gatherings	5.8	6.2	5.4	5.3	4.4	**5.7**

*Note: Responses rated on a scale of 1-7 (1=*least preferred method*, 7=*most preferred method*)

**Note: n=178, which includes all responses for the primary and secondary needs question (each member chooses two services), less the four respondents who chose the same service as their primary and secondary need. These responses include the "other services" category although these are not explicitly stated in the table.

EXHIBIT 5: DETAILED SURVEY RESULTS – MANAGEMENT ISSUES

Table 10: Is there value to the network?

	Number of Respondents (n=91)	Percentage of Respondents
Yes	44	**48.4%**
No	3	**3.3%**
Unsure	44	**48.4%**

Table 11: How much would you pay annually?

	Number of Respondents (n=91)	Percentage of Respondents
Nothing	23	**25.3%**
No more than $100	32	**35.2%**
No more than $250	22	**24.2%**
No more than $500	10	**11.0%**
No more than $1,000	3	**3.3%**
More than $1,000	1	**1.1%**

Table 12: How much time could you spend weekly?

	Number of Respondents (n=91)	Percentage of Respondents
None	4	**4.4%**
No more than 2 hours	52	**57.1%**
No more than 5 hours	28	**30.8%**
No more than 10 hours	4	**4.4%**
No more than 20 hours	3	**3.3%**
More than 20 hours	0	**0.0%**

Table 13: How much control do you want over decisions in the network?

	Number of Respondents (n=91)	Percentage of Respondents
Have no decision-making authority	3	**3.3%**
Provide minimal input on decisions	42	**46.2%**
Serve as an advisor on decisions	41	**45.1%**
Have formal decision-making authority	5	**5.5%**

EXHIBIT 6: INTERVIEWEES

The following interviews assisted in the development of this project.

1. Boyer, Vanessa. February 22, 2006. Associate Director, Fresh Ministries Center for Urban Initiatives. Jacksonville, FL
2. Coull, Robin. March 2, 2006. Director of Client Services, The Women's Center. Chapel Hill, NC.
3. Krause, Meredith. February 22, 2006. Program Manager, Tucson Learn to Save, Community Services Department, City of Tucson. Tucson, AZ.
4. Marmor, Rosanne. February 23, 2006. Tenant Services Program Manager, REACH. Portland, OR.
5. Thompson, Laura. March 2, 2006. IDA Program Coordinator, Refugee Resettlement Office. Seattle, WA
6. Van Harte, Meagan. February 23, 2006. Director of Development Services, LESPFCU. New York, NY.
7. Wei-Skillern, Jane. February 23, 2006. Assistant Professor of General Management, Initiative on Social Enterprise, Harvard Business School. Cambridge, MA.
8. Wunderli, Martha D. February 20, 2006. Utah Individual Development Account Network Coordinator, Utah Issues Center for Poverty Research and Action. Salt Lake City, UT.

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