Assets for All Alliance

IDA COLLABORATIVES TOOLKIT

A Practical Manual
Based upon a Case Study of
The Assets for All Alliance

August 2003

center for venture philanthropy
A Division of Peninsula Community Foundation

IDA COLLABORATIVES TOOLKIT

August 2003

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INTRODUCTION

WHAT IS A REGIONAL IDA COLLABORATIVE?

A regional collaborative is a group of diverse organizations within a logical geographic region that come together to create a formal relationship in order to provide an Individual Development Account (IDA) program to residents of their communities. IDA programs are complicated and difficult to manage and run. Throughout the country, organizations that serve low-income individuals form collaboratives to share the workload to provide effective IDA services. They create a common infrastructure that many organizations can tap into to offer IDAs to their clients.

WHAT IS THE ASSETS FOR ALL ALLIANCE?

The Assets for All Alliance is a regional IDA collaborative composed of community-based organizations, county government agencies and foundations that work together to help the working poor of Silicon Valley to build wealth through saving in Individual Development Accounts. Community-based organizations and county agencies—such as Catholic Charities and San Mateo County's PeninsulaWorks—recruit and support account holders as they save toward their goals. Two other types of organizations, a community development financial institution, Lenders for Community Development (LCD), and a community foundation, Peninsula Community Foundation (PCF), have teamed up as managing partners to provide management, fundraising, administrative, educational and technical support to the community-based organizations.

WHO IS OPENING IDAS THROUGH THE ALLIANCE?[1]

The Assets for All Alliance serves the diverse low-income population of Silicon Valley. The 1,127 Alliance enrollees have the following attributes:

- 70.3% are women
- 35.4% are Latino, 21.9% Caucasian, 20.7%Asian/Pacific Islander, 14.9% African-American, .8% Native American and 6.3% other/mixed
- 18% are refugees, mainly from Bosnia, Vietnam, Iran and Sudan
- 73.7% are families with at least one child
- median family income is $24,000

Silicon Valley is one of the most expensive areas in the nation in which to live. The average home price is about $475,000. A family of four earning 80% of the area median income has a household income of over $79,000. The Alliance serves a two-county region that stretches from south of San Francisco through San Jose, from the Pacific Ocean to San Francisco Bay, covers a 1,847-square mile area and contains dozens of cities and 2.3 million people.

ORIGINS OF THE ALLIANCE

In early 1999, a unique set of circumstances enabled several organizations to come together to create the Assets for All Alliance. Lenders for Community Development (LCD) received a planning grant from Citibank in January of 1999 to develop an IDA program. At first, LCD's management envisioned offering IDAs to just their own clients, low-income entrepreneurs, to grow their businesses. Soon, however, LCD staff learned that Catholic

[1] Data as of 6/30/03. Go to http://www.pcf.org/venture_philanthropy/pdfs/afaa_targetsum.pdf for the most recent data.

Charities of Santa Clara County (CCSJ) was also interested in offering IDAs to their clients in Silicon Valley. LCD recognized a need and an opportunity to play a regional role by providing technical and supportive services so other organizations could offer IDAs to their clients without creating duplicative and extensive infrastructures to support their efforts. LCD staff also recognized that playing a regional role in an IDA program would build on the organization's core competencies as an intermediary between conventional financial institutions and low-income individuals.

At the same time, Peninsula Community Foundation (PCF) was launching its Center for Venture Philanthropy (CVP), an initiative designed to create avenues for local investors to find new ways to engage in philanthropy, with an emphasis on measurable return on civic investment.[2] The CVP founders had a strong commitment to support a Silicon Valley-wide effort to decrease the region's increasing gap between rich and poor. The emerging IDA alliance was an ideal candidate to be the focus of its first social venture fund. LCD, CVP and CCSJ came together to forge an alliance to address the social need.

The Center for Venture Philanthropy announced the formation of the social venture fund, Assets for All Alliance, at a press conference in July 1999. By that time, the Alliance had developed a plan that called for the creation of an IDA pilot project that would work with 600 families over a three-year enrollment period. Later that year, Peninsula Community Foundation secured $250,000 in seed money from a private philanthropist that allowed the Alliance to apply to be part of the U.S. Department of Health and Human Services' Assets for Independence Act (AFIA) demonstration project. The Assets for All Alliance was selected to be one of 39 IDA programs throughout the country to receive first-round funding to support 106 participants and is providing ongoing data and evaluation to inform federal policy.

Feeling confident that the collaborative model would stretch the national learning curve in speed and success of implementation, CVP sought significant funding from the David and Lucile Packard Foundation. The Packard Foundation awarded $500,000 in operating funds that provided the structural underpinning for the Alliance to set ambitious targets of having the fastest ramp-up in the country in year one, doubling enrollment in year two, and expanding to open 840 accounts by the end of the three-year enrollment period. Subsequent funding from the William and Flora Hewlett Foundation and the Charles and Helen Schwab Foundation allowed them to actually enroll over 1,000 people by the end of year three.

ELEMENTS OF THE ALLIANCE MODEL

The Alliance's unique model has enabled it to scale up quickly and in a sustainable fashion. In creating a centralized infrastructure of IDA administrative functions (i.e., MIS, fundraising, coordination), the model aims to make it easier for already overburdened social service agencies to integrate IDAs into their provision of services and maintain their focus on their clients.

The Alliance's approach is powerful and effective:

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[2] Go to http://www.pcf.org/venture_philanthropy/definition.html for information on CVP's venture philanthropy model.

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- The Alliance develops and tracks its progress with clear, measurable target goals and performance measures—beyond enrollment goals—related to account holder outcomes and organizational outcomes.
- All partner staff and local philanthropic investors regularly participate in a continuous improvement process with regular checkpoints.
- Agencies that perform recruitment and support roles receive compensation for their work under a performance-based contract.
- To recruit eligible individuals into the IDA opportunity, the Alliance focuses on building a small number of strong partnerships rather than many, more loosely–knit partnerships. A typical Alliance partner organization will recruit 30 account holders from its client base in one year. In contrast, many IDA collaboratives have large numbers of partners which each serve a small number of account holders.
- A community foundation plays a role that goes well beyond that of a conventional funder. See 1) below for specific responsibilities.

The Alliance model relies on the following two primary principles:

1) Roles and responsibilities are clearly developed and determined based on the partner organizations' respective core competencies

To run an effective IDA initiative, many tasks need to be accomplished on an ongoing basis. These include account holder recruitment, money management instruction, ongoing support of account holders, management of the banking partnership, data management, overall coordination, regular progress monitoring, ongoing evaluation and fundraising. From the start, the Alliance founders believed that no one agency could or should take on these tasks in total. Rather, the various roles should be performed by organizations that have the unique core competencies to perform each role well.

Therefore, social service organizations that have strong credibility and ongoing relationships with low-income individuals recruit and support clients. Organizations that perform these recruitment and support functions are referred to as Alliance community partners.

Lenders for Community Development provides centralized administrative services and overall coordination so that the community partners can maintain their focus on their clients. These roles grew out of LCD's strengths and experiences and enable the partner social service organizations to concentrate on what they do best--provide high quality direct services and programs to lower income populations.

The Center for Venture Philanthropy took the lead in fundraising, evaluation, and management of the accountability-for-results process during the first three years of the social venture fund. For the last three years, CVP will: advise LCD on fundraising as the lead responsibility shifts from one managing partner to the other; maintain the lead role in evaluation; assume a lead role in public policy monitoring and advocacy; continue to report to investors; and, continue with the lead role in the accountability–for–result process. Additionally, CVP will continue to play the critical friend role as LCD develops internal resources to assume that role.

2) Through its accountability-for-results process, all partner organizations jointly develop and strive toward quarterly as well as long-term goals and they participate in a continuous improvement process

The accountability–for–results process has two parts:

1. ***Goal Setting***
   First, the Alliance members work together to set goals that are demanding but realistic. *(See Step Five for details.)*
2. ***Tracking and Improving***
   The Alliance then uses several mechanisms, including written documents and regular meetings, to track progress and solve problems. The result is a process of continuous improvement. *(See Step Seven for details.)*

ALLIANCE ACHIEVEMENTS TO DATE[3]

In its three and a half years of operations, the Alliance has achieved the following outcomes:

Account holder outcomes

- 1,127 low-income families (158 AFIA-funded families) have completed the initial five-week money management course, developed a personal savings plan and opened an IDA. 88 people have graduated from the program; 271 are no longer active for reasons other than completion. Therefore, 768 enrollees continue to be active savers.
- These families have accumulated $1,209,092 in personal savings. Assets worth $439,781 have been purchased. They are saving an average of $57.84/month on a median monthly income of $2,000.
- 85% of the active families have developed a regular habit of savings (at least 10 monthly deposits/year of $20 or more).
- 268 participants have made asset purchases.
- 80% of active savers are meeting their personal monthly savings goals.

Organizational outcomes

- The Alliance offers all or some of its services in four languages: English, Spanish, Vietnamese and Bosnian.
- Several community partners have trained account holders to lead money management classes in their native languages.
- Expansion to seven community partners has allowed the Alliance to achieve geographic spread throughout its two-county area and ensure that services are reaching a diverse population.
- The Alliance has generated 19 news articles in different Bay Area newspapers; conducted ten workshops at CFED conferences (including two full-day collaborative-building workshops); provided technical assistance to a young collaborative in Connecticut; worked with individual programs in various parts of the nation; participated in seven additional panels in the United States and Canada; and, published articles on going to scale and serving immigration populations in the CFED newsletter.

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[3] Data as of 5–15–03. Go to http://www.pcf.org/venture_philanthropy/pdfs/afaa_targetsum.pdf for most recent data.

- The Alliance has raised over $6 million for matching funds and ongoing operations.

FORMING AN IDA COLLABORATIVE

REASONS TO FORM A COLLABORATIVE

1. **To make it easier for community-based organizations to offer IDAs to their clients.**
   In an IDA collaborative, participating social service organizations do not need to develop an entire IDA infrastructure. One organization plays a coordinating role to perform the technical and administrative functions. Another leads the fundraising effort and conducts the evaluation. The social service organizations can then focus on what they do best: communicating with and supporting their clients.

2. **To diversify your distribution channels.**
   Multiple organizations working together can often reach more diverse populations than one organization alone.

3. **To complement your organization's core competencies**.
   Participating organizations can divide up roles and responsibilities based on each organization's core competencies. This approach is often more efficient and effective than one organization trying to do it all.

4. **To widen your circle of learning and expertise.**
   Individuals from different organizations can bring their diverse expertise and perspectives to bear on problems. Also, participating staff often feel less isolated since they are in contact with staff throughout their region who are working toward similar goals.

5. **To scale up quickly to serve more account holders.**
   Since they rely on diverse distribution channels, IDA collaboratives are able to scale up to reach more clients more quickly.

6. **To put charitable dollars to their most efficient use.**
   By relying on a common infrastructure, organizations can avoid creating duplicative infrastructures in their regions. Instead of competing for funding, organizations can work together to raise funds. Funders appreciate this increased efficiency.

RISKS INVOLVED

Throughout this case study, the Alliance will provide hints, based upon experience, on how to decrease these risks.

1. **Non performance**
   Some participating organizations may not perform their responsibilities and will compromise services for clients and/or other partners.

2. **Disagreements**
   Participating organizations may disagree about governance issues, how roles and responsibilities are divided and other issues.

3. **Poor Information**

Communication issues could arise. Information could not flow well throughout the collaborating partner organizations, resulting in inconsistencies and misunderstandings.

4. **Time Intensive**
   Much of the time put into maintaining the partnerships could be more productively spent on the IDA program itself.

5. **Loss of Control**
   Organizations do not maintain complete control over the program if they partner with other organizations.

6. **Competition for Resources**
   Participating organizations may disagree about how resources are allocated.

The Alliance acknowledges that some of these issues are unavoidable, but our partners all agree that the benefits far outweigh these risks.

How to Know if You Are Ready

Ask yourself and your colleagues these important questions to determine if it makes sense for your organization to start or join an IDA collaborative.

- What could my organization accomplish in an IDA collaborative that we could not accomplish alone?
- Does my organization have a strong history of effectively partnering with other organizations throughout my region?
- What role would my organization play? What roles would other organizations play?
- Can my organization make a long-term commitment to the IDA program?
- Am I committed to the concept of collaboration to offer IDAs?
- Is there an organization that could play a leadership role to oversee the collaborative and hold all partners accountable?
- Are there organizations in my area that would be interested in forming a regional collaborative?
- What would be the mission of our IDA collaborative? How can we work together to create a mission that we all can work toward?
- How will we define success for our collaborative?

- Would we all be willing to commit to an intensive planning process? What would be the structure and duration of this planning process? What roles would we play in the planning process?

- Would funders in our area be interested in supporting an IDA collaborative? Do they have the capacity to fund the goals we are establishing? What levels of operating and matching funds would they provide?

TWELVE STEPS TO SUCCESS

Once you have determined that you are ready to form a collaborative, it's time to buckle down to the real work.

STARTING FROM SCRATCH

With Assets for All, we had three strong organizations interested in creating an effective mechanism for IDAs and well-positioned to do so. We were able to form the leadership of the Alliance and then select the partners that we thought were most suited to providing the community with the best service within the framework of our collaborative. The materials in the rest of this toolkit are reflective of that approach to building a collaborative.

BUILDING WITH EXISTING PROVIDERS

Many of you will be in the position of wanting to work with organizations that are already providing IDAs, seeing the value of coming together into a collaborative. Most of the following materials will still be relevant; you will simply need to look at them from a slightly different perspective, modifying the decision-making process and perhaps the accountability to suit your situation.

STEP ONE

Research

When we were starting the Assets for All Alliance, we spent a lot of time on the phone with individuals throughout the country who were starting or running IDA collaboratives. We knew that these individuals would have the best answers to our countless questions. These questions included

- How much staff time should a community partner allocate if he wants to recruit and support 50 account holders in one year?
- How did they deal with a partner who was not doing what it said it would?
- What was working well—and not so well—in their collaborative?
- If they were starting over, what would they do differently?
- What types of organizations (affordable housing, social service, etc) are in their collaborative?
- How do they divide roles and responsibilities?
- What have been their biggest challenges and how have they overcome them?
- How is fundraising and distribution of funds handled throughout their collaborative?
- What has worked best for them in fundraising?
- How do they keep communications open and clear?
- Who have been their most effective partners? What has made them effective?
- What is the profile of the clients for whom IDAs really seem to be working?
- Do they have any forms or documents to share that they think work particularly well?
- How are partners held accountable? *(See Steps Seven and Nine)*

We will offer our approaches to many of these questions in this guide, but you should cast your net wide as you do your research. CFED has a descriptive list of IDA programs on its website and its listserve, idanetwork@cfed.org, is a great resource. It contains contact information and a brief description of the major collaboratives that have been in the field for more than a few years. Use it often to contact individuals with your questions. Don't be shy! The IDA field is full of entrepreneurial individuals who can often spare a few minutes of their time.

…in our experience…

When we were starting out, we had over 10 hour-long phone conversations with IDA program staff throughout the country. This phone time enabled us to learn what had worked and not worked in other parts of country. We could then build on other programs' strengths and not repeat their mistakes.

Over and over again, these practitioners cautioned us not to bring on too many partners too quickly. "With every partner you bring on, your workload increases exponentially," said one IDA practitioner in the Midwest. We started out with two partners who both served large numbers of clients who could potentially open IDAs. Over the last two and half years, we have brought on several additional partners and removed a few, too.

Also, we heard that many programs' participants would complete the money management training but would not open accounts. In one program on the west coast, participants would complete a five-week money management course, but over one-third of the clients would not go to the bank to open the account. For whatever reasons—discomfort with financial institutions, for example—people weren't getting to the bank to open their accounts. To avoid that problem, we asked our banking partner, Citibank, to come to the last money management class and activate participants' accounts right there. Our participants were able to meet bank officials in a familiar setting where they were comfortable. In this way, all of our participants who complete the money management training open accounts and can start saving.

STEP TWO

Plan

It took six months for the Assets for All Alliance to go from a glimmer in our eyes to a functioning program. It is important that you take the time to make sure you have all of the necessary pieces in place before you start offering accounts.

Since IDA collaboratives involve more than one institution, you may have individuals from several organizations participating in your planning process. Recognize that the more people are involved, the longer the process is likely to take. It is worth it, however.

CFED's IDA Handbook is one of the best resources to help you develop your planning process.

As you begin to think about your planning process, keep a few very important things foremost in mind:

- **How will your collaborative define success?**

  Will it be asset goals attained? People who complete your financial literacy course and start saving? People who develop a regular pattern of saving? You will be tempted to say all three, but rank them in order of priority so that you are all in agreement when issues come up that may cause them to be in conflict.

  Once you and your potential partners carefully work through this question and agree upon an answer, you can best shape your collaborative to achieve this success.

- **Involve all partners in the planning process.**

  Your collaborative will be stronger if you involve your partners in the planning process. Your partners will more likely "buy into" your collaborative's policies and the various partners' roles and responsibilities if they have helped shape them.

  Even if you do not have any partners at this stage, you can start planning. At the Alliance, LCD and CVP started planning before we had any other formal partners. As soon as we identified other partners, we immediately brought them into the planning process. Catholic Charities and Samaritan House helped shape most of the policies the Alliance now has in place. At community partner meetings, all partners discuss issues and make recommendations for policy changes or additions.

…in our experience…

We decided that "success" for the Assets for All Alliance would be defined in terms of 1) outcomes for the families we serve, and 2) our ability to inform policymakers and the general IDA field. We also saw our program as a pilot, designed to show that our collaborative model and our venture philanthropy approach were powerful avenues for taking an IDA program to scale.

Setting our goals helped us choose among several design options. For example, we decided to work with fewer and larger partners rather than many small partners. We wanted to achieve our goals but minimize our coordination and oversight. Some collaboratives, however, have additional goals that may include increasing the capacity of organizations in their community to offer IDAs. They accordingly choose to partner with more organizations.

Also, we decided to partner with some organizations that served clients who were already moving toward the IDA asset goals. Several of our partners serve specific client niches. For example, Lenders for Community Development's microlending program serves individuals who are pursuing self-employment. LIFETIME (Low Income Families Empowerment Through Education) serves women who are transitioning off of public assistance as they pursue college degrees. North Central College Institute was working with parents and their third grade children on educational goals intended to help the children get to college.

By working with these niche organizations, we planned to maximize our chances that our account holders would reach their goals and draw down on their IDA accounts. We believed, and still believe, we would be better positioned to inform local, state, and national policy if we had accountholders who achieved their goals.

STEP THREE

Take stock

Below is a checklist of all the functions and steps that need to be done to effectively offer IDAs to individuals in your communities. In your collaborative, the participating institutions will need to divide up these functions based on their core competencies (what they each do best). Look over the list and begin to think about the organizations in your community that could perform such functions.

- **Account holder recruitment**

  What organizations in your community are serving clients (or have constituencies) who are "IDA ready"? In other words, who is serving clients who are already working toward long-term goals and are ready to save? The IDA is one more tool to get them to their goals.

- **Account holder support**

  What organizations can support individuals who are saving in IDAs and working toward long-term goals? These organizations will provide a range of supports—everything from calling account holders to remind them of money management classes to linking them to appropriate job training to increase their income to assisting them when crises arise.

  In the Assets for All Alliance, the recruitment and support functions are performed by the same organizations (known as community partners).

- **Account and data management**

  What organization has the skill and capacity to 1) manage the IT system that keeps track of the IDAs; 2) send statements to account holders and community partners; 3) allocate matching funds based on participant savings; 4) monitor deposits; 5) approve release of matching funds for asset purchases 6) pull data from the IT system to inform the accountability-for-results process as well as appropriate program and policy discussions?

  In the Assets for All Alliance, Lenders for Community Development, the operations managing partner, performs this role.

- **Money management education coordination and provision**

  The following individual and group trainings will need to be provided: 1) orientations; 2) assessment interviews; 3) money management instruction; 4) goal specific trainings; and, 5) other ongoing learning opportunities. The partner responsible for this function may provide the trainings themselves or contract with other institutions to provide the trainings.

  In the Assets for All Alliance, Lenders for Community Development, the operations managing partner, performs this role. LCD oversees and coordinates the education, but actually teaching the classes is outsourced to Consumer Credit Counseling Services.

- **Fundraising**

  What organization has the capacity and the connections to raise the funds required to support the clients and the partners? This includes: 1) preparing all fundraising materials; 2) identifying potential funders; 3) making the request either through a grant writing process or in person; 4) reporting back to all funders (and developing a timetable for reporting requirements).

  In the Assets for All Alliance, the Center for Venture Philanthropy assumed the lead role for this function during the first three years after which LCD has assumed this responsibility.

- **Partner oversight**

  Someone needs to check in with all partners on a regular basis to see how everything is going. The overseer can also help the partners think through any challenges or problems they may be having

  On a day-to-day basis, Lenders for Community Development performs this role. The Center for Venture Philanthropy oversees progress toward quarterly and annual goals.

- **Ensure collaborative-wide learning and information-flow**

  Someone will need to ensure that all partners have the right information at the right time. This person will also need to ensure that all partners have ample opportunities for ongoing learning and problem-solving.

  In the Assets for All Alliance, the Center for Venture Philanthropy and Lenders for Community Development share this role.

- **Holding IDA accounts**

  The holder of the accounts, a bank or credit union, will need to be insured by the Federal Depository Insurance Corporation (FDIC) to take deposits. They should provide a variety of services to the operations managing partner and the account holders. *(See Step Four for details.)*

STEP FOUR

Choose partners

We cannot over emphasize the importance of the partner selection process. Your collaborative will sink or swim based on the caliber of your partners.

We all know that partnerships—both good ones and bad ones—take time. Better to put in the time up front to ensure the best odds that the partnerships will succeed. If you skip this "up front" time, you will most likely spend more time later troubleshooting problems that arise from having a weak partner. These problems might include: partners not doing what they say they will do (e.g., getting the word out about an orientation) or partners who do not meet their goals (e.g., only enroll 30 out of a goal of 50 clients). Both of these can result from partners who do not understand or accept the necessary staff and time commitment or, even worse, do not buy into the overall IDA concept.

The roles and responsibilities of our partners were determined after the exemplary agencies were chosen. Roles were assigned according to agency core competency after it was determined that there was a certain base level of expertise or at least commitment in each area. The co–managing partners then staffed up to meet the roles and responsibilities and hired people with the competencies needed to fill any gaps.

- **Operations Managing Partner**

  The operations managing partner serves as the "back office" of the Alliance. It is charged with providing administrative and technical services to the community partners that are recruiting account holders from their clients. These functions include:
  1. Oversight of partners
  2. Coordination of training and counseling
  3. Account and data management
  4. Training of community partners
  5. Overall coordination

  The operations managing partner should have
  1. A history of providing high quality services to low-income individuals throughout the entire service region
  2. A history of partnering with other organizations to deliver services
  3. Capacity to manage data using a sophisticated computer-based system
  4. Capacity to move data and information in a timely manner between multiple organizations
  5. Capacity to effectively convene group meetings and facilitate group decision-making and problem-solving

- **Funding and Accountability Managing Partner**

  The funding and accountability managing partner takes lead responsibility for raising matching and operating funds, helps all partners—individually and as a collaborative—to set goals, and holds all partners accountable as they work toward these goals. A community foundation or a United Way would be well–placed for this role.

The funding and accountability partner should have

1. A history of integrity and follow-through
2. Service to low-income individuals as part of its mission
3. A history of effectively raising funds from a variety of sources (i.e., foundations, government and individuals)
4. A history of distributing funds to multiple institutions (i.e., experience in grant making)
5. A history of funding and partnering with a broad range of institutions
6. The ability to assist organizations to set goals and then hold them accountable as they work toward these goals
7. The ability to help organizations problem-solve

- **Community Partners**

  Community partners are the front line of the Alliance. They recruit and support account holders.

  All community partners should have:

  1. **Clients, or the ability to reach individuals, who meet Alliance eligibility requirements**. *(Make sure the organization has a clientele that is a good match with your mission and your funding sources. If your mission is to assist the working poor, or the homeless, or women entrepreneurs, ensure that the organization is serving your target clientele. Also, ensure that the organization is serving individuals who can be funded with your existing funding sources.)*
  2. **Strong organizational leadership**. Does the organization have a track record of integrity and follow-through? Is their management stable?
  3. **A large volume of clients** and/or eligible community members. (If you are looking for an organization that can enroll 50 account holders per year over three years, ensure that the organization has sufficient client flow.)
  4. **Strong ongoing relationships and credibility** with their clients and/or individuals in the community. Community partners must have the trust of their clientele to effectively deliver the IDA message. The IDA message, as we all know, is perceived to be too-good-to-be-true. It is a message that can only be as effective as the messenger.
  5. **Clients/community members who are ready** for one of your program's asset goals. IDAs are not for everyone. This is not a savings program; it is an asset-building strategy. Not everyone is asset-ready. Agencies may have clients focused on gaining job skills and other supports to obtain and maintain employment. Once they have achieved these goals, they may then be ready for asset ownership. Individuals who are IDA ready are usually working poor who have been employed for six months or longer and who have stabilized their housing. Of course, there are individuals who defy these broad guidelines.
  6. **A high level of commitment to IDAs**. Top management must consider the provision of IDAs a top priority for the organization. Will they dedicate a staff person to participate in the planning process? Are they

willing to dedicate staff time to the collaborative? Have their board of trustees, executive director and other management expressed their support?

7. **The desire to participate in the planning process**
8. **A understanding of and willingness to work within the accountability-for-results process**

…in our experience…
We very much wanted to offer IDAs to residents of a particular community on the Peninsula. We had funders interested in our going into that community and residents asking for the opportunity to enroll. Through the Peninsula Community Foundation, we identified a well-respected local agency that served the targeted clientele.

After several meetings, an operating agreement was drawn up and signed by all parties. Everything seemed to be in order, but problems soon arose. Clients arrived for classes and rooms had not been opened; neither food nor childcare provided. Phone calls were not returned. Communications became a problem.

It did not take us too long to realize that this agency was over-committed and not really in a position to take on this added responsibility. We had trusted in the executive director's assessment of their position, but she had underestimated the real time commitment and simply could not perform. We had to sever the relationship.

We still wanted to go into this community, however, and identified another agency with a strong reputation. In this case, we were very cautious and after several conversations, decided that this agency, too, was not able to absorb the additional work of the IDA amid other struggles that were facing them.

Finally, we have started to work with yet a third organization that came to us, along with a strong funder, begging to be able to offer IDAs. While the recruiting and relationship has not been flawless, the commitment is clear and the desire to succeed is evident.

The lessons learned?
1. Question potential partners deeply to determine capacity. Exactly which staff member would do the recruitment? Where would the classes be held? Who would arrange for childcare and refreshments? How would they communicate with their clients? Etc.
2. Get buy-in from the top down, from the board of trustees, top management and responsible staff.
3. Go over the operating agreement carefully so the agency understands all that is involved. This may take repeating a few times.

- **Banking Partner**

  Your banking partner will house the IDA accounts for the individual savers and for the collaborative.

  According to the CFED IDA Handbook, your banking partner should have
  1. A strong reputation
  2. A willingness to fund your program
  3. A willingness to provide regular and detailed reports
  4. A willingness to dedicate a contact person
  5. Accessible locations for your community
  6. Electronic Data Transfer
  7. Staff training
  8. Organization-wide commitment
  9. Capacity to provide financial trainings
  10. Ability to handle matching funds and IDAs

  For the account holders, your banking partner should offer
  1. A high interest rate
  2. Regular statements
  3. No minimum balance requirements
  4. No monthly fees
  5. Mail-in, ATM, and direct deposits
  6. Other asset–related services such as mortgage loans
  7. Other banking services

- **Financial literacy partner**

  You may choose to have a financial literacy partner. That partner would design, schedule and teach all of your money management classes. The personality and abilities of the trainer will impact account holders significantly.

  In the Assets for All Alliance, LCD is responsible for financial literacy training. While they still handle the program design and all scheduling, they have recently decided that it is more efficient for them to outsource this responsibility. Some of it is contracted with experienced agencies; others with experienced volunteers.

  Whatever trainer you use should have
  1. Familiarity and expertise with the selected curriculum or session topics
  2. An ability to relate to account holders and teach in a way that is helpful to them
  3. Enthusiasm about IDAs and accountholders potential for building assets
  4. Knowledge of a variety of ways to help adults learn

Step Five

Set goals

Once we had selected all of our partners, we decided it was time to set our collaborative-wide goals.

We wanted to set demanding, but realistic, goals that would keep our efforts very focused. Following CVP's venture philanthropy model, we set up the six-year social venture fund as a three-year pilot with the intention that LCD would take the program into its core business at the end of the first three years if the pilot proved successful. CVP would remain committed to supporting the clients enrolled during the first three years and help LCD assume CVP's oversight and fundraising role during the latter three years.

At the very beginning, we asked, "What do we want to accomplish over this six-year period?"

We divided our goals into these broad areas of interest.

1. Low income individuals in our community would open IDAs, complete money management training and develop savings plans.
2. They would reach their asset goals.
3. These account holders would establish a regular habit of saving.
4. They would save at or above their monthly targets.
5. They would show increased mastery over their financial lives.
6. The Alliance would document and share its learning with the rest of the IDA field.

If our accountholders did all of these things, we hoped they would have taken significant steps toward exiting poverty for good.

Within these six areas, we asked each community partner to think through what specific outcome they thought they could meet in each area.

1. How many IDAs could they open per year over three years?
2. What percentage would reach their assets?
3. What might be our definition of "a regular habit of saving"? What percentage of account holders did they think could establish this regular habit?
4. What percentage would save at or above their monthly savings goals?
5. How could we measure increased mastery over their financial lives?
6. How should we document and share what we learn?

The staff of each partner organization met internally to mull over these questions. As there were no starting data points or any local experience with the IDA concept at the time, the goals were a "best guess", based upon the Alliance theory of change, community partners' knowledge of their clients and the first-year reports of the American Dream Demonstration national pilot.

Then we brought all of the partners together to hear what each was thinking. From there, we set goals that were measurable and required us to stretch, were demanding but realistic.

We set down these goals in a Memorandum of Understanding (MOU)[4] that all partners signed. Each year, the managing partners take this basic framework and create annual targets and milestones in that yearly MOU that take us toward the six-year goals. In our first MOU, based on the individual goals of each partner, we decided to set the following overall six-year goals.

Goal 1.0 ***80% of 600 "Master Your Money" graduates will demonstrate a regular saving pattern (at least 10 monthly deposits/year of $20 or more) for a minimum of two years.***

Goal 2.0: ***75% of the 600 "Master Your Money" graduates will reach their investment goals toward:***

- *post-secondary education or training for themselves or their children*
- *business start-up or expansion*
- *retirement*
- *home ownership or improvement*

Goal 3.0: ***Participants meeting savings goals will show aggregate evidence of increased***

- *Financial literacy and control over their financial lives*
- *Self-sufficiency (less reliance upon government or other subsidies)*
- *Self-esteem, feelings of hope, self-confidence and future-orientated, positive attitudes towards life*

Goal 4.0: ***The Assets for All Alliance will communicate learning to relevant policy, funding and private sector audiences and pursue innovative ways to develop an effective and sustainable IDA delivery system.***

Once we agreed on these overall long–range goals, we developed annual milestones, Alliance-wide and for each individual agency, so that we could track our progress toward these goals and stay on track.

For example, in the MOU for our second year, we calculated that the Alliance would have to enroll 405 account holders to stay on track toward the goal of eventually signing on a total of 940 account holders as we had received funding to enroll an additional 340 clients. We established interim data points so that we would know how many account holders each partner would need to sign up.

[4] Go to http://www.pcf.org/venture_philanthropy/pdfs/aaa_mou.pdf for the latest MOU.

STEP SIX

Clarify roles

We've explained how the Alliance examined all of the necessary IDA services and then divided them among various partners based on all partners' core competencies (what they do best).

Once we had determined the roles each partner would assume, we wanted to get very clear about the exact responsibilities each partner would assume to take on that role. Of course, the best way to achieve this clarity is to develop written agreements that spell out exactly who will do what, by when.

Community partner roles and responsibilities are crystallized in the operating agreement. LCD develops an annual operating agreement with each of its community partners. This document clearly delineates and differentiates the responsibilities to be assumed by LCD and each community partner. In this operating agreement, the community partner commits in writing to recruit and serve a certain number of clients and LCD commits to provide financial training to these clients and to provide the community partner with relevant banking information tracking the clients' progress. A sample *Operating Agreement* appears at end of this section (pages 27-29).

Twice a year, the Center for Venture Philanthropy releases operating funds to the community partners based upon the annual operating budget negotiated between CVP and the community partner *and* their performance as measured against the operating agreement. In this way, the operating agreement serves as a performance-based contract.

If a partner organization is not performing, based on the operating agreement, the Center for Venture Philanthropy and Lenders for Community Development have the right to remove the organization from the collaborative. Removal of a partner organization is a last resort and only happens after CVP and LCD have worked with the partner to help get them back on track.

Roles of the managing partners were also laid out and are reviewed from time to time. As the Alliance has moved from year three to year four, these roles and responsibilities have shifted a bit. See *Managing Partners' Roles and Responsibilities* at the end of this section (page 30).

…in our experience…
While writing up the operating agreement for a new partner, One East Palo Alto, we wrote that all account holders had to be residents of the city of East Palo Alto. When the agency's executive director read that he pointed out that many of their clients lived in the neighboring community of East Menlo Park. Would it be all right to serve that clientele? As this expansion had been funded by a foundation, we went to that foundation and learned that, no, they only wanted to serve residents of East Palo Alto. A potential crisis was averted through careful reading of the operating agreement on the part of the community partner.

Another partner did not realize that his agency was responsible for hosting the investor club meetings; he thought LCD would do the hosting as well as the teaching. When the disagreement and confusion arose, it was helpful to be able to go back to the operating agreement that both parties had signed.

(SAMPLE)

Operating Agreement under
MOU dated September 2002 - September 2003
between XYZ Agency and
Lenders for Community Development

I. FRAMEWORK FOR PARTICIPATION

The intent of the Assets for All Alliance is to bring IDAs to qualified low-income families in Silicon Valley. XYZ Agency (XZY) will support Lenders for Community Development (LCD) in expanding the Alliance outreach to 100 (50 non-ORR, 45 ORR and five singles) additional low-income individuals by August 31, 2002. XYZ Agency agrees to perform activities to recruit and then support these 100 Individual Development Account (IDA) investors over their three-year option for program participation. IDA investors are defined as graduates of the five-week "Master Your Money" course. In addition, XYZ Agency will continue to provide case management and support to the 162 participants who are already active enrollees in the IDA program.

Recruitment of these 100 individuals should comply with the IDA program's guidelines regarding eligibility:

- Must be at least 18 years of age
- Must be a current San Mateo or Santa Clara County resident
- Have an income at or below the gross income guidelines
- Must expect to have a personal income stream for the next 10 years. (One exception: This is not necessary if the asset-goal is saving for the college education of one's children or grandchildren.)
- Have net assets of less than $10,000 (excludes car, primary residence)
- Must be a client or an employee of XYZ. XYZ employees must have been employed for at least six months, have a record of good performance and must have direct deposit for their IDA.

II. XYZ AGENCY RESPONSIBILITIES

1. Provide information to interested clients and/or clients XYZ believes are good candidates for the program. This includes:

- Distribution of Alliance recruitment materials as provided by LCD
- Communication with interested clients in conjunction with other case management activities as is appropriate. This includes answering client questions about the program, explaining how the program works or exploring if the program is an appropriate fit for the client.

2. Support potential and participating IDA Investors by

- Assisting clients to complete Alliance forms that include the application, the program agreement and the evaluation and exit forms.
- Scheduling required appointments (one-on-one assessments, Savings Plan meetings) for potential and participating clients.
- Informing/reminding clients about upcoming Alliance events and appointments. These include orientations, one-on-one assessments, "Master Your Money" classes, Savings Plan appointments and Investor Club meetings.
- Arranging for food and childcare for potential and active clients to attend orientations, "Master Your Money" classes, one-on-one assessments (space only), Goal-Specific trainings and Investor Club meetings.
- Reviewing client monthly savings patterns as electronically transmitted from LCD to XYZ in the watch list, discrepancy report, probation list and participant account summary report.
- Contacting clients who are missing deposits, or not depositing at levels agreed upon in savings plan. Providing case management, goal setting assistance and/or referrals as appropriate.
- Faxing or e-mailing an "Activity Follow Up" form to LCD after discussions with IDA clients.
- Maintaining files on all clients that include relevant information for XYZ to effectively support investors to achieve their goals.
- Contacting LCD staff if an XYZ investor would like to make an emergency withdrawal.
- Coordinating the teaching of "Master your Money" classes in any other languages besides English and Spanish. Performing orientations and one-on-one assessments as needed for these classes. (For these classes we ask XYZ to fax client packets upon completion of the "Master your Money" course. A complete packet consists of the application, program agreement, copy of identification, copy of income verification, savings agreement and a copy of the attendance sheet for the whole course.)

3. Inform Alliance policies, procedures and program by

- Attending all community partner meetings
- Participating in Investment Council meetings
- Assisting in program evaluation
- Responding to Lenders for Community Development, Center for Venture Philanthropy, or other Community Partner inquiries in a timely manner
- Collecting evaluations and exit forms from clients at completion of Investor Clubs, Goal-Specific trainings, and program.

4. Oversee Investor Club meetings

- Facilitate periodic Investor Club meetings that meet the needs of the investors.

III. Lenders for Community Development Responsibilities

1. Support of IDA investor qualification and training by

- Conducting orientation sessions
- Conducting one-on-one assessments
- Teaching "Master Your Money" classes or coordinating the teaching of the classes

- Providing a schedule of LCD staff availability for one-on-one assessments, orientations and classes. This schedule will be developed with input from XYZ

2. Assist with case management needs by

- Assisting XYZ with individual case management needs or intervention when asked by XYZ.

3. Manage IDA reporting process by

- Running Management Information System for Individual Development Accounts (MIS IDA) which produces investor statements and tracks investor progress
- Maintaining paper and electronic files (in MIS IDA) on all IDA investors
- Providing timely monthly statements to XYZ which show clients savings and accumulated matching funds
- Sending monthly postcards to investors to remind them to make their deposits
- Responding in a timely fashion to all XYZ inquiries. These may be about investor savings patterns, policies and procedures.
- Responding in a timely fashion to all XYZ investor inquiries

4. Support Investor Club Meetings

- LCD will develop a list of suggested topics and speakers for community partner Investor Club meetings and coordinate booking of club meetings with facilitators. Clients will be alerted about meetings in LCD-mailed statements.

5. Manage Citibank relationship

- Coordinating Citibank role to insure high-quality service for IDA Investors.
- Working with Citibank to make any requested investor emergency withdrawals

6. Manage Program Design & Evaluation

- Seeking XYZ input on all Alliance programmatic and evaluation issues

XYZ Agency Operating Budget

Total: $ ______ subsidy from Assets for All Alliance

Schedule of Revisions:

These responsibilities can be changed if mutually agreed upon in writing by Lenders for Community Development and XYZ Agency. They will be reviewed by 8/31/2003.

(Signed and dated by those at both agencies who negotiated, and are responsible for carrying out, the terms of the agreement as well as a member of upper management.)

Managing Partner Roles and Responsibilities[5]

Lenders for Community Development (LCD)
Center for Venture Philanthropy (CVP)

LCD Lead Role	***CVP Lead Role***
• Raises fund pledges from investors for Stage II enrollment • Oversees financial literary training • Monitors participant account activity and allocation of matched funds • Reports progress toward program milestones and savings targets • Oversees community partners in day-to-day operations • Maintains relations with banking partner • Negotiates annual operating supporting funds for Stage II enrollees for all partners	• Develops and tracks Memorandum-of Understanding (MOU) signed by all partners • Develops and creates quarterly target summary reports for investors and community partners • Recruits and supports investment council members • Negotiates annual operating supporting funds for Stage I enrollees for all partners • Directs appropriate public policy advocacy activities • Spearheads evaluation process

Shared Roles
• Develop Alliance policies • Conduct planning process for the Alliance • Select community partner organizations • Implement accountability-for-results process • Track learning and innovation generated at all partner level • Coordinate reports to the community • Analyze data to inform decision making and determine corrective action needed

[5] These are for Stage II of the Alliance. Changes made since Stage I have been discussed earlier in the text.

STEP SEVEN

Measure progress

We knew that we needed some tools to help us track our progress toward these goals. We created two mechanisms: the Target Summary Report and the Investment Council.

- **Target Summary Report**
  The staff at Lenders for Community Development is continuously entering a vast array of data into MIS IDA, the database program created for the IDA program by the Center for Social Development at Washington University in St. Louis. The data relates to demographics (i.e., age, marital status, # of children in household, ethnicity, etc.), personal financial information (e.g., income, savings goals and savings targets) and banking activities (such as savings amounts, missed deposits and withdrawals). Every quarter the data that relates to the targets is extrapolated and placed into a data form that provides the information needed in the target summary report. [6]

  Upon receiving the data, staff at the Center for Venture Philanthropy enters the data into the charts created to illustrate the meaning of the data and then writes the analysis to help the reader interpret the information and draw relevant conclusions.[7]

  These summaries serve two very valuable purposes:
  1. They are powerful management tools, allowing the managing and community partners to monitor the progress of the Alliance toward meeting the targets and hence the goals of the program. By constantly keeping an eye on our progress, we are able to see problems as they first appear and make mid-stream adjustments as necessary to stay on course.

  2. They are the centerpiece of our communications with our investors. The Alliance has a diverse group of financial supporters including individuals, corporations, foundations and government entities. Many of them have invested because they are interested in keeping track of their SROI (social return on investment). This is the primary vehicle that meets this need. The summary is mailed to all investors each quarter along with a letter that shares some of the personal stories of our IDA account holders

- **Investment Council**
  Target summaries form the basis for discussion at our quarterly investment council meetings. The investment council consists of investors (funders), subject matter experts (people who have related expertise, but may not have a direct stake in the Alliance) and partners. They all come together quarterly to brainstorm, problem solve and learn best practices in the field. This vehicle creates a forum for "out-of-the-box" thinking and responds to philanthropists' interest in being

[6] A Microsoft Excel version that is downloadable and usable as a template is available on the CFED website under AFA Data Report Form for Target Summary.
[7] Go to http://www.pcf.org/venture_philanthropy/pdfs/afaa_targetsum.pdf for the latest report.

involved without serving on boards or performing consistent volunteer duties. With its blend of life and business acumen, diverse attitudes and perceptions, fresh perspectives and program expertise, the investment council improves Alliance implementation.

It is somewhat unusual for investors to have the opportunity to sit on a regular basis with a group of non-profit leaders to discuss some of the details of the intricacies and frustrations of their work. It can be "eye-opening". Following one investment council meeting, an investor attending his first meeting remarked, "This was fascinating. I have never sat in a meeting where the number one value was empathy. It changes the stakes and even the game itself." Any and all investors are welcome to participate to whatever degree suits their interest and time availability. A *sample cover letter* mailed to all investors with the Target Summary Report is at the end of this section (page 33) along with a *sample investment council agenda* (page 34).

As we moved into our third year, we found our need for input diminished. Therefore, we moved to semi-annual meetings. Now into our fourth year, we are considering new approaches that will allow us to continue to engage investors and meet the Alliance needs.

…in our experience…

Several months ago, while looking at our pattern of savings data, we realized that we were going to get into trouble. If people continued to miss deposits, they were never going to save the full $2,000 and we felt they would need every penny to acquire their asset. That caused us to set up a probation plan that helps savers either save on a regular basis or leave the program if the time is not right for them to be involved. This caused our attrition rate to rise a bit, but we were able to invite new account holders into the program who were really ready to save and at the same time help those remaining in the program get back on track.

Sample Cover Letter to Target Summary Mailing to Investors

Dear Investor:

On behalf of the Assets for All Alliance, I thought I would bring you some good news! Halfway through the fourth year of this Social Venture Fund, we are seeing the first wave of low-income clients successfully graduating and attaining their asset goals. The number should increase appreciably over coming months, as more and more people near the end of their three-year savings period. The attached Target Summary Report gives you graphic representation of the progress of the Alliance and its savers.

Recently we conducted client focus groups to inform the design of a study that will track the long-term effect of the Individual Development Account program. (see Target 3.2 for more details). Juan Lindo, one of the participants, shared his story with us:

> *Juan owns his own business, manufacturing custom motorcycle suits. He joined the IDA program in 1999 in order to save for a new computer and sewing machine to take his company to a new level. Today Juan's clients can design exactly the motorcycle suits they want online, using specialized software Juan modified using his new computer. Now, when clients come into his shop, they have already made choices about what they want and only need to be fit for size. This saves Juan hours of time and has allowed him to expand his business. Juan is on the fast track to pay off his low-interest loan obtained through Lenders for Community Development (the Assets for All Alliance lead nonprofit partner) and plans to pay off the loan a full year ahead of schedule.*

Asset building is becoming widely recognized as one of the most viable ways of assuring a financially secure future for low-income working families. The attached article, written by Ray Boshara, a lead thinker in the IDA/asset building field, is reprinted from *The Atlantic Monthly*. I think you'll find it both interesting and highly relevant. Thank you once again for your contribution to this pioneering work.

Respectfully,

Margot Mailliard Rawlins
Program Manager

Encl: *The $6,000 Solution*

Sample Investment Council Meeting Agenda

1:00 - 1:10	**Welcome and Introductions** Margot Rawlins, CVP
1:10 - 2:00	**A Look at the IDA Field** Bill Neuenfeldt, Manager, Bain & Company
2:00 - 2:30	**State of the Alliance and current challenges** Kasey Wiedrick, LCD
2:30 - 2:45	**Public Policy Update** Margot
2:45 - 3:00	**Question Grapple** Should savers be allowed to buy homes overseas or use their IDA for education abroad?

STEP EIGHT

Define Decision-Making Process

The Alliance has a steering committee that serves as the policy-making body. Its key role is to keep the Alliance on track toward its goals. It consists of the leadership of the two managing partner organizations, Lenders for Community Development and the Center for Venture Philanthropy.

During the start-up phase, the committee was heavily involved, setting policy and direction. At this point, the group is convened on an as needed basis to adjust policy and discuss any shifts in direction. Prior to each steering committee meeting, Lenders for Community Development contacts the community partners to get their input into whatever decision needs to be made.

Different types of decisions require different approaches. Time in which the decision must be made, importance of buy-in, level of desired involvement---all should be considered. You may decide to use consensus for some decisions and the top-down decide and announce method for others. Determine in advance the types of decisions that will be made under what circumstances and by whom.

STEP NINE

Ensure resources

Fundraising
Raising the money is one of the greatest challenges of a large IDA collaborative, particularly since both matching and operating funds should be raised and banked before the clients are enrolled.

Standards in the field require 80% of match funds be banked before enrollment, but the Assets for All Alliance decided to bank 100%. We wanted to be absolutely certain to have the money safely in hand for our account holders. We also want to be certain community partners have the resources they need to reach the demanding goals we all agreed upon.

Match and operating budgets were created at the formation of the collaborative. These budgets reflect sources and uses of funds and are updated regularly, at least four times a year. They form the basis for our fundraising goals.

During our three years, we have raised over $6 million and have learned a few things that we think others working in the IDA field can use, regardless of where they are located or who they serve.

We have divided the reasons for our fundraising success into five categories:

1. Leadership, reputation and expertise
2. Programmatic appeal
3. Accountability-for-results process
4. Diverse and targeted requests for funding
5. Serendipity

- **Leadership, Reputation and Expertise**

  The funding and accountability partner, the Center for Venture Philanthropy (CVP), is a division of Peninsula Community Foundation (PCF), one of over 500 community foundations around the country linking philanthropists to innovative ideas in the nonprofit world. Over its 37-year history, PCF has established itself as a leader in the Bay Area with an enviable track record of supporting successful social service efforts.

  The foundation launched the Center for Venture Philanthropy in 1999 as a forum for community donors to collaborate and catalyze societal change. Partnering with Lenders for Community Development, a respected community development financial institution in San Jose, CVP formed the Assets for All Alliance as its first social venture fund. This model offered donors an opportunity to invest in a program that addressed a significant regional issue while placing an emphasis on a measurable return on civic investment through an accountability-for-results process.

  Individuals working at CVP have had extensive fund development experience in a wide range of agencies and they are skilled at shifting people who made their money in the for-profit world to new frames of reference that help them understand social issues in the non profit arena. These skill sets are crucial when choosing the funding and accountability managing partner.

- **Programmatic Appeal Combined with Accountability-for-Results**
  Individual philanthropists have found investing in the Alliance appealing for several reasons. Clearly, they trust programs endorsed by PCF and the poverty-reduction mission is compelling. In many cases however, it was the accountability-for-results process that swayed donors to select this particular investment versus another. Donors are attracted to a process that clearly defines how their money will be used and one that communicates quantifiable results at regular intervals. While many social programs struggle with measurement and evaluation, the IDA effort is fortunate because it is particularly well-suited to this type of accountability. Take advantage of that measurability.

  Lastly, and perhaps most importantly, individuals were asked to give. Many agencies simply forget to ask individuals for support. These people care about their communities and they care about those people who have not had the same opportunities as they have had. This program has appeal because of its self-help, not handout, components.

- **Diverse and Targeted Requests for Funding**
  Funding sources include individual donors, private foundations, government agencies and corporations.

  Individual donors helped to jumpstart the Alliance, both by providing private matching funds for the AFIA grant match and vitally needed operating funds. Many of the connections were made with advised fund holders at Peninsula Community Foundation, but other private donors also invested, many of them relishing the then-unusual venture philanthropy; others excited by the potential they saw in the IDA movement. *The Investor Packet* at the end of this section (pages 47-51) has been very useful in raising funds from individual donors.

  Private foundations have played a major role in funding the work of the Alliance. In 1999, the David and Lucile Packard Foundation granted the Alliance $500,000 in operating funds, recognizing the importance of providing operational support to all of the partners. In 2001, the William and Flora Hewlett Foundation made a $600,000 grant to the Alliance to enable it to offer IDAs to residents of two neighborhoods that the foundation is striving to revitalize through its own neighborhood initiative process. The Ford Foundation and the Charles and Helen Schwab Foundation have also been supporters of the Alliance.

  The lesson to be learned here is that foundations are interested in funding cooperative efforts involving respected partners serving specific populations with measurable outcomes clearly delineated. They also each have their own areas of interest and the partner writing the grant proposal needs to think creatively about how to link IDAs with each foundation's particular interest. Out-of-the box thinking is essential.

  Government agencies have been a significant source of funds and are integral to the success of the program. While CVP is the lead funding partner, a community partner, Catholic Charities of Santa Clara County, obtained the first major governmental grant through the Office of Refugee Resettlement. This $1,000,000-plus grant has enabled the Alliance to serve refugees from Bosnia, Vietnam, Iran, Sudan and other embattled regions of the world.

CVP decided to apply for AFIA funding in 1999 in order to help fulfill the Alliance's goal of informing the field. While the size of the grant was quite small, $250,000, and is costly in terms of monitoring and reporting time, the goal of informing public policy drove the decision to apply for the grant. With decreasing funds from the private sector, LCD is planning on submitting an AFIA grant for 2003.

A third source of governmental funding is through county access to TANF funds. CVP has forged a strong relationship with the County of San Mateo to offer residents IDAs through its one-stop employment assistance program. Finally, LCD applied to the Treasury Department and received a CDFI grant that is being used primarily for operating expenses. This combined story is about partners working together to forge relationships and leverage their own expertise and connections.

Corporate funding has been quite small, all of it coming from three banks—Citigroup, Wells Fargo and Bank of America. LCD initiated contact with all three corporations. Seasoned fundraising practitioners know that corporate support is the hardest to obtain so approaching this source has not been a major focus.

- **Serendipity**
  Admittedly, fortunate circumstances also contribute to success. The economy was growing exponentially during the period of our most concentrated fundraising. Individuals in Silicon Valley had accumulated a great deal of wealth and PCF provided the Alliance access to many of these individuals. Philanthropy was growing by leaps and bounds as people sought ways of utilizing their wealth for the community good. The gap between the rich and the poor was widening and creating a great deal of consternation. IDAs were readily embraced as a tool for closing this gap.

  In your local community, even in an economic downturn, fortunate circumstances will arise if your network works together to discover diverse sources of funds.

…in our experience…
One of our donors said that his family had not chosen poverty as an issue-focus for its giving, but he invested $200,000 in Asset for All Alliance because he could track the results quarterly through attending the investment councils and receiving the mailed target summaries. Another donor with a small family foundation stepped forward with a second gift because she felt very connected to our work through receiving the periodic updates. Yet a third told us to dispense with the annual report her foundation usually required because she felt so totally knowledgeable about our progress.

Developing Operating Budgets

When the Alliance was formed, a decision was made to allow each community partner to create its own annual budget and to submit that budget to CVP in its own format for discussion and approval. This was done in recognition of the uniqueness of each agency, its clients, its case management style, its budgeting processes, salary scales, etc. Based upon discussions with programs already underway, we originally estimated that it would require .25 FTE to recruit and support 50 account holders from each agency's existing client base. Community partners inserted this estimate into their own process and came back to us with their budget.

For the first recruiting year, this was straightforward and fairly easy to estimate, but as partners have gained experience and some are recruiting and providing case management at the same time, budgeting has become more complicated. In addition, we soon learned that not all account holders require the same amount of support nor is recruiting the same in all communities. In order to help sift through these differences, we worked with community partners to develop some more refined budget guidelines. See *Community Partner Staffing Guidelines for Recruitment and Case Management* at end of this section, (pages 42-43).

One of our partners, Family Service Agency of San Mateo County, kept careful track of the actions they took as they first joined the alliance. This document, *Budgeting Guidelines for New Community Partners* (page 44-45), has been helpful to new partners coming on board as they work to figure out the time involved in embarking on this work. The same partner created a *Community Partner Budget Template* (page 46) that partners have found useful. The budgeting categories are helpful in planning, but partners still insert their own figures and are at liberty to use a different format if they choose.

Another Option
As the Alliance grew and became infinitely more complex and funders demanded a standardized figure for operating expenses, the Alliance shifted to a different method as a baseline. We developed a formula that each partner would be required to follow and live within. At this time, that formula allows $250 to enroll each new client and $150 per year thereafter to provide support to that client. For partners who have many, many clients under management, this works quite well. For those with few IDA account holders, not so well. For that reason we now blend the methods, applying common sense, depending upon the individual agency, their growing body of experience and their budget realities. This is probably not ideal and we would still prefer the former approach, but practicality must be considered. Furthermore, without total trust and understanding, this approach is fraught with difficulties.

Some of the pluses and minuses to both approaches are

Individualized process
Pros:

- Allows each agency to look at its own structure for case management and the salary schedules for the staff members doing the IDA work. This allows agencies to assign existing, often higher level, staff members to the IDA work. The collaborative has benefited from the experience and skills of these seasoned staff members who can provide an important counterbalance to the enthusiastic, but less experienced who might be assigned if agencies feel

constricting budgetary limits. This has been particularly useful in start-up mode.
- Takes into account different types of clients who require different amounts of case management.
- Forces discussion between managing and community partners up front which results in better communications and problem-solving and hence better decisions.

Cons:
- Agencies just starting to get into the collaborative find it a bit confusing. They want templates and guidelines.
- One agency may be unhappy that they are being paid less than another agency to provide what they may consider to be the same service to the same number of clients. The managing partners maintain the Agency budgets in strict confidentiality Thus far, this has not been an issue.
- As the program progresses and becomes larger this becomes harder to manage

Formulaic process

Pros:
- Simplifies the process for everyone
- Eliminates the need to negotiate
- Feels even-handed

Cons:
- Does not account for differences between agencies and their clients
- May unfairly reward those partners with the easiest-to-serve clients while penalizing those whose clients require the most case management
- May encourage agencies with higher costs to staff the effort with lower-level skill sets

…in our experience…
In one of our partner agencies, responsibility for the IDA program was assumed by a top manager in the first year. His salary was in the $70,000/year range. Another partner who had been with the Alliance for a few years had been able to assign the IDA oversight to a staff member earning closer to $40,000/year. Naturally, this had a big impact on the two budgets and by funding them at different levels, we believe that we were honoring their internal structure and integrity.

Budgeting in Grant Proposals

There is another aspect to calculating operating budgets. When applying for a grant, you should budget costs incurred by all partners, including managing partners. We have taken a prescribed approach to this. We look at total operating expenses and calculate the percentage of those costs on a per client basis that is then used to predict expansion costs through the grant period.

…in our experience…
When applying to the William and Flora Hewlett Foundation for a grant to offer IDAs to 100 residents of the neighborhoods in which the foundation is invested, we calculated that the 100 clients would represent 11% of the total number of accounts to be maintained (910 at that time). Therefore, we budgeted 11% of CVP's operating budget and 11% of LCD's operating budget and put those numbers into our proposal.

Community Partner Staffing Guidelines For Recruitment and Case Management

There seem to be three types of clients. Those who are:

1. Distant (physically) and unrelated to community partner (e.g. LCD in Mayfair)
2. Loosely connected to agency, but no on-going, regular mechanism for easy, mass recruitment. Requires extra agency outreach time. (e.g., EHP, DeAnza, CCJM, CCSH, LIFETIME, Peninsula Works)
3. Closely connected to the agency or with regular links that facilitate communication and easy outreach. (e.g., FSA, NCCI)

Costs associated with recruiting and providing case management for these different populations will vary.

Recruitment

Type #1: (Recruitment most expensive)

These clients will require the most recruitment effort on the part of the agency. The agency will have to go door-to-door and/or through other agencies, churches and the like to recruit qualified participants. There will not be an established level of trust. Recruitment may be very time-consuming, challenging and, therefore, expensive.

Type #2: (Recruitment less expensive)

This tier will have a relationship with the agency already, but will not be familiar with this product or perhaps even with the concept of making monthly payments for anything. They may have used agency services in the past, or they use agency services now, but there may not be regular channels of communication and the agency is required to spend extra time on outreach.

Type #3: (Recruitment least expensive)

The last group will be the easiest to recruit as they will have an established relationship, history of financial commitment and ongoing, regular contact with the agency.

Estimated time required for each type

1. .4 FTE for 50 clients
2. .2 FTE for 50 clients
3. .05 FTE for 50 clients

CASE MANAGEMENT

Type #1

These clients recruited from outside the agency must be goal-oriented, independently motivated and stable. Assuming this, case management for these clients should require about 15 minutes/client/month (based upon analysis provided by CCSH for stable Mayfair clients referred to them from LCD). This works out to be about .1 FTE per year for 50 clients or ½ day/week. Benefits must also be included; averaged at 20% of salary.

Types #2 and #3:

These clients are easier to work with in that they are served in normal agency work. But, the fact that they are receiving services may mean that they are in a more precarious position and require extra agency support for them to stay on track. (e.g. Catholic Charities argument regarding their refugee and shared housing clients.)

We estimate time at 10 minutes/client/month which works out to be 1 day a month or .05 FTE per year for 50 stable clients with fewer issues. (e.g. Family Service-clients who have been in the family loan program and are accustomed to putting aside savings each month or those clients who work for the agency and are stable.)

Clients with more issues can cost more: (e.g. Catholic Charities Housing is spending $176/person/year in case management, year II, or .25 FTE for 50 clients 10 hours/week)

Benefits must be also included; averaged at 20% of salary.

BUDGETING GUIDELINES FOR NEW COMMUNITY PARTNERS[8]

These are items your Agency may find helpful in evaluating the time involved with initial start up as a new partner.

Time *Estimates*	*Item* **(Remember, some of these items may require RT traveling time; telephone time; and peripheral planning time)**
2 hours	***1. Management Team Strategic Meeting*** • ***to discuss the merits of IDA's for clients and potential client appropriate IDA pool***
1 hour	***2. Executive Team Strategic Meeting*** • ***to plan and identify an internal delivery system*** • ***solicit/develop policy and procedure***
2 hours→	***3. Budget Planning – See attached for Sample Budget Format*** • ***peripheral IDA program preparation: time involved for all items*** except 7 and 12 = ***total hours multiplied by your hourly rate*** • ***direct Recruiting: time involved for items 7 and 12*** • ***"Orientation" = 1.5 hours (staff coverage)*** plus ***1 hour for set/clean up = 2.5 hours multiplied by your hourly rate = $*** • ***4 Master Money classes = 8 hours*** plus ***set/clean up = 4 hours*** plus ***last class = 2.5 hours (lasts longer because banking partner sign up client accounts)*** plus ***2.5 hours for an additional staff person at last class to help class trainers*** plus ***1 hour for set/clean up = 18 hours multiplied by your hourly rate = $*** • ***child care coverage for "Orientation" and "Master your Money" classes calculated per staff person at a fixed rate*** *per occasion* ***= after typical work hours/fair market evening rate*** • ***case management (based on limited client intervention) = 10 hours per month multiplied by your hourly rate = $*** • ***Assets for ALL Alliance and LCD Meetings (need to determine schedule and length of meetings during budget period) sum of round trip commute and meeting hours = total hours multiplied by your hourly rate = $*** • ***calculate cost of Benefits for Staff (assumptions: health, FICA, unemployment insurance, workers compensation, etc. = total Staff coverage hours multiplied by your hourly rate multiplied by your percentage allocated for Benefits = $*** • ***calculate cost of postage = 34 cents multiplied by the number of anticipated "Orientation" and Master your Money class mailings = $*** • ***calculate cost of printing (letters, flyers and special reminder mailings = $*** • ***calculate cost of phone calls = $*** • ***calculate round trip mileage cost (travel to meetings, food pick up, Orientation and Master your Money coordination, etc.) = $*** • ***calculate food cost (Costco = 12 slices per pizza at $9.95 plus tax, anticipate 2.5 slices per person; Soft drink anticipate 1.5 cans per adult at an estimated $2.50 per 12 cans; Costco pound cake loaves, anticipate 1 box of 3 loaves at $4.99; Costco cookies, anticipate 1 tub at $4.99; Costco fruit juices for children anticipate two per child at $5.99 per 8 pack***
1 hour	***4. Operating Agreement between Partnering Agency and Assets Alliance for ALL Alliance*** • ***review, discuss and comment***
1 hour ***.75 hour***	***5. Main Agency Contact Person for Assets for ALL Alliance and Lenders for Community Development (LCD)*** • ***IDA presentations to Agency appropriate Division Directors and Managers*** • ***coordinate and communicate kept/missed appointments of potential IDA candidates, status of recruiting efforts, communication from LCD to Agency Case Managers***
1 hour ***.5 hour***	***6. Marketing Material Preparation*** • ***create Presidents letter which will be sent to Agency appropriate IDA participants*** • ***create Agency Case Managers letter which will be sent to their Divisions appropriate IDA participants***

[8] This was developed by Family Service Agency of San Mateo County.

 .25 hour 1 hour 1 hour .5 hour .25 hour .75 hours .5 hour	***7. Direct Recruiting Efforts*** • ***copy Presidents letter*** • ***Presidents letter will be inserted and distributed to all Agency Staff with payroll checks*** • ***Division Case Managers review their data base and identify IDA appropriate clients*** • ***prepare mailing labels*** • ***copy Agency Case Managers letter which will be sent to their Divisions appropriate potential IDA clients two weeks before scheduled "IDA Orientation"*** • ***follow up calls to those appropriate potential IDA clients who did not RSVP one week before scheduled "IDA Orientation"*** • ***friendly reminder call to ALL who RSVP one day before scheduled "IDA Orientation"***
 1.5 hours	***8. Prepare and maintain staff and client "Recruiting Rooster"*** • ***data input: names, home/work/cell phone numbers, name of assigned case manager, RSVP date of Orientation, scheduled 1:1 assessment and time, comments***
1 hour	***9. Orientation*** LOCATION, ***1:1 Assessment*** LOCATION ***and Master your Money Workshops*** LOCATION (if not on Agency site and at a collaborative partner site, keep in mind travel time and arrangements to pick up key) • ***have scheduled "Orientation" location prior to mailing out flyers to IDA prospects*** • ***have scheduled 1:1 Assessment location prior to "Orientation" / so IDA prospects can be notified at "Orientation" where their 1:1 Assessment will occur*** • ***have scheduled Master your Money Classes location prior to 1:1 Assessments*** • ***meeting place consideration: give consideration to group size, proximity of meeting room to where on site child care will occur, easy access for food, sufficient room to accommodate chairs and/or tables***
 .25 hour .25 hour .5 hour	***10. IDA prospect interviews / 1:1 Assessments*** • ***have scheduled 1:1 Assessment location prior to "Orientation" / so IDA prospects can be notified at "Orientation" where their 1:1 Assessment will occur*** • ***have office room(s) reserved accordingly to accommodate scheduled appointments*** ***friendly reminder call to ALL who scheduled 1:1 assessments one day before their scheduled appointment*** • ***clients*** WILL ***call to cancel or desire to reschedule their appointment. Be prepared to call and solicit/encourage those 1:1 Assessment clients who have not yet been assessed to encourage to reschedule their time to fill in the time slot that may have canceled. This is beneficial for two reasons:*** 1. ***it aids the 1:1 Interviewer by having a full interview schedule for that day and*** 2. ***It aids the Agency by being able to have all the Assessments completed in a more timely manner***
1 hour	***11. Food*** • ***decide what, when and how much*** • ***what type of food will be provided*** • ***when will it be delivered or when will you go to pick it up*** • ***how large is the group and how much food will be required*** • ***will you negotiate for preferred non-profit pricing*** • ***decide what vendor will be purchased from***
1 hour	***12. Set up and Clean up*** • ***orientation and Master your Money classes will require sufficient chairs and tables*** • ***clean up will involve food/drink spill on carpet and abandoned paper plates and soft drink cans*** • *EASY SAMPLE MENU:* Adults - ***Costco Pizza, soft drinks and variety pound cakes*** Children – ***Costco Pizza, variety juices and cookies*** Variety items – *FREE* ***from Costco food court with pizza order: napkins, paper plates, plastic knives/forks and condiments***
.5 hour	***13. Staffing*** • ***arrange for Orientation staffing coverage*** • ***arrange for 1:1 Assessment staffing coverage*** • ***arrange appropriate staffing ratio for on site child care for numbers RSVP*** • ***on site child care staff to prepare for activities: movies, reading, games, etc.***
.5 hour	***14. Agency Administration – Record keeping*** • ***develop, prepare and maintain "Budget Expense Report"*** • ***facilitate check request for: food vendor(s) and staffing***
.5 hour	***15. Partnership communication: Assets for ALL Alliance and LCD*** • ***telephone communication*** • ***email communication***

COMMUNITY PARTNER BUDGET TEMPLATE[9]

September 1, 2002 – August 31, 2003

EXPENSES

Salaries	$1.00
Benefits	$1.00
Child Care for clients	$1.00
Conference Room (Off Site Rental)	$1.00
Client Meals & Refreshments	$1.00
Mileage	$1.00
Postage	$1.00
Printing	$1.00
Staff Conference	$1.00
Telephone	$1.00
TOTAL	**$10.00**

REVENUES

Sources other than Assets for All	$1.00
Requested from Assets for All	$9.00
TOTAL	**$10.00**

[9] For use when the formulaic approach is not used.

ASSETS
for ALL
ALLIANCE

SOCIAL VENTURE FUND # 1
OF THE
CENTER FOR VENTURE PHILANTHROPY

For more information, contact
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The Center for Venture Philanthropy is a division of Peninsula Community Foundation

PROGRAM OVERVIEW

"Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for long-term goals." - Michael Sherraden, author of Assets and the Poor

WHAT IS THE ASSETS FOR ALL ALLIANCE?

The Center for Venture Philanthropy (CVP) is partnering with local community based organizations, San Mateo and Santa Clara counties, and Citibank to form the Assets for All Alliance. The Alliance brings an innovative anti-poverty strategy called Individual Development Accounts (IDAs) to Silicon Valley. These matched savings accounts are combined with financial training and multi-year support to help low-income and low-wealth families accumulate up to six thousand dollars for high return investments such as buying a home, starting a business, securing a college education or building a retirement fund.

Local nonprofits that serve these families identify, recruit and support qualified participants from among their existing clients. Financial trainers teach classes to build the savings abilities of the participants, and they help the clients set personal asset goals and design a plan to achieve them. The nonprofit agencies support the client throughout the two-to three-year period of program participation, and at the end, the savings go directly to the asset.

WHAT IS AN INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)?

The Individual Development Account (IDA) strategy is based on an old concept that people, communities, and nations progress economically only through saving and investing. Low-income individuals save $20-$85 per month, in this case over a two- to three-year period, and have their savings matched by philanthropic, foundation and government funders on a two-for-one basis. While the IDA holders are saving, they go to financial literacy classes to build the skills to budget and save toward long-term goals.

The real strength of the IDA approach is the intrinsic emotional boost it provides to people struggling to rise above the trials of poverty. When people accumulate assets, they reap more than economic benefits. People saving for their future tend to take better care of what they have. They put more effort into maintaining their homes and neighborhoods, they participate more in their communities, and they think more about their children's future.

HOW IS THIS PROGRAM REACHING LOW-INCOME WORKING FAMILIES IN SILICON VALLEY?

In July 1999, the Assets for All Alliance became the first Social Venture Fund of the Center for Venture Philanthropy. Community investors work with the CVP to fund the expansion of the Individual Development Account program across Silicon Valley, using an accountability-for-results process adapted from the venture capital model. The Social Venture Fund goal is to enroll 940 individuals in the asset-building program over three years, and to support those individuals through two-to-three years of saving. The ambitious target is that 75% of those who complete the financial literacy training will achieve their asset goal.

WHAT DOES IT COST TO SPONSOR AN INDIVIDUAL?

The cost is about $6,000. Of this, $4,000 is put aside up front for "the match" and $2,000 is allocated for case management and financial literacy training over the two- to three-year savings period.

Partners & Results

The Center for Venture Philanthropy co-manages the Assets for All Alliance with Lenders for Community Development (LCD), a nonprofit organization that plays an intermediary role between mainstream financial institutions and low-income communities. LCD's traditional business is to pool funds from 23 area banks to make high-impact community development loans. These loans go to small businesses in Silicon Valley's urban corridors to create homeownership, business ownership and job opportunities for low-income people.

LCD manages day-to-day operations of the Alliance by providing technical and supportive services to make it easy for the local community nonprofits to offer IDAs to their clients. They also serve as a community partner, helping residents of the Mayfair neighborhood in east San Jose open and maintain their IDAs. Other local community partners currently include:

- ☆ *Catholic Charities* in San Jose (large Bosnian and Vietnamese refugee and single-mother client base)
- ☆ *Samaritan House* in San Mateo (large Latino family client base)
- ☆ *LIFETIME* at community colleges in both counties (welfare-to-work mothers)
- ☆ *PeninsulaWorks* (San Mateo County Human Services support of former welfare mothers and other low-income families)
- ☆ *Family Service Agency of San Mateo County* (working through family loan program and child care centers)
- ☆ *One East Palo Alto* (a neighborhood improvement initiative)
- ☆ *Child Care Coordinating Council* (working with childcare workforce)

Citibank acts as the financial institutional partner — opening accounts for each client at the Assets for All Alliance training site, and working with the Alliance partners to develop an innovative system of monitoring and supporting client progress in meeting savings goals.

Results

By February, 2003, well into the fourth year, the Alliance had enrolled over 1,000 individuals in the IDA program. These individuals completed a five-week Master Your Money financial literacy course, developed a personal savings plan and opened their savings account with Citibank. Of those enrollees, 50 have attained their asset goal and closed their account and 772 are still actively saving, yielding a retention rate of 80%, among the highest rates in the field across the nation. Alliance savers have a median household income of $24,000, and yet they have saved, collectively, $758,375 and, after adding matching funds, banked a total of $2,199,087 toward their asset goals.

Asset Goal	Percentage of People Working Toward Goal
Education	40%
Home purchase	39%
Retirement	10%
Business capitalization or expansion	8%
Home repair	3%

Individual Development Account (IDA) Holders

The following are profiles of some of the low-income clients who have been saving in Assets for All Alliance Individual Development Accounts (names have been changed to respect confidentiality):

URSULA is a single mother who had been struggling to support her children Kirsten, 13 and Nels, 11. After working for ten years as a purchasing agent for a food wholesaler, she lost her job. With few prospects, no savings and no financial assistance from her ex-husband, Ursula was forced to go on welfare to support her family. She and her children subsisted on $550 per month and shared a one-bedroom apartment.

Through the IDA program, Ursula has been able to secure student loans and negotiate a financial aid package that will enable her to continue her education. She transferred from Evergreen Valley College to the University of California at Santa Cruz, where she is currently in her third year. She secured stable housing for her family through the UC Santa Cruz housing program. In addition, she purchased a car through the Santa Clara County loan program. Ursula has been able to save $86 per month on a $626 monthly income.

SERGE immigrated to the United States in September of 1999 as a result of the war in Bosnia. He had lost his home and all of his personal possessions, and was unable to support his wife and son due to the lack of employment opportunity. Upon emigrating, he found work as a security guard, making $8 per hour. Before entering the IDA program, Serge had never had a bank account. He was also unfamiliar with the home buying process.

Serge completed the Master Your Money course that covers personal finance and outlines the opportunities offered through US financial institutions. He credits this course with teaching him the fundamentals of saving and the advantages of having a long-term financial plan. In the past seven months, he has managed to save over $900. He has also has joined a union, which nearly doubled his salary to $14 per hour.

PHAIVANH moved to the United States from Vietnam in September of 1997 to join her parents who had emigrated two years earlier. Though Phaivanh had managed her family's photography business in Vietnam, she relied solely on cash, never kept a bank account; she had few assets and very little money in savings. She credits the classes offered through the IDA program with enabling her to access banks and save money. Phaivanh has saved the maximum $85 each month since starting the program, so with the 2:1 match; her monthly IDA account savings grows by $258.

Phaivanh is so enthusiastic about the IDA program that she volunteers her time to help other clients. Her fluency in both Vietnamese and English has been a valuable asset since the language barrier can be a major obstacle for immigrants using American financial institutions. She is particularly concerned about elderly clients, who have no savings, no job prospects, and little information on entitlements. Phaivanh is saving to buy her parents a home.

"It is a challenge *to reassure low-income families that it is possible to save for the future. There are huge issues of trust, and clients initially feel IDAs sound too good to be true", according to Gloria Parrales, Master Your Money trainer. "But", she hastens to add, "savers soon learn that with each monthly deposit, they are gaining far more than a growing savings account. They are networking with each other, taking advantage of additional opportunities for low-income people, and becoming more self-confident."*

The Asset Gap in America[10]

PERCENTAGE OF HOUSEHOLDS WITHOUT ASSETS

- ☆ Almost one-third (31%) of American households have no or negative financial assets, including over 60% of Black Americans, 54% of Hispanics, and 62% of single parent households.
- ☆ Nearly one in three American households possess zero or negative net financial assets.
- ☆ Half of all Americans have less than $1,000 in investable assets.
- ☆ The average American family holds only $3,700 in net financial assets. Thus, absent any safety nets, the typical family is only about three monthly paychecks away from financial ruin.
- ☆ Just over half of all Americans (55%) have sufficient net financial assets to tide them over more than three months without a job -- 21.1% of Black Americans, 27.5% of Hispanics, 33% of Americans under 35 years of age, and 21% of single parents households.

PERCENTAGE OF CHILDREN WHO GROW UP IN HOUSEHOLDS WITHOUT ASSETS

- ☆ Close to one-half (46.9%) of all children live in households with no net financial assets.
- ☆ Sixty-three percent of all children live in households with enough net financial assets to cushion only three months or less of interrupted income.
- ☆ Nearly three out of every four (73%) black children grow up with zero or negative net financial assets.

INEQUALITIES IN DISTRIBUTION OF ASSETS

- ☆ The top 20% of all American households earn over 43% of all income but hold over 68% of net worth (all assets less all liabilities) and almost 87% of net financial assets.
- ☆ Ten percent of America's families control two-thirds of the wealth.
- ☆ The top 1% collected over four times their proportionate share of income, but hold over 11 times their share of net worth.
- ☆ The richest 1% possesses at least $763,000 in net worth, an amount 22 times greater than the median of the remaining 99%.
- ☆ California ranks 2nd in the nation in the wealth gap between white and non-white households and 3rd in the wealth gap between men and women.

[10] Statistics from *Black Wealth/White Wealth*, by Melvin Oliver and Thomas Shapiro 1997 and *State asset development report card: Benchmarking asset development in fighting poverty*, Corporation for Enterprise Development, 2002.

Asset Effects in America[11]

ASSET EFFECTS ON FAMILIES

- ☆ Assets, rather than income, have significant effects on marital dissolution among a representative sample of married women in the U.S. (Galligan & Bahr, 1978)
- ☆ Research findings suggest that homeownership has an effect on marital stability through its negative association with conflict and violence between spouses. (Page-Adams, 1995)
- ☆ Financial assets have positive health effects on U.S. adults when controlling for the effects of income and education. (Robert & House, 1996)
- ☆ Homeowning reduces the length of joblessness for unemployed workers by a minimum of 11.6 weeks. (Goss & Phillips, 1997)
- ☆ Savings lead to positive effects on self-efficacy, future orientation and risk avoidance among adults. (Yadama & Sherraden, 1996)

ASSET EFFECTS ON CHILDREN

- ☆ An evaluation of Panel Study of Income Dynamics data demonstrates that income from assets positively impacts children's educational attainment. (Hill & Duncan, 1987)
- ☆ Children of homeowners are less likely to drop out of school or to have children before the age of 18 than children of renters. (Green & White, 1997)
- ☆ Parental homeowning is predictive of adult children's likelihood to own homes, even controlling for income and parental gifts. (Henretta, 1984).
- ☆ Parental savings, particularly for college, is predictive of teen savings behavior. (Prichard, Myers, & Cassidy, 1989)

[11] Sources quoted are listed in more detail in the *IDA Program Design Handbook* by Tim Flacke, Brian Grossman and Stephanie Jennings.

STEP TEN

Avoid pitfalls and overcome challenges

There are several problems that can arise in any IDA collaborative. Here is a list of the more frequent problems and challenges. We also suggest ways to overcome these challenges:

- **Staff Turnover**
  The turnover rate is high in nonprofits that serve low-income individuals. If your key staff person at a community partner is leaving, contact the individual's supervisor and ask who will take over the departing individual's IDA duties. When the new staff person is identified, the managing partners should meet with this individual and the supervisor to explain the background of the Alliance and its policies. The operations managing partner may need to spend some extra time with this individual as he/she gets up to speed. Sometimes a new staff member has gone to observe how the staff at another community partner performs. We are now working on developing a formal orientation process.

  One element we have found to be very useful is our requirement, with full underwriting, that each partner send one representative to CFED's annual IDA learning conference. Not only do they gain much valuable learning, but they also make connections with other practitioners, become friends with others in the Alliance through casual interaction and, more often than not, catch the IDA fever, becoming more fully committed to the power of the strategy.

- **A non-performing partner.**
  The operating agreement has been signed, roles and responsibilities clearly assigned, and still your partner is not doing what you expect. First, we met with these partners to try to solve the problem. The partners were given a probationary period to get back on track. If they did not, we terminated the partnership. The Center for Venture Philanthropy, the Alliance's funding and accountability partner, distributes money to all partners every six months. If goals were not being met and the partner was not actively trying to improve their performance, this funding was terminated. Support for the participants must be provided by one of the other partners.

- **Important information on account holders is not shared between community partners and the operations managing partner.**
  In the Alliance, the community partners provide ongoing support to their clients, but LCD houses the MIS IDA database that tracks account holder deposits and attendance at trainings. If LCD does not distribute consistent and timely information to its partners, the partner staff may not know that their clients have missed the last three deposits or have not been attending trainings. Most of these "information-flow" problems can be avoided if the operational managing partner sets up a regular schedule of sending account holder updates to the partners.

- **The account holders are confused by all of the participating partner organizations and do not know who to contact.**

An account holder may have heard about the IDA opportunity from her caseworker, taken the money management class from an independent contractor such as Consumer Credit Counseling Services and then receives her monthly matching fund statement from yet a different organization. If she has a problem or question, she may not know where to turn. This problem can be avoided by telling the account holder whom she can contact for what issues. The Alliance clarifies all contact information in an IDA Investor Manual that all account holders receive. Often, however, the account holder will bond with either her money management instructor or her case manager, and will call one of them every time she has a question. These people then have the responsibility of relaying the information to whichever colleague actually needs it.

- **Community partner does not think it is adequately compensated for its work.**
  Even though the Alliance is one of the only collaboratives that provides operating funds to its community partners, the staff workers often put more time into the IDA program than they are compensated for. In these instances, the managing partners should meet with the community partner to think of ways the work can be done more efficiently. If this does not solve the problem, the partners may need to revisit the operating budget and operating agreement.

- **The collaborative's goals are too ambitious.**
  If many of the partners are not meeting their goals, the goals may need to be revisited. All partners can meet together to try to set more accurate goals based on their most recent experience.

STEP ELEVEN

Communicate

Many collaboratives fail because the partners do not talk to each other. Problems arise, fester and then spiral beyond control before they are addressed.

In the Alliance's first year, all of the partners met once every two weeks for about two hours. Prior to the meetings, Lenders for Community Development staff would email all Community Partners and ask them how they wanted to use the Community Partner meeting. Did they have an issue or problem that they wanted to throw out to the group? LCD would receive the responses and craft an agenda to meet the partners' needs. During that first year, we discussed issues such as:

- How to get past their clients' skepticism about IDAs
- How best to talk with and support account holders who were not making deposits without sounding like a bill collector

During the Alliance's second year, we only had these meetings once a month. During the third year they were held every six-to-eight weeks. Now in the fourth year it is eight-to- ten weeks.

We also communicate regularly by email.

The communications function is one of the most important roles of the operations managing partner. LCD's staff must continue to be very responsive so that the community partners are able to do their jobs.

STEP TWELVE

Engage

It is easy to generate excitement when the collaborative is just starting. All of the partners are on a steep learning curve and everyone pulls together to get the collaborative off the ground. As the months (and then the years) begin to pass, how do you keep your partners interested and thriving? We have taken several steps to do so:

- **Send community partner staff members to IDA learning conferences.**
  In the first three years, we told all community partners to include a line item in their annual budget to pay the costs of sending a staff member to a major conference. By meeting IDA colleagues from across the country, staff members were then able to more fully understand that they are part of a national IDA movement. They were re-energized and returned to their work with a lot of ideas on how to strengthen the program.

- **Involve your partners in key decisions.**
  If your partners are involved in meaningful ways, they are more likely to remain engaged. If you are thinking of adjusting some of your policies or procedures, ask for your partners' input. By consistently seeking your partners' input on how to improve the program, you will enact a process of continuous improvement.

- **Bring outside speakers to your meetings.**
  Ask your partners what they would like to learn to help them be more effective in their roles. Bring in an occasional speaker to offer your partners a new perspective on their work.

- **Celebrate your successes.**
  Every year the Alliance has an annual celebration. We invite all of our funders and our partners. It's important to recognize our accomplishments. We are now working on a way to celebrate the success of our account holders as they graduate from the program.

- **Encourage your partners to integrate the IDA program into the other services they offer.**
  When the IDA is integrated into the partners' other services, it is easier for the partner to maintain commitment over the long-term.

- **Constantly check in with your partners.**
  Make sure you ask your partners how it's going on a regular basis.