

Growing the United Way of King County
Individual Development Account Program to Scale

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A degree project submitted in partial fulfillment of the requirements for the degree of

Master of Public Administration

University of Washington
Daniel J. Evans School of Public Affairs

2004

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Executive summary

Individual Development Accounts (IDAs), or matched savings accounts, have emerged as an innovative contribution to the fight against poverty in the United States, particularly asset poverty. IDAs encourage low-income people, through financial incentives and training, to save for a first time home purchase or to invest in higher education or a small business. The United Way of King County oversees a collaborative of 13 Community Based Organizations who administer roughly 250 accounts for low-income people in King County. This innovation, which has been growing in popularity over the last ten years, has the potential to impact thousands of lives. UWKC is hoping to contribute to this movement by scaling up their IDA program threefold over the next three years. Given these ambitious growth goals, this paper addresses the following question:

How can the United Way of King County scale up the IDA program over the next three years in a way that ensures quality service?

In order to answer this question, this paper examines the literature on scaling up social programs to determine common barriers to scaling up and potential strategies to address these barriers. The key strategy for scaling up at this stage of UWKC's growth is called "quantitative" scaling up, or growing by increasing the number of people enrolled in the program.

Valuable information was gathered from members of the CBOs involved in the UWKC collaborative, each of whom shed light on the key issues UWKC faces as it scales up its programs. These contacts had many great ideas regarding ways to move forward in a way that maximizes the UWKC IDA program's growth potential. There is a growing volume of knowledge around IDA programs, and in order to take advantage of this, research for this paper includes interviews with IDA practitioners across the nation as well as IDA policy experts.

From this research emerged three distinct options UWKC can follow when scaling up. The first is to keep the program as is, the second is to partner with an increased number of CBO partners and the third is to build the capacity of several CBOs who will take on a large number of IDAs. In order to decide which option would support UWKC's guiding principles for the IDA program, criteria were established to weigh each option, including:

- Improved investor quality and retention rates;
- Increased equity through geographic, ethnic/racial, and economic diversity;
- Greater inclusiveness and community involvement;
- Scalability and sustainability;
- Improved program quality while serving an increased number of investors.

Using this analytic framework, this paper recommends that UWKC build the capacity of a smaller number of CBO partners in order to offer the best quality IDA services to the greatest number of investors. This recommendation, however, should be phased in over time to allow a diverse and capable group of CBOs to be identified and to avoid alienating current CBO partners. Other recommendations are based on common paths for scaling up, which not only focus on increasing the number of accounts or the number of CBO partners, but building organizational capacity and increasing political activity among other strategies.

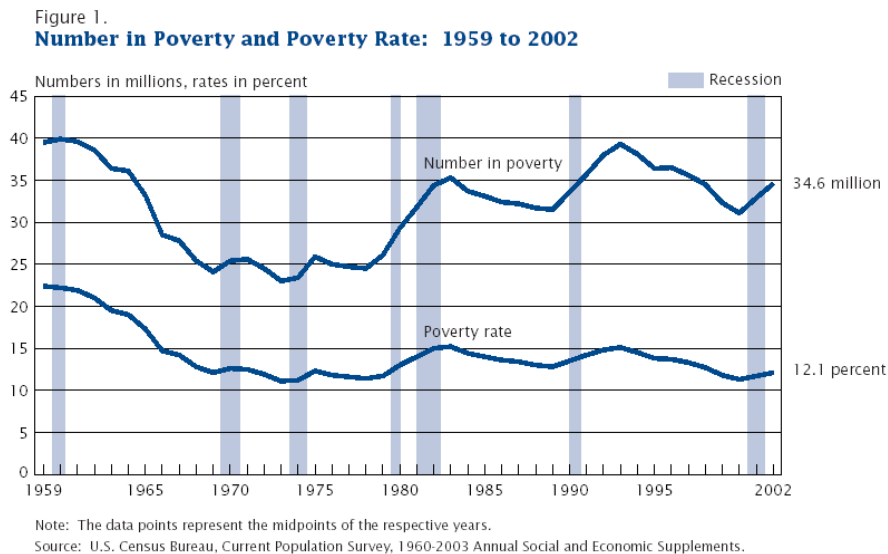
Introduction

*“Even though they (assets) may be just another form of money, assets have different dynamics and effects. Assets are the way resources can be moved through time. They are durable and can be leveraged – allowing for relatively great appreciation. They are flexible and can be used to survive a time without a job, meet an emergency, invest in a business, purchase a house, or finance an education. **In a very real sense, it is assets that allow people to live in and for the future – they provide the reason to believe in it, the confidence to shape it, the impetus to plan for it, the investment to make it real.**”¹*

Hunger, AIDS, homelessness, illiteracy, crime; for all these ills of society and modern life, the common denominator is often poverty. Traditional approaches to alleviating poverty have historically relied on a narrow definition of poverty as a lack of money. Our welfare history has shown that giving people money or even helping them get a job is not always enough to ensure a stable future for themselves and their families. This one-dimensional view of poverty has left out, until recently, a second aspect of poverty; asset poverty. A lack of assets and human capital is often what determines whether a family can live off of the wages they earn and if the family will be able to plan for their future and reach their goals.

There have been countless strategies developed worldwide to address poverty. In the United States, years of interventions have not proved to significantly reduce the number of people living with incomes below the federal poverty level. The following chart shows the trends of people in poverty, which indicates that the percentage of those in poverty has remained relatively stable, despite large-scale welfare plans and welfare reform.

FIGURE 1. NUMBER AND PERCENT OF PEOPLE IN POVERTY IN THE U.S., 1959-2002²



¹ Corporation for Enterprise Development State Asset Development Report Card. Online: www.cfed.org, accessed December 15, 2003.

² U.S. Census Bureau. *Poverty in the United States: 2002*. By Bernadette D. Proctor and Joseph Dalaker. September 2003. Online: <http://www.census.gov/prod/2003pubs/p60-222.pdf>, accessed May 31, 2004.

The persistence of poverty has led policy makers to develop more innovative, holistic strategies for attacking this problem. Individual Development Accounts (IDAs), a form of matched savings accounts, are just one of these innovative strategies. This project will be looking at some of the finer details of program design at this critical stage of growth in the life of the United Way of King County IDA program. In order to address these details however, I will be giving a survey of the reasons IDAs were developed in the first place; widespread poverty among working people and the even greater epidemic of asset poverty. This is an exciting time for the field of poverty alleviation, as strategies like the Individual Development Account are building momentum and beginning to see real results. The goal of this paper is to provide an assessment of the current situation of the United Way of King County (UWKC) Individual Development Account Program and make recommendations for how to smoothly scale its impact over the next three years.

Research Methods

Research Question

Since the day UWKC enrolled its first IDA investor in March 2002, the program has experienced relatively high, but stable growth (from zero to about 230 accounts in two years). The initial aim of this project was to look at the next two years and consider recommendations for the following two scenarios:

1. UWKC continues to see moderate growth, leading to a twofold increase in the number of IDAs over the next two years.
2. UWKC experiences a rapid growth spurt, fueled by a large grant. Projected increases in accounts come to a fourfold increase in two years, for a total of roughly 1,000 active IDAs.

Today, with news that UWKC was awarded a new grant to expand the IDA program approximately threefold over the next three years, the research question was refocused to: How can the United Way of King County scale up the IDA program over the next three years in a way that ensures quality service?

Research Methods

In order to examine the above research question and make recommendations to the UWKC IDA program staff, I used a combination of research methods including interviews, a review of the literature and best practice research.

Interviews

I began my research by conducting informal interviews with key people involved in the IDA program including:

- Members of the 13 agency collaborative (CBO partners)
- National IDA programs
- IDA policy experts

CBO partner interviews

The objective of these interviews was to gain insight into how growth will affect the UWKC program, what changes CBO partners would like to see in the design of the program as well as their concerns related to rapid growth. I was also hoping to gain historical context and other insider knowledge about the IDA program at UWKC.

I began by discussing different elements of the program with the United Way of King County IDA staff. This discussion helped me identify areas of concern as well as those that I should pay particular attention to when speaking with collaborative members.

Given time restraints, I targeted those agencies in the collaborative that have the longest history with the IDA program. In this way, I was able to capture how those agencies have dealt with the growth that has occurred in the program already, and hear their predictions for issues that may arise with continued growth.

The IDA collaborative members meet on a monthly basis. In order to introduce myself to the collaborative and engage people in the project that I am working on, I attended one of these meetings where I was able to explain my research project and the purpose of the interviews that I would be conducting. I was able to secure interviews with 9 of the 13 CBO partners (see Appendix A for list of interviewees). The interviews took place over a two-week period and lasted anywhere from an hour to an hour and a half each.

Initially, I was unaware of how much the collaborative knew about UWKC's plans for growth, and unsure of the level of experience the CBO partners had. I developed a scenario that I planned to share with each interviewee and have them react to (see Appendix B). After going to a collaborative meeting, it was clear that CBO partners were a key part of the decision making process and many members of this group participated in the earliest discussions of planning the program and designing even small details. This allowed me to be very candid in my interviews and obtain a great variety of responses based on the diverse experiences of the collaborative members. The first part of our conversations focused on big-picture issues dealing with growth, which then lead to a more micro-level discussion of the various systems that make up the IDA program (see Appendix C for interview questions).

National IDA program & IDA policy expert interviews

UWKC provided me with a list of contacts within the national IDA community that have experienced growth at varying levels. By speaking with IDA practitioners and policy experts outside of the UWKC program, I was hoping to gain insight into best practices emerging in the industry, as well as innovative solutions to common stumbling blocks that IDA programs face when scaling up. I contacted the following organizations.³

- Assets for All Alliance (Bay Area)
- Community Action Project of Tulsa County (CAPTC)
- Corporation for Enterprise Development (CFED)
- East Bay Asian Local Development Corporation (EBALDC)
- Michigan IDA Partnership (MIDAP)
- San Francisco Asset Building Initiative (EARN)
- United Way of Los Angeles
- Washington State Office of Trade and Economic Development (WorkFirst)

I was able to secure interviews with only half of the organizations on this list, including EARN, a program that is similar in size to the UWKC program, and MIDAP, a much larger, state-wide collaborative. I was also able to speak to a representative from the Washington State WorkFirst IDA program and someone who had experience both as an IDA practitioner working with a refugee IDA program and working for the Corporation for Enterprise Development (CFED), an organization that is leading IDA policy. Conversations with these individuals ranged from current best practices to the direction of IDA policy for the future.

Information gathered through these discussions form part of my analysis of the issues that the UWKC program faces given future expansion as well as possible alternatives for addressing these issues, some of which were proposed by the interviewees and some of which will be drawn from my literature review.

³ Organizations were selected based on their working relationship with UWKC as well as the organization's age and level of experience. An effort was made to include organizations of varying sizes.

Literature Review

Besides looking for the history and background of poverty policy and the development of the IDA field, I conducted an extensive review of the literature on scaling up and replication. The philosophy behind Individual Development Accounts is that they would be replicable and widely available. Information gathered about scaling up will form the basis of some of my recommendations – particularly regarding common barriers to scaling up and strategies to overcome them.

I also examined literature from other IDA programs and national IDA demonstrations. I have included a brief summary of some of these findings to show the direction that IDA policy is moving and to share some of the literature from IDA experts in the field.

Using these research methods, I have developed recommendations that will help inform IDA program decisions over the next three years.

Context

History

While there have been some asset-based policies that have encouraged people to save and invest, the focus of most welfare policy has been income transfer policies. These programs, such as food stamps or Aid to Families with Dependent Children (AFDC) fill a definite need, but they have been criticized for their lack of long-term results. Traditional welfare programs may have sustained the poor, but generally they did not provide people the means to move up and out of poverty. Up until this most recent decade, after the 1996 welfare reform, asset limits actually created a deterrent to saving for those people who were participating in public assistance programs. With asset limits often set as low as \$1,000, participants, not able to support their families on what they had, kept their asset base small in order to qualify for AFDC or food stamps and other assistance programs. Today, policy makers recognize the importance of accumulating assets and though stringent income requirements still apply to most programs, many exceptions are granted; \$5,000 for a car is typical; funds saved in an IDA are exempt. This is making the public assistance field much more receptive to progressive poverty alleviation strategies.

Government is not unfamiliar with asset-based policies and incentives. Michael Sherraden,⁴ who conceived of the IDA concept just over ten years ago, gives the example of the Homestead and Morrill Land Grant acts in the 19th century, where land was offered to individuals to make a living on or for public schools, as some of the largest scale asset-based policies in history. He also refers to policies implemented as part of the “New Deal,” when “home mortgage subsidies” and “landownership support” became widespread policies. More recently, he looks at Individual Retirement Accounts (IRAs), a program that has similar qualities as the IDA program, but has reached a universal scale, which many IDA advocates hope to someday achieve. The problem with these and many other asset-based policies are that they often exclude those that need them the most.

In a recent report published by the Corporation for Enterprise Development (CFED) called “Hidden in Plain Sight,”⁵ researchers take a closer look at how Federal dollars devoted to asset-based policies are being spent. Their findings indicate that of the \$335 billion spent annually, “less than 5% goes to the bottom 60% of taxpayers,” as opposed to the “wealthiest 1% of Americans,” who receive one third of the benefits of these policies. These numbers provide evidence, not only that asset-based policies are overly compensating the rich and overlooking the poor, but that the government is invested in providing incentives for people to own homes, and to save for their retirement. This fact gives programs like IDAs hope, because similar programs are being supported financially and logistically on a large scale already, the problem is inequality of access to these benefits.

The following graph comes from this study and shows a conservative estimate of the total amount expended in the U.S. for asset building programs. It is difficult to quantify these expenditures because there is no “asset-building” line item in the federal budget – and no unified approach to

⁴ Sherraden, Michael. *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M.E. Sharpe, Inc., 1991.

⁵ Corporation for Enterprise Development. *Hidden in Plain Sight: Summary*. Online: <http://www.cfed.org/20040311HiddenAssetslong.pdf>, accessed April 15, 2004.

asset-based policies. CFED went through a stringent process to determine what to count towards these totals and what to exclude – the results show an over \$335 billion effort to increase assets for U.S. taxpayers.

FIGURE 2. COST OF AMERICAN ASSET-BUILDING POLICIES: FY1999-FY2003⁶

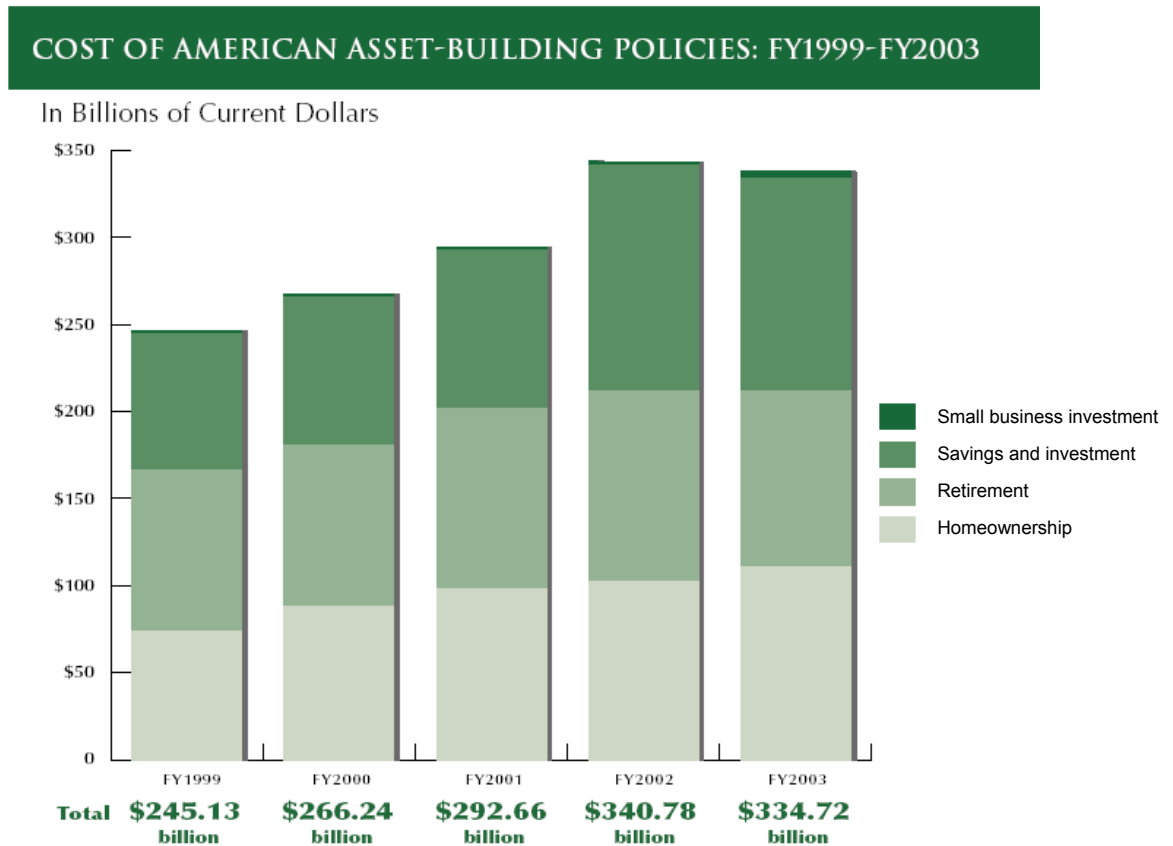


FIGURE 3. AMERICAN ASSET-BUILDING POLICIES: DISTRIBUTION OF BENEFITS

AMERICAN ASSET-BUILDING POLICIES: DISTRIBUTION OF BENEFITS

Mortgage interest, property tax deductions, and preferential rates on capital gains and dividends.

BY AVERAGE DOLLAR AMOUNT

If a taxpayer's income is in the...	then their average benefit is...
Bottom 20%	\$4.24
2nd 20%	\$34.26
Middle 20%	\$173.45
4th 20%	\$705.64
Next 10%	\$1,959.68
Next 5%	\$3,060.69
Next 4%	\$5,528.64
Top 1%	\$38,107.10

⁶ Corporation for Enterprise Development. *Hidden in Plain Sight: Summary*. Online: <http://www.cfed.org/20040311HiddenAssetslong.pdf>, accessed April 15, 2004.

Poverty today

Despite the efforts of the public and private sectors to eliminate or at least alleviate poverty in the United States, 11.7% (32.9 million) of the population live with incomes at or below the federal poverty level⁷ and millions more are classified as low income (200% of the poverty level)⁸. In Washington State, where 8.7% of the population is below the poverty level – 24% are considered asset poor (ranked 39th in the country), meaning that they do not have enough of a security blanket to survive three months⁹ in the case of a loss of wages for any number of reasons. The percentage of households with zero or negative net worth in Washington is around 16% (37th in the country).¹⁰

Too often poverty is associated with a lack of willingness to work or inability to find gainful employment. While there are exceptions, statistics show that a large majority of those below the poverty level are what have been termed “working poor.” These are people who have worked full time or have actively sought employment for at least 27 weeks in the year, yet still fall under the poverty level. Roughly 6.8 million or 4.9% of the total labor force fall into this category of “working poor.”¹¹ Even higher are the percentage of youth and young adults that work full time, and yet are unable to make a living.

In Washington State, the level of unemployment is above the United States average with 5.2% of people seeking work but unable to find it (compared with the national average of 4.8%) and 11.6% of people who have part time work, but would prefer or are seeking full time work (compared with the national average of 10.6%). This is compounded by the fact that 20.5% of Washington jobs pay below poverty wages.¹² Families with a full time worker, even two, have a high rate of poverty (44.5% and 9.4% respectively).¹³ In other words, though employment greatly minimizes the risk of being poor, it is not the magic bullet. Figure four below shows poverty rates by the household type and the number of workers in the household.

⁷ US Department of Labor, Bureau of Labor Statistics, June 2003.

⁸ 2004 HHS Poverty Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 9,310	\$11,630	\$10,700
2	12,490	15,610	14,360
3	15,670	19,590	18,020
4	18,850	23,570	21,680
5	22,030	27,550	25,340
6	25,210	31,530	29,000
7	28,390	35,510	32,660
8	31,570	39,490	36,320
For each additional person, add	3,180	3,980	3,660

SOURCE: Federal Register, Vol. 69, No. 30, February 13, 2004, pp. 7336-7338.

⁹ CFED defines asset poverty as an individual’s inability to support themselves for three months without regular income.

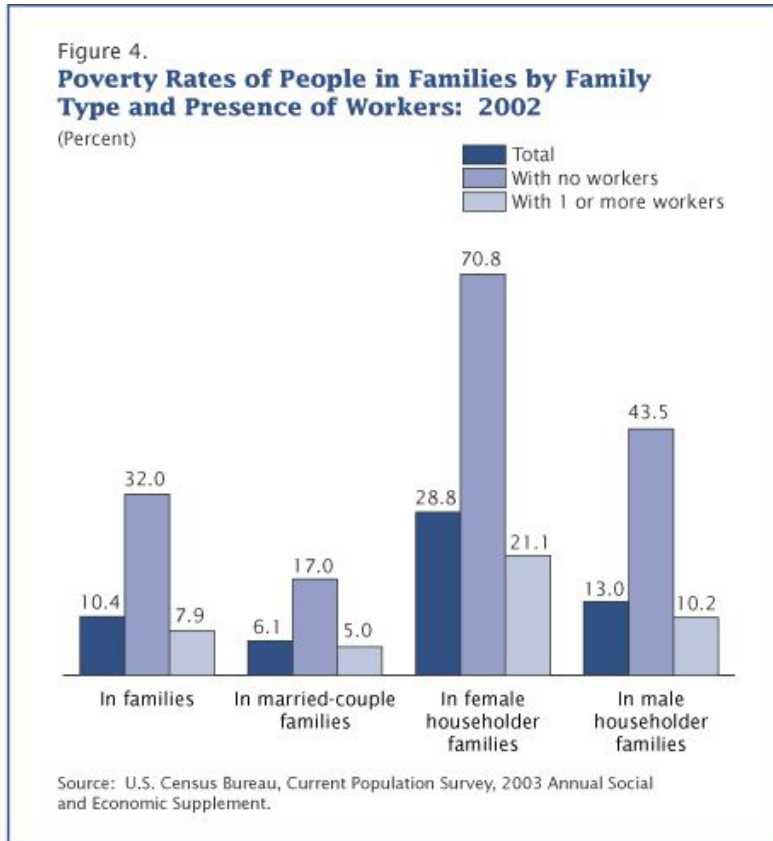
¹⁰ Corporation for Enterprise Development State Asset Development Report Card. Online: www.cfed.org, accessed December 15, 2003.

¹¹ U.S. Department of Labor. *Bureau of Labor Statistics. A Profile of the Working Poor, 2000*. Report 957. Online: www.bls.gov/cps/cpswp2000.htm, accessed December 15, 2004.

¹² Corporation for Enterprise Development. Online: www.cfed.org, accessed October 16, 2003.

¹³ Brown, J. Larry and Larry W. Beeferman. *What Comes After Welfare Reform? How we can ensure economic security for all Americans*. Boston Review, December 2001/January 2002.

FIGURE 4. POVERTY RATES OF PEOPLE IN FAMILIES BY FAMILY TYPE AND PRESENCE OF WORKERS: 2002¹⁴



Asset discrimination

It is well known that a disproportionate number of non-white people and women, particularly single mothers are living in poverty. According to CFED, “More than 60% of African American households and 54% of Hispanic households have zero or negative net financial assets compared with only one third of all American households.” The numbers are even more disheartening when you look at the number of children growing up in households with no assets. The latest numbers from CFED show that “40% of all white children and 73% of all black children” fall under this category. According to the National Council of La Raza “in 1998, the median net worth of Hispanic households was \$9,200, that of African American households was \$15,000, and that of white households was \$95,610.”¹⁵ These numbers, though a little outdated, show the enormous gap that exists between people of different races.

Washington is number one according to CFED’s State asset development report card in terms of equality between asset ownership for men and women, though there still is a gap with men owning a greater share of assets than women¹⁶. In the least equitable state, Louisiana, men own

¹⁴ U.S. Census Bureau. *Poverty in the United States: 2002*. By Bernadette D. Proctor and Joseph Dalaker. September 2003. Online: <http://www.census.gov/prod/2003pubs/p60-222.pdf>, accessed December 15, 2003.

¹⁵ Corporation for Enterprise Development. Online: www.cfed.org, accessed October 16, 2003.

¹⁶ From CFED’s State Asset Development Report Card – Asset inequality by Gender – is calculated by taking the mean net worth of male-headed households divided by the mean net worth of female-headed households (expressed in 1996 dollars), which for Washington equals 1.2.

more than twice the assets that women do. If you look at the same measure for race, Washington ranks 25th – with white people owning more than four times the assets of non-white people.¹⁷ As for asset poverty by gender, Washington does not fare as well, but weighs in as 11th in the nation, with women-headed households being considerably more likely to be asset-poor than male-headed households.¹⁸ Washington ranks 13th for asset inequality by race.¹⁹

Asset-based policy: The birth of IDAs

“The 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.”²⁰

Asset-based policies such as IDAs, began to build support just over ten years ago. Michael Sherraden of the Center for Social Development (CSD) published “Assets and the Poor” in 1991, in which he outlined an argument for a shift toward asset-based welfare policy and proposed a system of Individual Development Accounts that forms the foundation for almost all IDA programs that are operating today.

In their simplest form, IDAs are matched savings accounts. Money that is saved in the account is matched at a predetermined rate, anywhere from \$.50 to \$7.00, by Federal, State or private dollars and earmarked for a specific asset purchase, such as a home or to invest in higher education or small business development. Programs that administer IDAs may also include many more layers of service, including financial literacy training, case-management, credit repair and counseling and other related services.

The eligibility requirements usually include people with incomes from 175% to 200% of the poverty level. Many of these criteria are based on eligibility requirements of other programs; this is to make it easier for people working with clients in their programs to refer them to IDA programs. Streamlining eligibility requirements also helps assure that each person is able to take advantage of the full range of services available to them. A classic feature of IDAs is that the money saved is not counted toward any income limits for social services, encouraging people to accumulate wealth without the fear that they will lose services that they rely on for survival, until they can stand on their feet. Some programs include Adjusted Gross Income and Area Median Income as eligibility requirements, which adjust people’s income based on the conditions in the area they are living in.

¹⁷ From CFED’s State Asset Development Report Card – Asset inequality by Gender – is calculated by taking the mean net worth of white-headed households divided by the mean net worth of non-white-headed households (expressed in 1996 dollars), which for Washington equals 4.6.

¹⁸ From CFED’s State Asset Development Report Card – Asset poverty by gender – is calculated by taking the asset poverty rate of male headed households divided by the asset poverty rate of female-headed households (as of 1996), which for Washington equals .75.

¹⁹ From CFED’s State Asset Development Report Card – Asset poverty by gender – is calculated by taking the asset poverty rate of white-headed households divided by the asset poverty rate of non-white-headed households (as of 1996), which for Washington equals .43.

²⁰ Assets for All Alliance. *IDA Collaboratives Toolkit*. By Margot Malliard Rawlins and Anne Stuhldreher. August 2003. Online: http://www.idanetwork.org/resources/docs/publications/ida_collaborative_toolkit.pdf, accessed May 31, 2004.

Participants must use earned income or money from Earned Income Tax Credits (EITC) to be eligible for the IDA match. In order to include the elderly or disabled, some IDA programs allow contributions from Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) upon approval.

In order to maintain the IDA, financial goals are set by the participant and monthly minimum deposits (also set by the participant) must be met. Matched funds must be used for the agreed upon asset or else they will be lost and given back to the government or the source of the match.

Putting IDAs to the Test

Several pilot-programs were launched in the early development stages of IDA policy. The results from these test programs are only now starting to be reported, but long-term results will not be available until the programs are able to track the outcomes of their participants in the years after they purchase their asset.

The 1998 **Assets for Independence Act (AFIA)** brought asset building to the forefront of many people's minds with its five-year plan to demonstrate the effectiveness of IDAs. The government committed to channel \$25 million per year in the form of AFIA grants for five years through nonprofits who administer IDA programs. Participants involved in the program have their savings for a first time home purchase, for higher education or for starting a small business matched at a rate of 1 to 1 through the government money. The program is administered by the Department of Health and Human Services, who in 1999 began disbursing funds to eligible organizations on a competitive basis to be used to support IDA program activities.

The Downpayments on the American Dream Policy Demonstration, or the **American Dream Demonstration (ADD)**, was designed by CFED and the Center for Social Development (CSD) to evaluate and assess the success of IDA programs on the lives of the participants. The study, which was privately funded by 11 foundations, began in 1997 and ended in 2001, with research continuing through 2003. The program funded the creation and implementation of 14 IDA programs across the nation at 13 different locations. Participant information was tracked using a database called MIS IDA, which was developed by CSD specifically for IDA programs. Initial reports from this demonstration indicate that participants were able to save and build their asset-base, but many of the results are still tentative, especially those dealing with long-term results.

In addition to these projects, the 1996 welfare reform enabled states to provide IDAs as part of their TANF program, and not have their savings counted against them. In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 led to the replacement of AFDC with Temporary Assistance for Needy Families (TANF). State TANF funds are relatively flexible and can be used in any way that is "reasonably calculated to accomplish the purposes of TANF" which include "assisting needy families so that children can be cared for in their own homes; reducing dependency of needy parents by promoting job preparation, work, and marriage; preventing out-of-wedlock pregnancies, and encouraging the formation and maintenance of two-parent families."²¹ These flexible goals opened the door for individual States to use TANF money to fund IDAs. Washington State integrated IDAs into its State program in 2002, but unfortunately, only funded them for 2 years before withdrawing support from the program. The State invested \$3 million into the program, which funded approximately 567 accounts in 14

²¹ Excerpt from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Center for Social Development. Online: http://gwbweb.wustl.edu/csd/Areas_Work/Asset_building/IDAs/Welfare_reform.htm, accessed May 31, 2004.

counties. State supported IDA accounts have more limited financial requirements (qualification for TANF or past TANF recipient whose income is below 175% of the poverty level), often leading to serving more needy and more labor-intensive accounts. As of January 2003, 30 states had incorporated IDAs into their state TANF plans.

Local participation – the IDA program at UWKC

“Ultimately the purpose of the IDA program is to recognize people’s internal assets and assist individuals and families to take advantage of their strengths and build on them.”²²

History

United Way of King County has existed since 1921 to help people live better lives, improve their communities, and realize their dreams. UWKC provides support to over 150 local nonprofits using donor dollars from individuals and workplace campaigns. More recently, UWKC has identified two community needs and developed “initiatives;” focused projects that increase awareness, pool resources and promote policy, around these particular issues. One of these initiatives is called the “Out of the Rain Initiative,” which carries the goal of ending homelessness in King County within a 10-year timeframe. One of the programs that falls under the mission of the Out of the Rain initiative is the IDA program, which acts as a preventative measure against homelessness. The program was initiated in May 2001 and now provides accounts for almost 250 low-income individuals.

Program Design

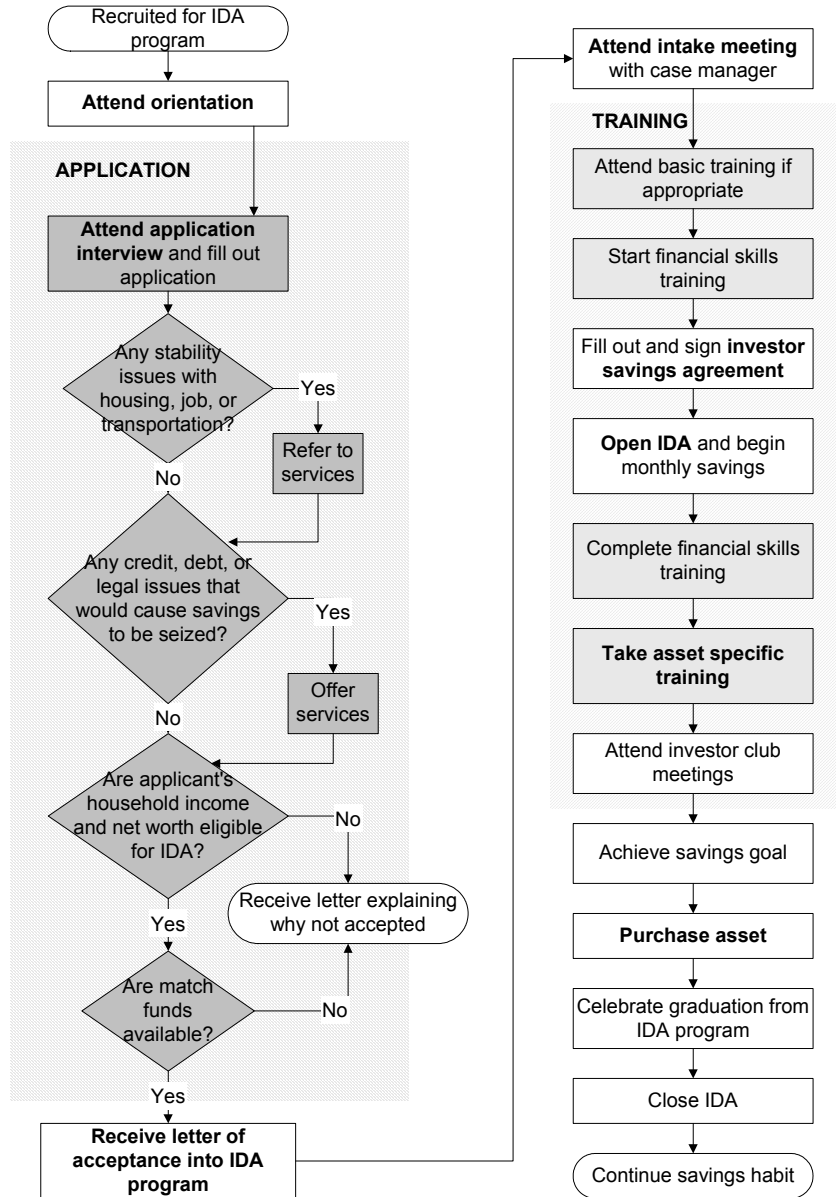
The United Way of King County, in collaboration with 13 Community Based Organizations (CBOs) is making IDAs available to some of King, Snohomish and Pierce counties neediest individuals and families. The program follows the model outlined above, where an investor sets a financial goal – to buy a house, to go back to school or to invest in a small business – then opens an account to start saving towards that goal. For each dollar of earned income (or tax return) saved up to \$2,000, UWKC will match it with three public or private dollars. Investors are not only encouraged to save for and purchase assets, they receive financial literacy training, asset-specific training (for example, homeownership classes for someone saving for a house), and referrals to other services that will ensure their success in the program such as credit repair, housing, and transportation services.

Program participants, referred to as “investors” have to meet a number of requirements in order to be eligible for the much sought after IDAs. The potential investor must be considered low-income (200% or less of the federal poverty level) or qualify for Earned Income Tax Credit (EITC) or Temporary Assistance for Needy Families (TANF). There are also limits for the total net worth of a household – which cannot exceed \$10,000. Since asset limitations are part of what IDAs have reacted against because of the disincentive to saving they create, this \$10,000 limit does not include the potential investor’s residence, nor does it include the value of one vehicle per household.

Each investor must keep his or her account open for a minimum of one year, although partial withdrawals are allowed after six months. Once the investor is ready to purchase their asset, UWKC will send a check directly to the payee for the required amount. There are many more detailed program details that I will not include here, such as monthly savings requirements and policies regarding withdrawals (see Appendix D for a full description of program features). The following shows the path that investors take from pre-enrollment through post asset purchase.

²² From UWKC’s FY2003 Assets for Independence Act (AFIA) grant proposal.

FIGURE 5. PARTICIPANT (IDA INVESTOR) FLOW DIAGRAM²³



Guiding Principles

“The UWKC IDA Project defined the following guiding principles for program design and services delivery:

- High quality customer service
- Service delivery in a culturally appropriate manner
- Community building
- Scalability and sustainability

²³ From UWKC’s FY2003 Assets for Independence Act (AFIA) grant proposal.

- Continuous quality improvement”²⁴

Program Outcomes

The staff at the United Way of King County and the members of the CBO collaborative developed the following outcomes that they hope will be achieved through implementing the IDA program:

1. “increased asset acquisition and retention;
2. increased self-sufficiency;
3. increased utilization of financial institutions and instruments;
4. decreased dependency on public assistance;
5. reduced poverty.”²⁵

The following logic model outlines UWKC’s goals and outcomes for the IDA program.

²⁴ From UWKC IDA Project Description, January 30, 2002.

²⁵ From UWKC IDA Project Description, January 30, 2002.

FIGURE 6. UWKC LOGIC MODEL: GOAL, OUTCOMES AND INDICATORS

Goal: Provide access to assets that increase economic self-sufficiency for low resource residents of King County, Washington.

-----PROCESS-----

-----OUTCOME-----

RESOURCES	ACTIVITIES	OUTPUTS	INDICATORS	OUTCOMES
<ul style="list-style-type: none"> ◆ United Way of King County ◆ Community Based Organization Partners ◆ Financial Institution Partners ◆ Training Partners ◆ Research and Evaluation Partners ◆ Funders: <ul style="list-style-type: none"> ○ Local ○ Grant ○ Private Donors 	<ul style="list-style-type: none"> ◆ Participant Recruitment ◆ Market Research <ul style="list-style-type: none"> ○ Focus Groups ○ Surveys ◆ Financial Literacy Training ◆ Asset Specific Training ◆ Case Management ◆ Investor Clubs (for participants) ◆ Expansion into Snohomish County ◆ Advocacy for IDAs: <ul style="list-style-type: none"> ○ Local ○ State ○ Federal 	<ul style="list-style-type: none"> ◆ 488 Individual Development Accounts: by March 2004 <ul style="list-style-type: none"> ○ 319 IDAs with existing AFIA grant: <ul style="list-style-type: none"> ▪ 240 Homeowner ▪ 24 Business ▪ 55 Education ○ 80 IDAs with existing Washington State grant: <ul style="list-style-type: none"> ▪ 60 Homeowner ▪ 6 Business ▪ 14 Education ○ 89 IDAs requested in AFIA grant 2002: <ul style="list-style-type: none"> ▪ 56 Homeowner ▪ 17 Business ▪ 16 Education 	<p>The United Way of King County IDA Program has identified indicators to measure progress on each outcome. These indicators are listed in Attachment 3.</p>	<ul style="list-style-type: none"> ◆ Increase asset acquisition and retention ◆ Increase self-sufficiency ◆ Increase utilization of financial institutions and instruments ◆ Decrease dependency on public assistance ◆ Decrease risk of homelessness ◆ Reduce poverty

Funding

The biggest contribution to the IDA program is the AFIA grants, which have been awarded to UWKC for the last three years. In 2001, they were awarded \$720,000, in 2002, they were granted an additional \$261,000 and most recently, in 2003, they received another \$197,796. In order to leverage these funds, AFIA requires an equal match of non-Federal dollars in order to utilize the Federal funds from the grant.

Furthermore, because UWKC chose to institute a 3:1 match, they must raise an additional dollar for every Federal dollar that is drawn down. In summary, UWKC needs to raise two local dollars in order to use one AFIA dollar. The 3:1 match ratio is based on the high cost of real estate in King County. It is up to each IDA program to determine match rates based on local conditions.

In a recent grant proposal projecting a budget through 2006, 26.3% of funds are predicted to come from AFIA grants, 13.7% from private employers (for another program of employer-based IDAs), 27.9% from a private foundation, and 32.1% from the United Way of King County and from community donations.

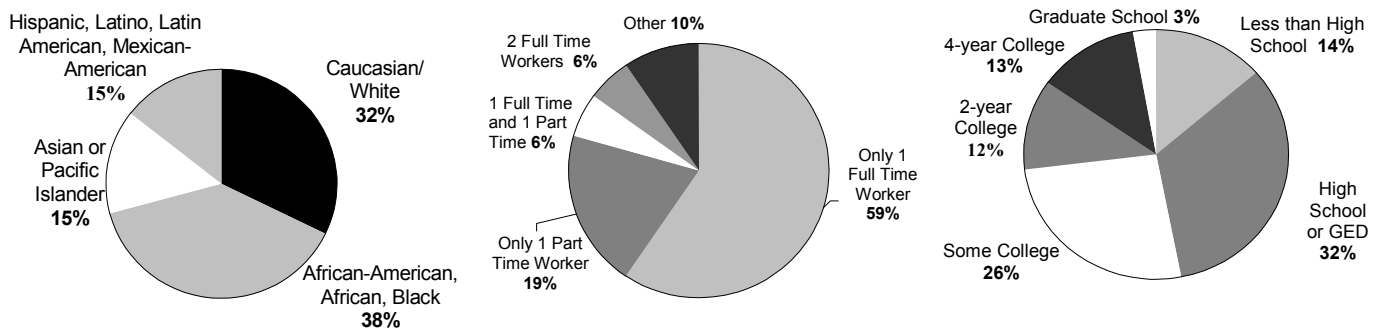
Program partners

Members of the collaborative are geographically diverse, they focus on a range of issues (from housing, employment, small business development to more multi-purpose organizations), and serve a diverse client-base. UWKC also collaborates with local banks and foundations, as well as the Evans School of Public Affairs to help with different aspects of the program (see Appendix E for a complete list of IDA program partners).

Program Evaluation – a Progress Report

The Evans School of Public Affairs – with Marieka Klawitter as the lead – works with UWKC as its evaluation partner. Each year, the Evans School performs an evaluation of the current investors in the IDA program, looking at different key indicators, such as their average monthly savings as well as demographic characteristics. The most recent evaluation of 152 IDA investors showed that the monthly savings varied widely, between \$4 and \$1,376, the average being about \$64 per month. A November 2002 report described the characteristics of the investors, citing that “about a third of investors identify as Caucasian, and over one-third as African-American or Black. About 15 percent say they are Asian/Pacific Islander, and about 15 percent report Hispanic, Latino, Latin American or Mexican American ethnicity.”²⁶ The following figure presents information about investor’s race, employment and educational attainment.

FIGURE 7. IDA CLIENT PROFILE BY RACE/ETHNICITY, NUMBER OF FULL TIME WORKERS IN HOUSEHOLD AND EDUCATION LEVEL²⁷



²⁶ From UWKC Report on Client Characteristics, March-November 2002.

²⁷ From UWKC Report on Client Characteristics, March-November 2002.

Not all participants are citizens, in fact, about one third are not U.S. citizens, and only about “two-thirds of households speak English as their primary language.” The average household income among participants is \$19,000, with average household assets just over \$12,000. After factoring in debt or liabilities, about “30 percent had net worth between zero and negative \$10,000.” Although this group may not sound like the poorest of the poor, “a fifth of these investors reported being homeless in the past five years, and over one third (36.5%) had income levels below the federal poverty line for their household size.”²⁸ In general, participants showed that they could save money, despite their hardships, with investors making deposits an average of 81% of the months they were enrolled in the IDA program. At the time of the most recent report (April 2003), only one investor had reached their goal and purchased their asset. Once people begin to exit the program, UWKC and the Evans School will focus on tracking long-term success of program participants in an effort to see if some of the outcomes that UWKC has, such as decreasing peoples’ dependence on public assistance, are reached and sustained over time.

Challenges/Growth

The UWKC program has experienced growth that is considerably slower than planned – it had hoped by this time (Spring 2004) to be serving 500 individuals. Today, there are approximately 240 open accounts, close to half the amount anticipated by this time. A number of factors probably played into this including difficulty raising dollars with which to draw down federal dollars from AFIA grants, lack of capacity among the collaborative and more administrative and technological complexity than expected to manage the program. This trend is seen across the nation with IDA programs, and is a common feature of any program. Ambitious growth goals tend to be difficult to realize until some standards are in place. UWKC, now that it has an established IDA program with a strong collaborative, is at a point where it may be able to grow, reaching more participants, leveraging more funds, and becoming more diverse.

Growth for UWKC IDA Program

The United Way of King County IDA program and its thirteen community based organization partners have laid the groundwork for a successful and scalable program. Though the program is solid, there are many elements that will change over time as the program grows and expands. The following findings will identify some of the program areas that will need to be addressed in order to successfully scale up their IDA program and provide strategies for how the organization can deal with those areas.

²⁸ From UWKC Report on Client Characteristics, March-November 2002.

Literature Review

“We have learned to create the small exceptions that can change the lives of hundreds. But we have not learned how to make the exceptions the rule to change the lives of millions.”²⁹

Scaling up social impact

All organizations have had to deal with developing strategies for how to increase their impact while keeping costs down and quality high. The following review of scaling up literature gives an overview of some of the theories behind scaling up social programs.

Figure 8 looks at the costs and benefits of scaling up and some of the things that UWKC should consider when looking towards the future. For example, “mission creep” may become a problem as the IDA program grows and begins to demand more time, money and other resources from UWKC, whose primary mission is to provide funding to social service nonprofits, not oversee the administration of IDAs. An example of a benefit of scaling up is that it increases the chance that the IDA program will survive. Many early IDA projects were seen as demonstrations or pilot programs and after several years lost support and dissolved. Growing the IDA program will help ensure sufficient support and improve the program’s staying power.

FIGURE 8. BENEFITS AND COSTS OF SCALING UP³⁰

Benefits	Costs
<ul style="list-style-type: none"> • Scale increases chances of survival <ul style="list-style-type: none"> ▪ Risk can be spread ▪ There are more stakeholders committed to organizational survival • Improved efficiency <ul style="list-style-type: none"> ▪ Economies of scale ▪ Racing down the learning curve • Enhanced effectiveness <ul style="list-style-type: none"> ▪ Capitalizing on brand recognition ▪ Greater division of labor allows for deep functional expertise ▪ Multi-site organizations are more innovative ▪ Reducing the search costs for clients ▪ Greater attractiveness to funders, employees, and volunteers ▪ More weight in influencing the public policy process <p>Systemic problems require systemic solutions</p>	<ul style="list-style-type: none"> • Mission creep may pull the organization away from its original mission, vision and values • Excessive strain on scarce financial and human resources may result • Need and demand for your program in one site might be a poor indication for demand at other sites • Focusing on growth often sacrifices quality • Renegade sites may seriously harm your reputation • Control issues may lead to excess bureaucracy and stifle innovation • It is easy to fall into the trap of the cookie-cutter approach. What works in one place may not work in another one.

²⁹ Smart Library. *Researcher Finds Strategies Common to Scale-up Efforts that Succeed*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2125&table_of_contents=1611, accessed March 12, 2003. (based on: Schorr, L., Sylvester, K., & Dunkle, M. *Strategies to achieve a common purpose: Tools for turning good ideas into good policies*. 1999.)

³⁰ Schwab Foundation for Social Entrepreneurship. Power Point Presentation. April 24, 2003. Online: <http://www.schwabfound.org/docs/web/Lecture%206%2014%2004%202003%20online%20final.pdf>, accessed May 31, 2004.

Some of the key questions from scaling up literature seem especially applicable to the UWKC situation, including: “Can the innovation be defined and spread in a way that reduces costs while preserving effectiveness?” and “What are the resource requirements for the strategies under consideration?”³¹ These questions are central to the analysis of how the IDA program can scale up its impact. As is evident from the above table, each trade-off needs to be examined in order to make a decision regarding the scaling up strategy that is most appropriate.

Types of Scaling Up

In their research of NGOs, Uvin and Miller see four distinct types of scaling up including:

- **Scaling up structure** (quantitative scaling up)
- **Scaling-up programs** (functional scaling up)
- **Scaling up strategies** (political scaling up)
- **Scaling up resource base** (organizational scaling up)

Within each type of scaling up, Uvin and Miller have noted several “paths” that can be taken to scale up social programs. The table below details each of these paths.

TABLE 1: PATHS TO SCALING-UP WITHIN EACH TYPE OF SCALING-UP³²

Quantitative Scaling-up (focus on numbers of clients, size of programs, etc.)
spread: more people participate in the organization or program
replication: a successful program is repeated somewhere else
nurture: strong outside organization nurtures local initiatives on an increasingly large scale
horizontal aggregation: different organizations or programs merge or combine resources
integration: a program is integrated into existing systems and structures (particularly government structures) once it has demonstrated its potential
Functional Scaling-up (focus on characteristics of the program)
horizontal (sectoral): unrelated new activities are added to existing programs or new programs are undertaken by the organization
vertical (factoral): adding activities to the program that relate in the process chain of activities
Political Scaling-up (focus on political relations that give rise to the problems)
information and mobilization: organization's members or constituents are encouraged to participate in political activities
networking: organization collaborates on a temporary basis with other organizations with whom it shares similar political interests
vertical aggregation: combining with other organizations to form a permanent structure to influence politics
direct entry into politics: organization or its leaders create or join a political party

³¹ Dees, Gregory, Beth Battle Anderson and Jane Wei-skellern. *Scaling Social Impact: Strategies for Spreading Social Innovations*. Stanford Social Innovation Review. Spring 2004.

³² Smart Library. *Researchers Identify Four Types of Scaling-up Approaches*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2062&table_of_contents=1585, accessed March 15, 2003. (based on: Uvin, P. & Miller, D. (1996). Paths to scaling up: Alternative strategies for local non-governmental organizations. *Human Organization*, 55, 344-353.)

Organizational Scaling-up (focus on resource base)
diversify funding sources
increase self financing: through consultancy, sub-contracting, service for fee, etc.
promote skills development
develop learning procedures and structures
create institutional variety
maintain participation and accountability

After further research by Uvin³³ and some other colleagues, they found that although the above strategies seem to be realistic, there were also some additional trends that could be seen among NGOs. One is that while NGOs tend to go through a phase of steady or dramatic growth, at some point, they begin to scale back their efforts in order to avoid bureaucratization and being out of touch with their constituents. They also found that NGOs would move particular tasks away from the main organization in order to streamline the services provided by the central organization and keep costs down. This was manifested in sharing tasks with other CBOs who had the resources to provide a particular service. They also found that NGOs who wanted to remain small or had already gone through a period of growth, would continue to use what they call “indirect impact” strategies, such as training other organizations to do what they do or engaging in joint projects.

Uvin and Miller’s research “point(ed) out that all forms of scaling-up involve processes of institutionalization, formalization, bureaucratization, and distance between leaders and membership. While these processes are unavoidable and even desirable if the organization is to expand beyond a local level, the organization risks alienating members. However, if an NGO is to build its competency and retain credibility, it must remain accountable to its constituency.”

Lisbeth Schorr, an author that has written extensively about scaling up, discusses the elements of successful scaling up, which are useful when looking at the direction UWKC should be taking in the future. First, she explains that “effective programs must be flexible, comprehensive, responsive, high quality with a clear mission, respectful and trusting, rooted in the community, and focused on family and neighborhood.”³⁴ This rather vague statement of success is followed by a more detailed list of strategies organizations can use to achieve success in scaling up.

She begins by saying that “large-scale social change succeeds by spreading what works, taming bureaucracies, creating new partnerships, using outside intermediaries, targeting tow generations, combining social programs, and building a knowledge base.” These strategies are described in more detail below.³⁵

Combine replication with flexibility. “The essence of a successful intervention must be kept while adapting many of its components to local circumstances.”

³³ Smart Library. *Paths to Scaling-up: The Experience of 5 Indian NGOs*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2110&table_of_contents=1586, accessed April 15, 2003. (based on: Uvin, P., Jain, P. S., & Brown, L. D. (2000). *Think large and act small: Toward a new paradigm for NGO scaling up*. World Development, 28, 1409-1419.

³⁴ Smart Library. *Researcher Finds Strategies Common to Scale-up Efforts that Succeed*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2125&table_of_contents=1611, accessed March 12, 2003. (based on: Schorr, L., Sylvester, K., & Dunkle, M. *Strategies to achieve a common purpose: Tools for turning good ideas into good policies*. 1999.)

³⁵ All quotes are from *Researcher Finds Strategies Common to Scale-up Efforts that Succeed*.

Create a new balance between rules and results. “Taking a program up to scale often means new rules and regulations at a time when front-line flexibility is key. Taming bureaucracy means focusing on program results rather than on compliance with a maze of rules.”

Make use of outside intermediaries. “Most successful initiatives...’received crucial help in developing and sustaining reform from some form of intermediary organization that offered expertise, legitimization, clout and outside support for national, state and local networking and peer-to-peer dialogue.”

Establish new partnerships with community-based organizations. “Churches, neighborhood groups, and social workers...can reduce isolation and mistrust by encouraging neighbors to help neighbors.”

Take a longer view of change. “The most frequently cited lesson from major current reform efforts is that they take so much more time than expected.” Often it takes generations to see the outcomes of an intervention, especially with something like IDAs or any poverty alleviation strategy. It is the long-term outcomes that are not revealed until years down the road that indicates true success.

Combine what works in targeted neighborhoods. “Successful scale-up means linking one effort to others.”

Build a knowledge base about what works and what is promising. “Progress depends on a robust knowledge base that can inform midcourse corrections and guide public investments. More attention needs to be paid to gathering and analyzing information from complex programs that are not standardized from one site to another. Funders, policymakers, and program people need a map that connects interventions to each other, to interim benchmarks, and to long-term outcomes.”

Barriers to Scaling up

There are innumerable barriers to scaling up. Uvin and Miller categorize some of the common barriers to scaling up by defining roadblocks both within and beyond the organization. Using these two broad categories, I have identified the key barriers to scaling up for the UWKC IDA program based on my research.

Barriers within the organization

- Procedures and policies
- Case manager training and support
- CBO partner commitment

Barriers beyond the organization

- Funding sources/government
- Resources
- Demand or receptivity from target market
- Understanding of the product/service
- Politics and community relations

Overcoming barriers

The same authors (Uvin and Miller) offer some broad categories for ways the above barriers can be addressed, including:

- **Program design** – how can the UWKC program be modified to scale up?
- **Support and resources** – how can UWKC leverage greater support (financial, in kind, partnerships, etc) to scale up?
- **Assessing success and failure** – how can feedback from the IDA program be used to improve the program and inform policy changes in order to improve and grow?
- **Building constituencies and buy-in** – how can UWKC leverage partnership and supporters to facilitate scaling up?
- **Technology** –how can UWKC utilize technology to scale up?

The following section explains some of the barriers that CBO partners identified as concerns when asked to think about scaling up the UWKC IDA program, as well as ideas and advice from IDA policy experts and practitioners on how to deal with some of these common barriers.

Lessons learned from the IDA field

There are an enormous number of resources available for people who are designing an IDA program and for practitioners to improve upon or grow existing programs.

American Dream Demonstration

The American Dream Demonstration (ADD) served over 2,000 individuals in 14 different IDA programs across the country. The initial findings are useful to look at when planning for scaling up the UWKC IDA program, as much for what to avoid as for what to make sure to implement.

The average ADD participant saved in their IDA for just over two years, with average deposits of \$528, averaging \$19 per month. Participants did not make deposits on a monthly basis, the average participant saved only 6 out of 12 months, taking advantage of approximately half of the money that was available to be matched. Although this seems like a low level of saving, it is consistent with saving habits of the non-poor. “Only one-third of IRA contributors reach the contribution limit in each of three straight years. Thus, many non-poor participants in subsidized-savings programs also leave dollars (in this case, tax benefits) ‘on the table.’”³⁶

When looking at the characteristics of the programs that saw greater levels of saving, the following features were among them:

- Higher match rates
- Higher match caps
- Use of direct deposit
- Some financial education (8-10 hours), more than that had no affect on saving levels

Characteristics of individuals who were more likely to save in their IDAs include the following:

- More education
- Hispanic, Asian American and “other” ethnicity
- Working students
- Homeownership or car ownership
- Low levels or no debt

³⁶ Center for Social Development. *Saving Performance in the American Dream Demonstration, Final Report*. October 2002.

Things that surprisingly did not seem to have an effect on saving were:

- Higher or intermittent income
- Public assistance (current or past)

Recommendations that were made as part of the ADD report include:

- Making IDAs more widely available and transferable in case of moving or other circumstances.
- Resist punishing or excluding investors who skip payments or save at low levels. The behavior is positive and should be encouraged.
- Pay special attention to why people do not save and target services toward those who are at risk.

Assets for All Alliance – IDA Collaborative Toolkit

One tool that is published by CFED is the IDA Collaborative Toolkit.³⁷ The following are two guiding principles that the Assets for All Alliance, an IDA program in serving the Silicon Valley, suggested in this toolkit for scaling up an IDA program.

1. “Roles and responsibilities are clearly developed and determined based on the partner organizations’ respective core competencies.”
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.” This process includes 1) goal setting, and 2) tracking and improving.”

The Assets for All Alliance has settled upon a handful of qualities that all CBO partners should possess including the following which I have paraphrased from the handbook:

- Access to a pool of eligible clients
- Organizational strength and stability
- A large number of clients
- A reputation for being a strong and reliable partner
- A client base that is IDA ready
- Management that is dedicated to the IDA program and devotes adequate resources to support it.

Another useful tool that the Assets for All Alliance published is a breakdown of different types of clients. The organization looks at their client base as having three different groups, each with different needs and with different staff requirements. The way the Alliance distinguishes between them is based on the individual’s relationship to the CBO. Those who are most distant from the CBO are most expensive to recruit and manage. These clients are estimated to take .4 FTE for 50 clients. The second type of client is those who have a loose affiliation with the CBO, but do not have regular contact with the organization. These clients are less expensive to recruit and manager, taking only .2FTE for 50 clients. The third type of client is the least expensive and

³⁷ Assets for All Alliance. *IDA Collaboratives Toolkit*. August 2003. Online: http://www.idanetwork.org/resources/docs/publications/ida_collaborative_toolkit.pdf, accessed March 15, 2003.

takes the least effort on the part of the case manager. It is estimated that .05 FTE could handle 50 type three clients. This population is easier to reach because they have a history with the CBO partner and maintain regular contact. The IDA program would just compliment the other services they already take advantage of.

These tools are useful to consider when looking at scaling up the number of accounts the program manages and choosing the organizations that will oversee them.

Lastly, the IDA Collaborative Toolkit advises that “different types of decisions require different approaches. Time in which the decision must be made, importance of buy-in, and level of desired involvement all should be considered. You may decide 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.”

Scaling up IDA programs – the Future of IDAs

The UWKC IDA program is not the only one that is looking at scaling up over the next few years. The IDA field in general is trying to figure out ways in which they can scale up IDA policy. The philosophy behind IDAs was to create a universal policy (such as Universal Savings Accounts – USAs) that is inclusive of low-income, asset-poor people. The following are some of the directions that IDA field is going, which gives some context to UWKC’s own growth goals.

Children’s savings accounts – SEED

CFED’s ten-year goal is what they call “universal asset-building policy” which would be “started at birth, funded throughout life from public and private sources, and available for first-home purchase, a small business, post-secondary education and training, and retirement.” This program and others like it are usually termed “child savings accounts” or CSAs. Saving for Education, Entrepreneurship and Downpayment Policy and Practice Initiative, or SEED, is a pilot program involving nine organizations across the nation. The initiative, which began in 2003, will last for six years, and hopes to prove the effectiveness of a program that provides \$500-\$1,000 “seed” money for each child at birth. Accounts can be contributed to from multiple sources, including family, employers, and the individual themselves once they are old enough. Incentives for making deposits are built into the program at a rate of up to \$125 per year. Total match capability is \$500 per year. The Vision for SEED is that it will become a universal policy, similar to that emerging in Britain which provides funds for each child at birth, deposited into a “child trust fund.” In a speech from the Chancellor of the Exchequer's, the program is described in the following excerpt.

“700,000 children are born every year and we will fund from this year and every year in future, for each new born child, an initial endowment of at least £250 for all, rising to £500 for the poorest one third of children — a reform which is progressive and universal, benefiting every child and with more to those who need help most.”³⁸

Workplace IDAs

The philosophy behind employer-based IDAs is that a large percentage of IDA accountholders are considered “working poor,” and therefore are employed, but usually in low-wage jobs that don’t offer such employee perks as 401(k). By offering incentives to save through the workplace, similar to 401(k) or 403(b) programs, staff would be able to choose whether or not to participate,

³⁸ SEED Policy and Practice Initiative, May 31, 2004, Online: <http://seed.cfed.org/>.

have their contributions taken directly from their paychecks, and take advantage of employer matches. It is also hoped that employers would provide access to financial literacy training to compliment their savings habits. Accounts would not have time limits like traditional IDAs, and ideally, could be rolled over in the case of a change in jobs. This program also has the potential for influencing the stability of a generally unstable workforce, a definite incentive for employers to participate.

UWKC is one of 16 United Ways in the country who received planning grants to move Employer Based IDAs forward. These grants are provided by United Way of America, and are being supported by the Ford Foundation and other donors, including strong participation by the Office of Community Services (AFIA administrators).

Change and growth of AFIA program

At the end of AFIA's first five-year granting period, conversations and studies began emerging to evaluate the program. CFED published a small list of recommendations for changing the Act for reauthorization. The following is a brief overview of those recommendations that reflects the direction that IDAs are headed.³⁹

1. ***“Allow AFIA grantees full discretion over the use of the nonfederal funds.”*** Today, AFIA requires that only 15% of Federal dollars go toward administrative costs, and 85% would be used for IDA matches. They have the same requirements of funds that are raised by the grantee – changing this would lessen the restriction on these dollars, allowing them to cover the difficult to raise administrative expenses.
2. ***“Reduce the nonfederal match requirement from a ratio of a dollar of federal funds to a dollar of nonfederal (1:1) to a ratio of a dollar of federal funds to fifty-cents nonfederal (1:.5).”*** It is very difficult for organizations to raise local dollars in order to leverage federal dollars. While raising this money is considered important by grantees and by the government, a smaller ratio would allow organizations to serve more participants and allow more flexibility.
3. ***“Expand the eligibility standards to include Adjusted Gross Income (\$18,000 single filer, \$30,000 head of household, \$38,000 for joint filers) and Area Median Income (individuals with incomes equal to or less than 80 percent of Area Median Income).”*** This would facilitate a streamlining of eligibility requirements with other public assistance programs, for example, U.S. Department of Housing and Urban Development (HUD). It would also expand the reach of the IDA program to moderate-income families.
4. ***“Allow Supplemental Security Income and Social Security Disability Insurance to be included as eligible sources of saving for IDAs, while otherwise maintaining the earned income requirement.”*** Making this change would allow greater accessibility for elderly and disabled investors.
5. ***“Allow accountholders, who have unused, “earned” match funds at the end of the grant period, but who have not yet purchased an asset, to maintain their IDA (including savings and match) until they are able to acquire their asset under a twelve-month no-cost extension.”*** This would help eliminate the discouraging and administratively difficult process of returning money to the federal government because someone was not ready to purchase his or her asset.

³⁹ All quotes come from: Corporation for Enterprise Development's *Recommendations to Improve the Assets for Independence Act*. Online: www.idanetwork.org, accessed May 31, 2004.

6. ***“Allow children or dependents to be eligible beneficiaries of post-secondary education IDAs.”*** This was almost unanimous among AFIA participants that they would like to be able to save in an IDA for their child.
7. ***“Allow the nonfederal funds to be held in a separate account from the Reserve fund to provide grantees with the needed flexibility to manage, track and optimize these resources.”*** This change would simplify the process for grantees and allow for easier account management.
8. ***“Allow grantees the option of verifying all post-secondary education payments themselves or requiring the payments be made directly to a qualified education.”*** This will allow investors to be able to purchase computers and other supplies at stores other than university-affiliated stores, where prices are sometimes not as competitive as other shops.
9. ***“Allow grantees to choose how they calculate interest earned on match funds, and where there is excess interest income on match funds, allow those funds to be used to match additional IDAs.”*** This is another regulation that leads to extra effort on the part of the grantees that does not add any value. By making this change, grantees will handle things more locally and will be more autonomous.

These suggested revisions for current AFIA policy, which is the biggest funder of IDA programs in the country, indicate the direction that IDAs are going in the future. More flexible funding sources will allow IDA programs to learn from the demonstration projects and from their own history and incorporate that knowledge into their programs more easily.

Interview results

This research is formative. The nature of program design is that research and planning can pave the way for a successful program, or in this case, program growth, but lessons will continue to be learned, some of which can only be learned through experience. Luckily, many of those that I was fortunate to speak with had an enormous amount of this experience, both here in Seattle and those in similar programs across the nation. I have great respect for the work that all of these people do and I hope to present a slice of the wisdom that they shared with me.

These findings come from interviews conducted with three distinct groups:

- UWKC CBO partners (internal perspective)
- Two national IDA programs (external perspective)
- Two IDA policy experts (policy perspective)

Internal Perspective

The thirteen collaborative agencies and their key staff are responsible for making the UWKC IDA program work. The collaborative includes the following organizations:

- El Centro de la Raza
- Fremont Public Association
- Hopelink
- International District Housing Alliance
- Low Income Housing Institute
- Multi-Service Center
- Refugee Resettlement Office / Diocese of Olympia
- Seattle Housing Authority
- Seattle Jobs Initiative
- Urban League of Metropolitan Seattle
- Washington CASH
- Washington Women's Employment & Education
- YWCA of Seattle – King County – Snohomish County

These organizations are the experts about the program, its current configuration and its strengths and weaknesses. The following topics were covered in our discussions:

- **Intake and screening process**
 - Marketing/outreach
 - Waitlist management
- **Training**
 - Financial literacy training
 - Asset specific training
 - Case-manager training
- **Case management**
- **Human resources/staffing**
- **Fundraising and sustainability**

- **Program demand and growth**
- **Banking and professional services**
- **Collaborative**
- **Technology**
- **Long term follow up/evaluation**

For many of these program elements, a period of rapid growth would simply mean more of the same. Things like evaluation and some aspects of case management may not see a lot of changes beyond an increase in volume, which could be significant. For other program areas such as marketing, an increase in the number of IDAs provided will mean doing some work that wasn't necessary before or, in the case of training, may require a restructuring of the way the program is designed.

Each case manager brought different levels of experience and diverse case studies to our conversations. Posed with a series of questions, the case manager reaction to the prospect of growth was positive, as expected, but with the expected reservations. Almost every CBO has more eligible IDA clients than they could possibly serve. The response of most of the agencies I dealt with was a desire to help as many of these eligible people as possible. The IDA program is a program that can really enhance the services that organizations are already providing, but CBO partners had some reservations on how many more accounts they can handle. These reservations were centered on a few common themes that are summarized in the following table. Case managers had a wide range of approaches to addressing some of these concerns, including streamlining processes, simplifying the application process, consolidating orientation sessions and training sessions (both asset-specific and financial literacy) or outsourcing it completely, among others.

CBO Partner Interview Results⁴⁰

The following section summarizes each of the key topic areas that were covered in the interview, followed by a table that captures the issues and comments interviewees made along with the solutions they suggested for dealing with those issues.

Intake/screening

As it is today, most CBOs do not do any outreach or marketing for the IDA program. Intake is done on a one-on-one basis, with case managers doing individual intake and screening. CBO partners, after enrolling participants, have to communicate to UWKC the details of the new investor to be entered into a MIS IDA at United Way. Because the demand for IDAs greatly outweighs the supply, case managers put the overflow on a waiting list. Each investor must meet minimum requirements spelled out by United Way, but some CBOs mentioned using other criteria when selecting clients to participate in the program, including prioritizing based on what asset the person is interested in saving for, whether they are a current program client, or other criteria. Main areas of concern when considering program growth are a long and time consuming

⁴⁰ I have tried to organize each statement by relevance and by the number of agencies that mentioned the comment in their remarks, and in some cases, have identified the organization that authored the statement. I have tried to not project my own opinions into these results, and so all suggested solutions come from the CBOs, not from my own analysis of the issues presented. In some cases, the solutions are simply the opposite of the issue, for example, if the issue was “not enough case-manager training,” often the solution is to “provide more case manager training.” In other cases, issues were discussed and solutions were not offered. In this case, the possible solutions section is blank.

application process, unclear waiting list procedures, too few standards for investor selection, and the lack of a seamless recruitment and referral process.

Training

Each investor must complete financial literacy training as well as training that is specific to the asset they are saving to purchase. UWKC came up with some “core skills” that each investor should learn, including:

- “Basic financial information and how to access financial resources;
- Key financial skills, such as budgeting, record-keeping and planning;
- Financial decision-making”⁴¹

This training can be completed at one of the CBO partner sites or another approved location. Eight of the CBO partners provide financial literacy training in-house, while the others provide it through a third party provider. Ten of the CBO partners provide asset-specific service in-house; one provides business training, five provide education training (four of which also offer home buyer training), and eight offer homebuyer training. All trainings must meet minimum standards as set by the IDA program. Some trainings have been offered on a one-on-one basis because of the small number of IDA investors taking training at any given time. Many people relied on Seattle Central Community college for their education-specific training, however, the personal connection that allowed this partnership to continue no longer exists, making education-specific training available only once a year at Seattle Central. Eight of the CBOs provide multi-lingual services. Key issues regarding asset-specific training are the lack of a reliable source of education-specific training, too few sources of business training, and concern regarding training consistency and quality. Issues that relate to training in general include language and cultural issues, a lack of resources and too few IDA participants to institutionalize trainings.

Case Management

Except for Seattle Jobs Initiative (SJI) and the Low Income Housing Institute (LIHI), all other agencies provide their own case management for the IDA program. Case managers are responsible for providing intake services, some even teach the trainings that their agency provides, and they provide technical assistance to their investors, refer people to complimentary services, some organize investor club meetings and provide other support. There is a manual that has been developed over time for them to refer to that outlines many of the processes they must go through with their clients, although this is outdated. Case managers also have access to a members-only section of the IDA website, where they can find forms and other information needed to complete their jobs. Case managers meet on a monthly basis at IDA collaborative meetings, although sometimes the person that supervises the case manager is the one who attends the meetings. Most case managers feel like they are not able to spend as much time as they would like on the IDA program, some of their main concerns were regarding a lack of structure, trainings and support materials for case managers. There was an interest in streamlining procedures to make case management more efficient, and also to standardize case management across the collaborative and try to ensure quality control with program growth.

Staff

Only one CBO partner employs a full-time staff devoted to IDAs, including other IDA programs besides the UWKC program, for all other agencies, case managers devote between 15 and 35 percent of their to IDA related tasks. Each person I talked to expressed concern about being

⁴¹ UWKC FY2003 Assets for Independence Act (AFIA) grant proposal

overwhelmed by having his or her responsibilities regarding the IDA program increase. Concerns were about the level of quality they would be able to maintain both for the IDA program as well as their other work. All CBOs currently receive \$400 per IDA investor for the life of the IDA account. This money can be used to offset the costs of the case manager's time or for any other costs incurred for the IDA program including costs training, printing materials, snacks for investor club meetings or other expenses. Concerns were focused on the broad issues of staffing levels and staffing costs.

Funding

As mentioned above in terms of funding IDA program staff, cost was a huge concern among CBO partners. Except for the \$400 one-time administrative assistance given to CBOs for each IDA opened, the CBOs are responsible for covering costs. As the distribution of accounts has been slow and relatively inconsistent, it has been difficult for programs to budget for the IDA program. Many CBOs do include the IDA program in their grant applications. Some agencies have partnered with other CBOs in the collaborative to approach funders. Everyone agrees that funding is an issue that will get worse with growth, and some CBOs said it was enough of an issue that they were concerned that they would not be able to take on more accounts if they became available.

Program demand/growth

The focus of the discussions with CBO partners was regarding the growth of the program that would require the shuffling of resources and adjustment of some systems. Part of the interview was devoted to going through specific things that may change with growth. In general, demand is very high – waiting lists have between zero to over 80 people, which is without advertising or recruiting (SJI/HomeSight = 0, RRO = over 80). People described a caseload for one full time employee (FTE) handling IDAs to be between 50 and 200 participants (CFED uses the standard of one FTE for 50 accounts.) In general, CBOs were worried about maintaining quality over the growth period. They are concerned about the timing and structure of new accounts, and they cited a number of things that would be necessary in order for the organizations to increase their IDA program, including more staff, more money, more training, and more language and cultural support services.

Banking and Professional Services (all responses from El Centro)

The IDA program partners with US Bank and Washington Mutual and has many branches that provide services, such as no fee accounts to hold IDA funds. These banks also can provide other services, such as mortgage lending, training, and other financial services. Only one agency (El Centro) spoke directly about this topic. There was concern that commercial banks do not meet the needs of clients, especially non-native English speakers. Staff turnover and lack of understanding of the IDA program were also concerns that were voiced.

Collaborative

Many people interviewed see the collaborative as a great strength. They enjoy meeting monthly and get a lot out of those meetings. They also like the fact that they are able to partner together and support each other. People cited examples where they were able to send their investors to another CBO for training. The collaborative is made up of 13 agencies which provide diverse services such as emergency housing, transitional housing, rental assistance or home buying assistance, career counseling, credit repair, business training services just to name a few. As mentioned before, eight of these agencies provide services in more than one language. Agencies are located from Federal Way in the south, to Hopelink in the east, and Fremont Public Association in the North. Some people were concerned about the size and make-up of the

collaborative and would like to see that change in the future. CBOs also mentioned their desire to see more structure and support coming from UWKC and acknowledged that growth of the program may cause strain on some members of the collaborative, especially the organizations who receive a lot of the referrals for trainings and other services outside of case-management.

Technology

Technology is often one element that can provide a greater level of efficiency and help programs reach a greater number of people with the same or less resources. In the case of the IDA program, they currently have a central database at UWKC that tracks all investor information called MIS IDA. A proposal has been drafted to create a streamlined database that will be accessible to all CBO partners. Many of the concerns that were brought up then may be addressed if this proposal goes forward. As it is, each CBO partner tracks some information on their own database or in their own paper file, and some information needs to be sent from the CBO to United Way to be tracked in MIS IDA. Investor reports are pulled on a monthly basis by UWKC and are given to case managers. There is no central database or standard method for CBOs to track information that is accessible to them. All information is tracked centrally at United Way, for example, case managers do not know (until they see the monthly statements) when an investor makes or misses a deposit. People did express that they like the online forms and that the website is really clear and informative. Main technology issues have to do with streamlining technology and better utilizing it for case-management functions and for communication and information sharing.

Long-term follow-up/evaluation

Because the program is relatively new, case managers have little experience with long-term follow up and evaluation. Some people already have a current method for keeping in touch with their clients such as surveys or check-in phone calls or letters – and expect to do the same with their IDA clients. CBO partners had some complaints about long and time-consuming evaluation procedures and the lack of formal completion and celebration when investors exit the program. People were also concerned about keeping track of investors once they exit the program, and thought that keeping in touch for both evaluation purposes and for client support purposes was an important step that is missing or underdeveloped in the IDA program.

The following table goes into more detail about the above issues, and also lists some of the suggestions CBOs had for addressing their concerns.

TABLE 2. CBO PARTNERS IDENTIFY IDA PROGRAM ISSUES /BARRIERS TO SCALING UP AND POSSIBLE PROGRAM MODIFICATIONS TO ADDRESS THEM

Program function	Issues/Barriers	Possible IDA Program Modifications
Intake/screening		
Application process	Long, repetitive	Simplification of paperwork/systems
	Time consuming (1 on 1)	Do orientations first, then do applications in small groups
	Processes not localized (involve UWKC)	Localize some processes that currently go through United Way
Waiting list management	No clear wait list procedure	Develop standard (but flexible) wait list procedure
	The time that a client is on a waiting list is “wasted”	Need referral services or something so they are IDA ready when a slot becomes available
	Waiting lists are huge	
	Waiting lists are culturally inappropriate for some clients (East Africans)	
Investor selection	No standardized pre-screening tools	Develop pre-screening tools based on experiences for all CBOs to use
	Client selection is subjective and subject to case-manager experience	Look into possibility of IDA prerequisites, including job training or other trainings (financial literacy) to ensure IDA readiness
	Guidelines for acceptance aren’t clear/stringent enough	Make guidelines for acceptance based on more factors – i.e. debt to income ratio
	Enrollment process doesn’t always include looking at the potential investor’s life plan/goals	Require goal planning at intake
Recruitment & marketing	Referral process is not seamless – many people are unaware of the IDA program and qualifications	Streamline recruitment process – educate organizations about program so they can provide <u>quality</u> referrals
	No clear recruitment process (especially for HomeSight/SJI)	
Training		
Asset-specific training	Inadequacy of education-specific training	
	Relevancy of education – specific training – some people feel education plan is sufficient	
	Lack of business training – Washington CASH is the only provider	
	Quality and consistency of trainings – especially homebuyer training and financial literacy	
General	Training is not available in variety of languages and cultural contexts	
	Limited funding for training programs	
	Too great of a time gap between training and asset purchase – much is forgotten	
	Concern about maxing out training capacity within the collaborative with an increase of IDAs	
	There aren’t enough IDAs to institutionalize trainings and reach any economy of scale	

Program function	Issues/Barriers	Possible IDA Program Modifications
Case Management	Inadequate structure for case-managers	UWKC provide more checklists/formalized procedures (ex. Case managers should check in with investors every 6 months)
		Provide a detailed case manager job description
	Insufficient training and support materials (i.e. manual) for case managers	Provide formal case-manager training
		Provide an updated/complete program manual
		Hold monthly case manager meetings
		Provide online tools and resources for case managers (a forum or listserve)
		Provide asset-specific intensive training for case managers
		Streamline IDA program with other supporting or complimentary services/tools i.e. self sufficiency calculator
		Provide the opportunity for the IDA collaborative to attend conferences/trainings
Staff		
Staffing levels	Inadequate staffing – case managers spread too thin	Hire one full time staff to handle the IDA program at each CBO site (respondents varied between 50 and 200 IDAs being a full-time caseload)
	IDA program may detract from staff's other duties as the program grows	
	Too reliant on volunteers and part-time staff	
Staffing costs	CBO partners are bearing a large part of the burden of the IDA program and feel they can only cover costs to a point	UWKC provide matching funds (i.e. pay for ½ FTE if the CBO matches this funding to hire 1 FTE)
Funding	CBOs find it hard to fund the IDA program	Encourage CBOs to form relationships with banks and other potential funding sources
		In-house, for-profit lending branches would generate income for program
		With more IDAs, CBOs will have more leverage to fundraise for the IDA program or for trainings
Program demand & growth		
Quality	Concern about maintaining quality as the program grows (quality over quantity)	Most people agreed growth should be staggered (i.e. accounts released quarterly)
Case load	CBOs don't know how many accounts will become available and when – hard to plan	UWKC tell CBOs in advance how many accounts they will be distributing/when
	Accounts have been spread too thinly across the collaborative	Give more IDAs to those who are able to handle them so they can reach some economy of scale
Program design/planning	Match rate is too high for education & business, and too low for homeownership	Several CBOs suggested varying the match rate by asset
	Most people won't take on more accounts without more case manager training, more staff, more money, & more language/cultural services	
	More IDAs may max out training sources	
	Growth has been too slow – lost momentum	

Program function	Issues/Barriers	Possible IDA Program Modifications
Banking & Professional Services	Commercial banks don't meet client needs not enough language-specific services - lender turnover/staff don't understand the IDA program - commission-based lenders don't spend as much time with clients	CBOs could provide in-house brokerage
		CBOs could do better job packaging services – i.e. partnering IDA savings with downpayment assistance
Collaborative		
Size/diversity	Shortage of education and business CBOs	
	Some felt collaborative is too large given number of IDAs	
	Lack of cultural diversity in collaborative	Include “Horn of Africa” and REWA in collaborative
Partnership	Some CBOs want more structure from UWKC	
	The reliance of one organization on others may become burdensome with growth	
Technology		
Data tracking/access	CBOs have to access information through UWKC and report information to UWKC to be tracked in MIS IDA	Provide CBOs access to MIS IDA - people disagreed on level of access from read-only to data-entry capability - All CBOs want to be able to pull their own reports
General	Technology isn't being utilized to the fullest	Develop a member discussion group online
		Maintain an online community calendar
		Post online tools for case-managers
		Develop an online training module - pro: reach diverse population - con: miss face to face interaction
		Translate forms into different languages
		Provide investors with electronic statements
		Make laptops and projectors available for CBO use for trainings
Long-Term Follow-Up		
Evaluation	Current surveys are very repetitive	Use data from previous survey and ask only for changes (i.e. state last year income and ask for any change in income)
	Case managers spend a lot of time getting investors to complete their evaluations	Assign one person in collaborative who is responsible for evaluation
Program completion	No formal exiting of the program	Celebrate each client upon exit
	No system to keep graduated participants engaged	Have a reunion for ex-program participants
		Connect previous IDA investors with current ones i.e. mentorship program
Long-term follow up	No structured, on-going relationship between investors and case-managers/CBOs	Provide on-going support services including sessions on investment or saving for retirement, post-purchase counseling, etc
	No system of post-purchase counseling	
	No system in place to track investors long-term	Collect long-term data through surveys
		Possibly designate one person in the collaborative (or one per asset) who is in charge of long-term follow-up

External perspective

CFED estimates that there are approximately 300 IDA program across the nation that host over 15,000 individual investors. I spoke with representatives of two very different IDA programs in two very different parts of the country. Their experiences with growth and their organizational structure were also very different.

EARN operates similarly to UWKC, with a central organization collaborating with CBOs who provide case management to IDA investors. EARN also provides some direct case management as well. MIDAP, on the other hand, is a statewide collaborative, which is operates through a partnership with the Council of Michigan Foundations and State of Michigan Family Independence Agency. They oversee five regional coordinating organizations (RCOs), which in turn oversee 50 partner agencies, providing IDAs to over 1,000 Michigan residents. The two programs are compared side by side below.

TABLE 3. COMPARISON OF MIDAP AND EARN IDA PROGRAMS

	Council of Michigan Foundations, Michigan IDA Partnership	San Francisco EARN - <i>EARN 2-for-1</i>
Sponsoring organization(s)	Council of Michigan Foundations and Michigan Family Independence Agency	San Francisco Earned Assets Resource Network (EARN)
Program age	September 2000, first meeting of advisory committee. First contract - April 2001	Started Spring 2000, Began opening accounts April 2002
Program size	1200 available, 1000 currently filled (280 assets purchased – including the 1000)	400 by the middle of June – current accounts
Asset mix	183 home, 55 education, 39 micro-enterprise (purchased?)	34% home, 37% college ed, 19% small business, 3% rent, 4% children’s education
Income requirements	Under 200% of the poverty level	200% Poverty Level, Eligible for the Earned Income Tax Credit (EITC)
Collaborative (yes or no)	yes	Hybrid – do direct service and collaborative
Size	56 active IDA Program Sites in the state	5
Make-up	Community action, CDC, housing service, microenterprise (a couple), faith-based programs, traditional human service (United Way one of the coordinating agencies)	All asset-focused, except cultural/language
Administrative support	\$1,500 per account (\$500/year for 3 years)	\$400/account for the life of the account, once acct open and current for 3 months
# IDA staff	1 ½	4 ½
PT/FT	1 FT/ 1 PT	4 FT, 1 PT
IDA terms		
match rate	3:1 for home, 2:1 for education/business some variation at different sites – depending on market (some programs may raise additional dollars)	2:1
time limit	6-36 months (cap), additional year to purchase	5 years to save and spend (AFIA)
\$ limit	\$1,000 savings with \$2,000-3,000 match	\$2,000 savings, \$4,000 match

Policy Perspective

I also spoke with two people who are not currently IDA practitioners, but who have extensive experience of the IDA field as funders, policy makers, and former practioners. One of these interviews works for Washington State WorkFirst, the program that houses the State’s IDA

program, funded by TANF dollars. The WorkFirst program funds nine contract organizations to provide IDA services, UWKC is one of them. I also spoke with an individual who has experience in a very early IDA program that was funded by the Office of Refugee and Resettlement to work with the refugee population. She also has experience working for and contracting with CFED, one of the organizations that have helped create the foundation for IDA programs nationally. Her experience both as a practitioner and a policy planner made her an incredible source of information. I have summarized my findings from these conversations, as well as those with EARN and MIDAP below.

Key topics covered were similar to those covered by CBO partners, including:

- **Program design**
- **Intake and screening – participant selection**
- **Training**
- **Case management**
- **Staff**
- **Funding**
- **Program demand and growth**
- **Collaborative**
- **Technology**
- **Long term follow up**
- **Evaluation**
- **Future of IDAs**

TABLE 4. RESPONSE SUMMARY FROM NATIONAL IDA PROGRAMS AND POLICY EXPERTS

	MIDAP	EARN	CFED	WorkFirst - WA
Program design	Program parameters are well defined, but flexible for local conditions.	Program design is restricted by AFIA requirements.	Nonprofits are trying to manage financial data, which is not usually a core competency, should partner with those who have expertise.	Program start up is harder and takes longer than expected. Current programs need to learn from predecessors and modify program based on lessons learned.
		Guidelines are clear and simple.	Outsource certain tasks (training, account management) to experts depending on community need. May need several sources of financial literacy, for example, to serve non-native speakers, etc.	
	<p>Recommends streamlining match rates, etc as much as possible to avoid competition/confusion (sm. variation may be ok)</p> <p>MIDAP is a statewide collaboration with 5 Regional Coordinating Organizations (RCOs). Each oversees 8-10 program sites. RCOs will eventually take over duties of the central organization (fundraising, coordination, advocacy, etc).</p>	Sequence of events helps make sure clients are serious in the program: orientation, sign up for financial literacy at orientation, attend all three sessions all before applying for IDA. About ¾ of those who sign up for training show up and open an IDA.	Push for a more flexible timeframe – may require lobbying for modified AFIA guidelines – to look at IDAs as more of a long-term tool, instead of requiring asset purchase within structured window of time.	
Intake/screening	Case managers trained to pull and read credit reports – or a partner is found to partner with to do it.	Because of trends in asset switching (home to education usually), doing more upfront to encourage or incent people to decide early on if goal is feasible.	Develop recruitment/retention strategies based on research into why people drop out. For example, if people are not motivated to save, require 3 months	Target populations who are IDA ready – such as targeting those who already have a relationship with the contract agency.

Intake/screening cont...	Case managers do affordability analysis with potential investors.	Partnership selection (choosing asset-focused orgs) is a “front-ended” way to reach IDA investors who are likely to succeed in the program. This has shown low attrition rates (8%) and high savings rates (\$75/mo).	savings in non-IDA account prior to enrollment. If people below a certain income are not able to meet basic needs, make sure they get the services they need before enrolling in the program, i.e. EITC, credit repair, financial literacy. IDAs should be one product among many.	
	Some case managers go through an interview process before enrolling participants.	EARN has identified great sources of quality referrals, including organizations and individuals, which they call “connectors.”		Attrition rates are around 30% among State accounts, up from 20% - selecting participants who are IDA ready will help improve this.
	Each site may use different tools – good screening tools are shared with the collaborative.	To avoid creaming, EARN makes an effort to serve some clients who are more difficult/time intensive.		
Training	Should be done by those who already do it or whose core competency is training.	Requires financial literacy training before entering the program.	Consider developing a more “modular” financial literacy training, so that upon assessment, potential investors can take “modules” to strengthen their weaknesses and opt out of topics that they already grasp.	
Case management	Case load based on 50 IDAs/FTE. This helps case managers measure how much time they have to spend with investors.	Caseload is based on how many accounts an organization can handle effectively.		Bases case load on CFED’s estimate of 50 IDAs/FTE. Thinks there is a point where you gain efficiency with scale and point where you lose it.
	Requiring things upfront will help case managers avoid spending time on people who eventually do not open an IDA.	Case managers have IDA goals each year, and if they haven’t filled 75% of their account load by the end of the second quarter, they risk losing those accounts that would go to orgs with more capacity.		Sees programs with fewer than 20 or 30 IDAs as not cost effective.

Case management cont...	Constantly look at ways to make case management more efficient.	Classifies target markets by “hi-touch” or “lo-touch.” Estimates a caseload is 175 low touch cases/1 FTE or about ½ or 1/3 for hi-touch.		
Staff				The State encourages people to use VISTA volunteers to manage their IDA programs.
Funding	Program sites were not initially involved in fundraising.	Program sites aren’t currently responsible for fundraising, but network is beginning to think of ways to fundraise together.	Advocates for flexible funding, which would help orgs avoid “creaming” so they can meet 3-5 year grant requirements.	Funding is not looking good at the state level – need to diversify funding sources – especially the private sector – banks and private employers.
	Sites receive \$1,500 per IDA (\$500 over three years) and are responsible for covering costs above this amount.			
	The central agency now provides tools to help sites raise matching dollars from their communities.	Program sites receive \$400 per account for the life of the account and are responsible for covering costs above this amount.	Some programs are charging fee for service to generate revenue and increase perceived value of services and increase investor commitment level. Fee may be kept or deposited into investor’s IDA upon enrollment or training completion.	No funding source adequately covers admin costs. Although the state requires one staff to manage the IDA program, often the program is compromised by lack of funding and staff capacity at the program sites.
Program demand/growth	Recommends phasing growth in over time.	Convenes a group yearly to make three year growth plan, modified annually.	Sees technology as critical component of scaling up on a smaller level. Doing online applications, statements, etc would help increase efficiency and scale up.	
	Two growth strategies: 1) grow program sites (requires upfront training) or 2) grow number of accounts per site.			
	Thinks a few sites will emerge as “super programs” and will take on large numbers of accounts.			

Program demand/growth...	Sees need for consolidating services – outsourcing tasks to those who do them best.		Providing materials in native languages (hard copies), to increase program scope.	
Collaborative	Program sites wrote proposals to central agency – spelling out how they can support the IDA program/how it fits their organization.	Five asset-focused partners make up the EARN network.		The nine State grantees meet informally every quarter to share information and advice.
	Program sites are reviewed and receipt of new accounts is based on performance.	See themselves more as a network than a collaborative. No longer meet regularly, but share information and resources.		
	Started with a large number of sites (50), to raise awareness, build momentum, now will focus on building “super programs.”	Central organization provides administrative funding, account statements, training calendar, workshops, e-newsletter, etc.		
Technology	All program sites have access to MIS IDA, which has pros and cons.	EARN is trying to emulate UWKC’s online tools.	Necessary for scaling up.	
	If a central organization tracks all data, they should limit the amount of information they require agencies to collect – much data in MIS IDA is collected and never used – inefficient.	Had to build a complicated database to compensate for the financial partner’s lack of online services – needed to relieve a bottleneck.		
Long-term follow up	Program sites are supposed to stay in touch with their investors for a year after they exit the program – no explicit policy	Beginning to build an “alumni association,” but right now, don’t have formal long-term follow up policy.		
		Goal is not to case manager people long term, but offer them a “product”.		

	MIDAP	EARN	CFED	WorkFirst - WA
Evaluation	Everyone fills out the same base survey.	Have done some surveys for current IDA holders.		
	Subsequent surveys focus on a different sub-group each year.	Hoping that alumni association is a big channel to keep in touch long-term and follow results and outcomes post-withdrawal.		
	Basic data tracked in MIS IDA.			
Future of IDAs			Predicts that workplace IDAs will only be realized on small-scale in the near term as long as the economy is down. Has a lot of potential long-term.	Sees IDAs more as a product that would be offered by a bank. There might be a training or education component, but no case management. Sees it as an accessible product – a compromise between today’s labor-intensive program and a generic account.
			Underlying theory behind IDAs is UNIVERSALITY. To reach this goal, it is likely that a current policy, such as pensions, will be modified to allow a broader range of uses (home purchase, education). Not likely that current IDA program will be universally scaleable.	Workplace IDAs should be very appealing to employers – stabilizes workforce. Sees this growing, although there are issues with the program.

Key Findings (all interviews)

Program design

Streamline/simplify procedures

Those interviewed felt that streamlining processes and keeping requirements simple helps improve efficiency and increases the number of participants programs are able to serve.

Assign program tasks based on core competencies

Programs are moving away from providing all or most services themselves and taking advantage of organizations that specialize in key parts of the IDA program, such as account management or financial literacy training. Outsourcing specific functions to experts frees up case manager's time for things that are more in line with their core competencies.

Seek more flexibility in funding sources will allow for progressive program design changes.

The importance of building lessons learned into the program design was emphasized, as well as lobbying for changes at the Federal or State level (where the bulk of IDA funding comes from) to do the same. Grant requirements often restrict IDA programs from modifying their programs based on best practices. Until funding sources are on board, program design changes have to be made within the parameters set out by these funders.

Intake and screening – participant selection

Select clients who are IDA-ready

One of the major issues in terms of participant selection is finding a participant that is IDA ready – and willing to commit to purchasing their asset in a relatively short timeframe.

Try to avoid creaming by setting enrollment targets based on whether a participant is “high touch” or “low touch”

This issue of selecting participants who are more asset-ready or IDA-ready is complicated by the fact that doing so often leads to creaming, or only providing service to those who are easiest to serve, which may not be the same group as those who are most needy. There are a variety of ways to deal with this nagging issue, one unique way that MIDAP utilizes is classifying types of participants based on “low-touch” or “high-touch” to indicate how much hands-on time each participant would take. The organization then sets goals in terms of how many of each type of participant they hope to recruit. This allows case managers to budget their time better – balancing the low touch participants with maybe fewer high touch, who will take twice or three times as much time to manage.

Select CBO partners that serve target population and whose programs complement the IDA program

It was also mentioned that picking collaborative members very intentionally can help improve efficiency and the quality of participants. For example, EARN has a very small collaborative, only five organizations, but each of those programs already offer a package of asset-development services, which makes the IDA program a great fit. Elements of those organization's existing programs will very likely overlap with the IDA program, making it a more efficient fit than if a more general social service organization tried to integrate IDAs into their program.

Implement screening tools to minimize the risks of participant dropout

Because of the short timeframe of most IDA initiatives, case managers are forced to screen people in order to make sure that they are ready, or else they risk a high number of drop outs or people who never purchase their asset, in which case money will often have to be returned to the state or federal government. Some of the screening tools that were mentioned in the interviews were credit checks, affordability analyses, organizing intake so that the applicant must take their financial literacy requirement before enrolling, selecting participants who already have a relationship with a partner organization, and interviews.

Educate the community about the IDA program so they provide quality referrals

Referrals come from a variety of sources, some organizations focus on several good sources of referrals, knowing that potential participants have been screened by the referring organization. Use education to improve the quality of referrals.

Training

Order trainings strategically to increase participant retention

Almost every IDA program requires both financial literacy training and asset-specific training. The order in which these are required can influence client retention, for example, as mentioned above, requiring financial literacy training before enrolling the participant in the IDA program may eliminate some individuals who were not as serious.

Outsource training to an organization for which training is a core competency

MIDAP mentioned having training offered by those who are professional trainers, rather than having CBOs provide it (unless that is already a part of their core services).

Look for alternative ways to serve participants who may not need training

Another concern with training is that programs are requiring people to take trainings whether they are already knowledgeable about the subject or not – which can be seen as somewhat paternalistic. In response to this, CFED suggested creating a modular training program, where potential participants are pre-tested to see where their strengths and weaknesses are, and only required to complete training modules that address their weaknesses. This would cut down on the amount of training necessary, and avoid being overly paternalistic. Suggestions from CBO partners were similar. They suggested requiring a written education plan, for example, rather than going through education-specific training.

Case management

Come up with a general idea of what a caseload is, it will help case managers better manage their time and judge how much time they have to spend with each participant

CFED estimates that 50 IDAs make up a caseload for one FTE. This varies depending on the case manager and also depending on the needs of the participant. Workfirst mentioned that there is an efficient number of accounts where economies of scale are realized, which may be somewhere around 50, but a program with 20 or 30 IDAs she has not found to be cost efficient.

Set enrollment goals to ensure accounts are filled

One interesting tool that EARN uses for their case managers is that each case manager chooses a goal, which is a number of accounts to fill in one year, and holds them accountable to that goal. The central organization checks to see if they have filled 75% of their accounts by the end of the second quarter, and if they have not, they risk losing those accounts to organizations that have

excess capacity. This is a great case management tool, and will likely reduce the number of unfilled accounts.

Provide case managers with adequate tools to ensure quality and consistency across organizations

CBO partners requested more formal procedures, a formal job description, training and improved guidelines in the form of a program manual. Case managers also hoped to receive in-depth asset specific training, so they are more equipped to deal with participant's needs and questions, and also so they better understand the issues the participant is dealing with.

Streamline IDA program as best as possible with existing services and tools

CBO partners and national practitioners agreed that partnering IDA services with other asset-based tools was a good strategy for success. On a larger level, advocating for policies that streamline eligibility requirements across services would also help simplify the IDA program (i.e. TANF, public housing, food stamps).

Staff

Look for alternative sources of employees to staff the IDA program

Not many people touched on the issue of staff beyond their comments about case managers. WorkFirst, however, suggested that programs take advantage of AmeriCorps VISTA volunteers to help out with the program.

Funding

Make sure CBO partners understand that the administrative support received from the central organization will need to be supplemented by the CBO

Organizations were reimbursed between \$400-\$1,500 per IDA. In both cases, it was clear that the CBO agency would have to provide some funds to keep the IDA program running.

Look for ways to equip CBO partners or engage them in fundraising activities

Most organizations did not require specific fundraising efforts to be a part of the IDA collaborative, however, they are now looking at ways to include the organizations in fundraising, whether it be a collaborative effort with other organizations or individually.

Diversify funding sources

State funding is not looking good, and federal money is subject to reauthorization. It is necessary to seek other key funding sources, as well as diversify funding for local matching dollars. Engaging banks and other corporations will contribute to the awareness and support of the IDA program.

Consider requiring a fee for service or application fee

Requiring a small fee can be used to increase an applicant's perceived value of the program, while also raising some funds for the program. If the extra funds are not needed or not appropriate, then the money collected can be deposited into the participant's IDA once they are enrolled.

Advocate for flexible funding from key funding sources

Funding sources often restrict IDA programs, especially given the five-year time limit. Many people in the IDA field feel that IDAs were intended to be long-term (like 401k) and should be

allowed to remain open and delay asset purchase. To achieve these changes, it will necessary to change that at the funding level, particularly AFIA funding from the federal government.

Continue working to reduce IDA program costs through more efficient systems and better technology

Not only will this help IDA programs be able to serve more people, they will have a more compelling situation to pose to potentials funders.

Program demand/growth

Phase growth in over time

It is generally not a good idea to try to scale up overnight, taking a slower, phased-in approach allows agencies to adjust to the increase in volume and make program changes based on their experiences.

Choose a growth strategy

Choosing whether to expand by increasing the number of accounts each partner manages or by increasing the number of partners is a key growth decision. MIDAP began with a “breadth” approach, which allowed them to identify the best partners, whom MIDAP will utilize in their next strategy, the “depth” strategy. MIDAP hopes to develop the programs that proved to be strong performers into “super-programs,” with a high volume of accounts.

Set reasonable growth goals and adjust them annually

EARN convenes yearly to set three-year growth goals, which are modified annually.

Scale up by increasing reach to non-native English speakers

By providing materials and trainings in a variety of languages, an IDA program is able to scale up by reaching populations that were previously inaccessible.

Strive for increased efficiency to allow for greater growth

Technology and simplification of systems, including outsourcing tasks to professionals, will make room for IDA programs to be able to scale up and improve their efficiency.

Collaborative

Be strategic about choosing partners

Choosing partners that have the resources to support the program, the access to target populations (including non-English speaking communities), and complimentary services will help the program become more efficient and successful.

Hold partners accountable based on their performance

Having partners set goals and measure them against their performance in reaching them helps ensure high performance, and also provides structure for the organizations.

Use the collaborative as a way to share key information and make collective decisions

Different communities tend to view meeting differently, with some groups convening regular and others only as needed. It was agreed that sharing information is a great benefit to the collaborative model.

Technology

Limit the amount of data required from case managers

Although MIS IDA has the ability to track a lot of information, it is more efficient just to collect essential information that is needed for evaluation or other key purposes.

Online tools and databases necessary to scale up

UWKC's online tools are key a great way to make the program more efficient.

Long-term follow up

Decide whether IDA program is a “product” or a “service” and what level of long-term follow up is appropriate

Organizations that I interviewed didn't have explicit long term follow up policies. EARN sees the IDA program as more of a service, and so doesn't want to “case manage people long term,” which means that although they may try to gather data from graduates, they will not require any meetings or services. Some organizations (CBO partners) felt like follow-up services such as post-purchase counseling, would improve impact and encourage ongoing saving.

Evaluation

Utilize long-term follow up channels for evaluation purposes

EARN is organizing an alumni association that will allow for greater communication with program graduates and a great channel for continuing to track client outcomes.

Track basic data in MIS IDA and perform annual surveys

In addition to annual surveys, basic demographic data can be kept up to date in MIS IDA and used as an evaluation tool.

Future of IDAs

Structure programs with a mind for the future

The ideal IDA program is universal. It has been predicted that the model of IDAs we see today, which are very time and money intensive will not be able to reach a large scale. Structuring programs to be more scalable in the future will help provide evidence that IDAs are a successful and scalable product.

Lobby for implementing large-scale IDA initiatives such as Children's Savings Accounts and Workplace IDAs

Promoting programs that will reach a larger number of people, while still leaving room for case-management and training from CBOs will ensure maximum impact.

Strategies for scaling up

Given all of the suggestions and best practices stated above, it is now assess the UWKC’s current program against those standards for scaling up. Below I have grouped the program’s strengths, weaknesses, opportunities and threats, all in terms of the possibility of growth. For example, one of the UWKC IDA program’s strengths is its collaborative. This is a strength in light of growth because the group will be able to support each other and join together to share ideas and resources or to solicit new resources as a group. Information for this evaluation is drawn from CBO interviews and a comparison of UWKC’s program against other IDA programs that are included in this research.

EXHIBIT 1. STRENGTHS AND WEAKNESSES OF UWKC IDA PROGRAM

Strengths	Weaknesses
<p>Collaborative - CBO partners see value in the collaborative and the information that is shared among the group.</p> <p>Community support - Program is supported on the Federal, State and local level. Support from reputable funders such as the Gates foundation may help UWKC leverage other support.</p> <p>Online forms/website - Case managers find online forms & website helpful & easy to use.</p> <p>Strong product/service - IDAs have shown to be an effective poverty alleviation tool; one that is in very high demand and yields results on many levels for participants.</p> <p>Case managers - Case have financial literacy, housing, education and business expertise, as well as other skills and talents that can be shared with the group.</p>	<p>Administrative complexity - Policies and procedures are sometimes complicated and unclear, requiring multiple steps and multiple contact people.</p> <p>Case manager training and resources - Case managers feel like they are not well equipped to run the program – they see a need for more training, more structured guidelines and procedures, and an updated IDA policy manual</p> <p>Slow growth - Some people complained of too little growth, making it difficult to experience economies of scale</p> <p>Business and education specific resources - Too few organizations providing services to investors saving for a small business or for education.</p>
Opportunities	Threats
<p>Program growth – IDA demand is high, but limited by funding and capacity. With greater resources, potential for growth is high.</p> <p>Reaching economy of scale – With more IDAs, it may be possible to increase efficiency and serve more people with fewer resources.</p> <p>Building program reputation - The larger and older the IDA program gets, the more it will have more evidence of success to leverage greater support.</p> <p>Program impacts - Offering more IDAs to low-income people leads to a greater number of people escaping poverty and building their asset-base.</p> <p>Technology - New technology has the potential for helping the IDA program to become more streamlined and efficient.</p>	<p>High attrition – Dropouts are labor-intensive for case managers, unimpressive to funders and detract resources from the IDA program.</p> <p>Program quality – Growth may compromise program quality.</p> <p>Limited and competitive resources – Funding between organizations is competitive, including between CBOs and internally within UWKC.</p> <p>Funding restrictions – Strict time limits and income eligibility requirements limit the flexibility of IDA programs.</p> <p>Lack of demand or receptivity from target market – Although demand is high, eligible participants may not hear about or respond to in increase in availability of IDAs.</p> <p>CBO partner/case manager overload Many CBOs are not willing or able to commit the necessary resources (staff and funding) to the IDA program.</p>

Weaknesses of the program that were most frequently cited by CBO partners were unclear policies and procedures and lack of training and resources for case managers. There was a general consensus that while each CBO enjoyed the flexibility of the IDA program, they felt there was too much room for inconsistency between CBOs and they had the feeling that they were doing something wrong or not as efficiently or effectively as it could be done. One example of this frustration is the prescreening process. While some CBOs have developed and use a standard set of prescreening questions or worksheets, including debt to income ratios and other indicators to judge an applicant's likelihood of success, some follow a much less stringent process or rely on their own subjective opinions. When scaling up the program, this lack of standardization of procedures will be very difficult on case managers and will be too time consuming to continue. Other weaknesses mentioned were slow growth, which has prevented programs from really formalizing IDA procedures and trainings because of lack of volume, and a lack of business and education related services among the collaborative. Washington CASH is currently the only business asset-specific training provider and there is no official education specific training provider, leaving large holes in the training component of the IDA program.

UWKC faces the threats of lack of resources and funding restrictions, potentially high levels of non-performing investors, a struggle to maintain program quality while reaching a greater population, the threat that potential investors will not hear about or enroll in the program and one of the biggest threats, the overextension of CBO partners and case managers. Each of these threats can be combated by the strengths and opportunities that the program possesses, but each requires careful attention to avoid damaging the IDA program.

The strengths of the United Way of King County IDA Program became clear through conversations with CBO partners and UWKC staff, as well as comparing the current program to other IDA programs in the country. UWKC is doing many things very well, and in some cases, is leading the way in the IDA field. One of the strengths that were identified in best practice research is the collaborative model. CBO partners expressed their satisfaction with the format of the collaborative, citing sharing resources such as trainings as well as advice, such as ways of prescreening IDA investors. The collaborative has played a large role in planning the program, and so the level of buy-in among partners is very high. When problems come up, it is easier to see them as collaborative problems, rather than UWKC problems. Other strengths of the UWKC program include strong community support, cutting edge online tools and a useful members-only website, skills and talents of the CBO partners, and lastly, a strong and successful product.

In order to take advantage of the opportunities the UWKC collaborative is facing, the program will need to utilize its strengths and focus on building capacity in the areas that have been identified as weaknesses. The greatest opportunity is in scaling up the program, which could lead to leveraging greater resources through an improved reputation, having a greater community impact through reaching a larger population, realizing some efficiency through economy of scale and through technological advances in tracking and administering the program.

Guiding principles, criteria and measurement

This analysis is designed to point to a recommendation for how UWKC can effectively scale up the IDA program while maintaining its signature high-level of quality. A review of the program's guiding principles will help set goals and establish criteria for growth strategies of the IDA program.

- “High quality customer service
- Service delivery in a culturally appropriate manner

- Community building
- Scalability and sustainability
- Continuous quality improvement”

The following exhibit charts out criteria that will help measure whether or not a given growth strategy will support the program’s guiding principles, as well as suggestions for measuring these criteria. These criteria will form the basis by which each alternative strategy will be measured.

EXHIBIT 2. PROGRAM GOALS, CRITERIA AND MEASUREMENT		
<i>GUIDING PRINCIPLE</i>	CRITERIA	MEASUREMENT
<i>High quality customer service</i>	Improved investor quality and retention rates	<ul style="list-style-type: none"> • Level of investor satisfaction • % investors who graduate/purchase assets • % of investors that drop out within one year after enrollment
<i>Service delivery in a culturally appropriate manner</i>	Equity <ul style="list-style-type: none"> • Geographic diversity • Ethnic/racial diversity • Economic diversity 	<ul style="list-style-type: none"> • % investors from different areas of King County • % investors of different races/ethnicities • % investors from different income levels
<i>Community building</i>	Inclusiveness/community involvement <ul style="list-style-type: none"> • CBO partner buy-in • UWKC buy-in • Community buy-in • Funder buy-in 	<ul style="list-style-type: none"> • High, medium or low level of buy-in from each group
<i>Scalability and sustainability</i>	Ability to grow & the ability to support growth administratively and financially	<ul style="list-style-type: none"> • High, medium or low level of growth potential • High, medium or low administrative impact • # and diversity of funding sources
<i>Continuous quality improvement</i>	Increased program quality while reaching larger numbers of eligible IDA participants.	<ul style="list-style-type: none"> • Level of CBO partner satisfaction • Change in average monthly deposits • Change in % of investors graduating from program • # and % of CBOs that are meeting their enrollment goals

In order to choose a strategy that meets these guiding principles, I have established a number of criteria based on the threats that are facing the program and the above guiding principles. These criteria will be used for examining alternative strategies for scaling up and include:

Investor quality and retention. While drop out rates are not very high, the number of investors who save in an IDA, but never purchase is predicted to be high (based on the number of investors who are not saving regularly or saving enough.) A strategy for scaling up should improve the performance and retention rates of investors, whether it is through a more stringent screening process that only includes people that have been deemed “IDA ready” or whether it is through policy adjustments that discourage dropping out or proactively encourage sticking with the program. An example of this might be making minimum deposit requirements more flexible.

Dangers involved in placing too much emphasis on quality and retention are “creaming” or only serving those participants who are most likely to succeed or who would have successfully saved with or without the IDA program (free-riders). A criterion like this must be balanced with one like equity that ensures that diverse populations are successfully reached. In order to measure each alternative based on this criteria, the following scale will be used:

Low impact: Strategies that fall under this category may have a negative or no impact on the quality of investors and little or no impact on retention.

Medium impact: To receive this rating, the strategy must address how to improve either retention or the quality of investors that are recruited for the program.

High impact: Alternatives that address both investor quality and retention and anticipate an increase in both will be rated as “high impact.”

Equity. Not only should service delivery be conducted in a culturally appropriate manner, IDA services should seek to reach a diverse population of eligible investors. Preferred strategies will address how to expand the program’s reach to serve populations that are:

- ethnically and racially diverse;
- economically diverse;
- and geographically diverse.

This criterion is difficult because of the trade-offs involved. For example, if it is a goal of the IDA program to serve people in a dozen languages, the overall number of people the program is able to serve may decrease. Also, to reach investors who are particularly low income may decrease the level of investor retention. With these trade-offs in mind, the following is the scale that will be used to measure each alternative based on this criteria:

Low impact: In order for a strategy to be deemed low-impact in terms of equity, the alternative is predicted to have no effect on the current equity of the program, or have a negative effect, meaning that populations that were previously served would no longer be a focus of the IDA program.

Medium impact: Alternatives that have a medium impact on equity may expand the reach of the IDA programs to certain populations, but not

High impact: Strategies that highly impact equity will serve have a strategy for reaching diverse populations in all categories, ethnic/racial, and economic and geographic diversity. The alternative must demonstrate a solution that is sustainable in order to be high impact.

Inclusiveness / Community involvement. In the spirit of community building, a successful scaling up strategy needs to be inclusive and secure the buy-in from key community groups. Groups of particular concern include:

- CBO partners
- United Way of King County (overall – as an organization)
- Community (particularly the social service community)
- Funders

A strategy that satisfies these groups may be hard to come by, but it is important to look at how each strategy will potentially affect each group. For example, if UWKC decides to implement a strategy that only includes three key collaborative members, they risk alienating the current collaborative. The same risk applies if UWKC decides to add too many organizations to the current collaborative. This is a very sensitive process that requires great care and tact in order to select a strategy that is politically feasible and supported. The following is the scale that will be used to measure each alternative based on this criteria:

Low impact: Alternatives that meet fall under this category do not meet the criteria for inclusiveness and community involvement. The alternative may follow a top-down approach, or alienate key groups of concern.

Medium impact: An alternative with medium impact may satisfy some groups, but not all. There may be some trade-offs and compromises involved in scaling up under this strategy.

High impact: This level is reserved for strategies that are highly inclusive and would attract very strong community support on most or all levels.

Scalability and sustainability. This criterion is obviously key if the overall goal is to scale up the program. Sustainability, however, is equally important. It is critical that the program scales up responsibly and doesn't reach a level where the resources available are not able to support in the long term. Although the current timeframe of an IDA is a maximum of five years, the program is relatively long term. To enroll hundreds of investors and not have the resources to support them long-term would be devastating to the program. Alternatives that are scalable and sustainable, therefore, have an orientation towards the future and long-term growth. Restructuring programs is very time consuming and expensive, so the more UWKC can set up the program today in a way that allows room for future growth and change, the better. The following is the scale that will be used to measure each alternative based on this criteria:

Low impact: A growth strategy that has a low or negative impact on scalability or sustainability is one that does not have a great potential for growth, or if it does, it is not one that would have adequate support. Options that are very expensive or administratively complicated might fall into this category.

Medium impact: A strategy with medium impact will have some positive effect on the ability to reach more people, though may lack long-term scalability or vision. Strategies in this category will also be sustainable, though perhaps require increased capacity or revenue to be secured.

High impact: A high impact strategy has long-term growth and sustainability as well as short-term in mind. A strategy that meets this criterion, while upfront resources would be necessary to get it off the ground, would increase efficiency and require less input per client in the long term.

Program quality. Lastly, any strategy to increase the scale of the UWKC IDA program should maintain and, ideally, improve the level of quality of the program. Features that will improve program quality include one on one time between investors and case managers, sufficient training and resources for CBO partners and the variety and caliber of training opportunities for investors.

Case managers emphasized their preference of quality over quantity, and a good growth strategy should be able to strike a balance between these program elements. The following is the scale that will be used to measure each alternative based on this criteria:

Low impact: The option has negative or no impact of the quality of IDA program services. Strategies run this risk if they plan to scale up without additional resources or capacity development.

Medium impact: The option has moderate impact on the quality of the IDA program. It may improve the level of services that UWKC provides its case managers, or the quality of case management may increase. A medium impact strategy will have many qualities of a high impact strategy, but will not reach as many participants or realize the efficiencies of scale that a high impact strategy will.

High impact: To achieve high impact, the option must greatly improve the quality of service delivery and case management but still increase the number of IDA investors served. To achieve this, the strategy will have to improve efficiency of processes.

Options: How should UWKC scale up?

The purpose of looking at the barriers to scaling up and the weaknesses and threats of the current IDA program is to develop a strategy to overcome those barriers and scale up in a way that maximizes the strengths and opportunities of the UWKC collaborative IDA program.

Of the four types of scaling up described by Uvin and Miller⁴², the one that is most relevant in light of the recent grant is **quantitative scaling up**. To begin, we will look at three ways that UWKC can use the strategy of “spread” to reach out to people and increase the number of participants in the organizations. The following is a description of the three distinct options under consideration in this paper.

Option one: Status quo

The United Way of King County IDA program is going strong. The growth that will occur because of the Gates grant may not be large enough to necessitate significant changes to current policies and procedures. Each CBO would have to decide whether they are able to take on more accounts, and would be offered a number of accounts as equitably as possible. The IDA program was designed to be scalable, and if program growth was as expected, growth would have been much faster. In this way, the program is somewhat well equipped for an increase in accounts. The demand is also evident from conversations with CBO partners, some of whom have over 50 individuals on their waiting list.

Option two: Increase number of CBO partnerships

Although the CBO partners agree that the collaborative is a strength of the UWKC IDA program, several people thought it was not diverse enough. These deficiencies were mainly in the area of business and education focused organizations and a lack of CBOs that work with non-native English speaking populations. One way to build diversity among IDA participants is to cast the net further into the community by including more CBO partners in

⁴² Smart Library. *Researchers Identify Four Types of Scaling-up Approaches*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2062&table_of_contents=1585, accessed March 15, 2003. (based on: Uvin, P. & Miller, D. (1996). Paths to scaling up: Alternative strategies for local non-governmental organizations. *Human Organization*, 55, 344-353.)

the collaborative. Each CBO in this case would be able to limit the number of IDAs they had to a manageable number, while still achieving the desired diversity. Administratively, UWKC would need to think about how their role as a central administrative organization would be impacted, as well as how the current collaborative system works.

Option three: Develop the capacity of a limited number of CBO partners – build “super” programs.

Each CBO had different feelings regarding their capacity to take on more accounts in the future. Many times, their willingness was contingent upon greater administrative funding, more training and other capacity-related improvements. It was also mentioned that CBOs would rather receive large numbers of accounts, rather than just a few every quarter or every year. Because the number of accounts that will be added to the IDA program over the next three years is relatively small once they are spread among 13 agencies, it is possible that some organizations would drop out of the program, or at least cease to take on new accounts, and others could really devote a large amount of resources to the program, achieving the economy of scale that comes with a larger, more consistent case load.

The potential for collaboration is still very applicable, and possibly even strengthened by the smaller, more concentrated group of CBO partners. The collaborative could target key funders and approach them as a group for funding and support.

Administratively, managing fewer intermediaries would be simpler, and easier to ensure quality service delivery. Trainings and other expertise that is not covered by the small number of CBOs could be contracted out to other organizations, while the case management could remain with that small core group of organizations.

Comparing strategies for scaling up

Each option for scaling up has strengths and weaknesses that UWKC must weigh when making a decision regarding which approach to take. The following matrix utilizes the criteria and measurement scale to determine which option will best advance the program’s guiding principles while scaling up the size of the program. To review, each alternative will be examined on the basis of the following criteria:

- **Investor quality and retention**
- **Equity**
- **Inclusiveness / community involvement**
- **Scalability and sustainability**
- **Program quality**

Exhibit 3 summarizes the analysis of each option based on the above criteria.

EXHIBIT 3. COMPARISON OF PROGRAM ALTERNATIVES

		PROGRAM ALTERNATIVES (LOW, MEDIUM, HIGH IMPACT)		
<i>Guiding principle</i> <i>High quality customer service</i>	Measurement criteria Improve investor quality	Status Quo Low. Investor quality, unless some training or new tools are implemented will likely remain the same. The current program has some non-performing investors, but in general, investors make deposits in over 80% of the months they are saving.	Increase CBO Partnerships Low-Medium. It is difficult to tell whether higher quality investors will be recruited or not. The risk is that it will be difficult to maintain consistency between case managers and they will not be as thorough when enrolling investors. On the other hand, keeping case loads small may have a positive effect on investor quality.	Build “super programs” Medium-High. Choosing investors who will succeed has a lot to do with practice. If programs build their capacity and manage many accounts, it is likely that they will become skilled at screening for successful clients. A small collaborative will also help filter referrals and allow for exchange of information regarding best practices when screening clients. One risk regarding investor quality for this option is that a CBO may have so many slots to fill, that they fill them with less than qualified investors.
	Improve retention/graduation rates	Low. Investor retention is relatively high, although this may be because non-performing investors are allowed to stay in the program. This will likely not improve if things remain the same.	Medium-High. Keeping case loads small may have a positive impact on retention because the case manager may have more time to contact investors to find out why they have not been making deposits and get them the correct information or assistance to help them succeed.	Medium-High. Because I would hypothesize that building “super programs” would improve investor quality, I would also assume that investors will be more likely to complete the program, although there is the risk that CBOs case loads are so large that they are unable to follow-up with people and help ensure investor success.
<i>Service delivery in a culturally appropriate manner</i>	Equity (overall)			
	Geographic diversity	Medium. The current collaborative is relatively diverse in terms of geography. If the collaborative continued at status quo – this criterion would continue to be met satisfactorily.	High. The more CBOs partner with UWKC to provide services, the more geographic diversity the collaborative would be able to achieve.	Medium. Meeting this criterion depends on the final selection of CBO partners. A small number of CBOs may be enough to represent the community geographically, but if all of the most qualified CBOs are not representative, this criterion would suffer.
	Economic diversity	Medium. Currently 50% of investors had incomes between \$15-25,000/year. The current program seems to be doing a relatively good job at reaching the target population.	Medium – High. Again, the more CBO partners the collaborative has, the more likely the program will be to reach a more diverse population.	Medium – High. By increasing the number of IDAs available to each organization, they will likely serve a broader range of people in their target population, including those who are lower income, which may not have been served when each CBO had less accounts on account of creaming or picking the most likely to succeed first.
	Racial/ethnic diversity	Medium. Currently, about 1/3 investors are white, 1/3 are African American and 1/5 each Latino and Pacific Islander. About 2/3 of current investors use English as their primary language. While this diversity could increase, the population served is relatively diverse.	High. The racial/ethnic diversity could increase if more CBOs were involved in the collaborative.	Medium. This also depends on which CBOs are chosen and what the make up of each CBO’s client base is. If the client base of some or all of the CBO partners is high, then the racial and ethnic diversity of IDA participants will go up.
<i>Community building</i>	Inclusiveness / community involvement			
	CBO partner buy-in	Low. Most CBOs have said that they will not take on more accounts without additional resources (staff and money) and training.	Medium-High. CBOs will likely favor targeting other partners for the sake of increasing diversity, bringing more resources into the collaborative and keeping case loads small, however some CBOs mentioned that the collaborative was too large and account loads were too small. A moderate increase in the collaborative size would probably well received.	Medium-High. Some CBOs may be threatened by this option because it would be based on performance and they would risk losing accounts if they did not perform. Some CBOs seem like they are unable to take on more accounts and may like to withdraw from the collaborative already and would probably support the idea of consolidating services among those with enough capacity, allowing them to see economies of scale instead of spreading it out.

		PROGRAM ALTERNATIVES (LOW, MEDIUM, HIGH IMPACT)		
<i>Guiding principle</i>	Measurement criteria	Status Quo	Increase CBO Partnerships	Build “super programs”
<i>Community building, cont..</i>	UWKC buy-in	High. UWKC overall would probably support this option because it doesn't require as much administrative costs.	Low. This is a very training-intensive and administratively complex option on the spectrum. UWKC would probably not support this because of its possible lack of efficiency.	High. Consolidating services would probably improve the bottom line regarding efficiency and cost. The costs that UWKC provides CBOs would likely go further for the CBOs because they would be able to reach economy of scale – meaning that UWKC dollars would go further. Training costs would also be lower.
	Community buy-in	Medium. The social service community would probably accept it if things remained the same. It would prevent them from having to figure out who is doing what and provide some consistency.	High. This would allow more organizations to be involved, which would be a popular choice for the community in general. CBOs that refer their clients to the IDA program may dislike this option because of confusion, but like it because their options are more diverse.	Medium. For the same reason organizations would support increasing CBO partnerships, they would not support consolidating them, because they would be excluded from the program. It would make it much easier for referring organizations and the general public because the program would be easier to keep track of.
	Funder buy-in	Low. If efficiency does not improve and administrative costs remain as high as they do, funders may become disenchanted with the program. A more unified fundraising approach needs to happen. UWKC, as a program funder, would like to see CBOs helping to raise matching funds.	Medium-High. Including high profile CBOs and CBOs with diverse missions may make the collaborative more “fundable.” However, fundraising with such a large group may be ineffective, with CBOs competing for funds or little fundraising happening at all.	High. If efficiency, equity and program quality is improved, funders would look upon this option favorably. If the collaborative formed a unified approach to funders, this could also improve.
<i>Scalability and sustainability</i>	Scalability – level of growth potential.	Low. More resources are needed in order for the current collaborative to grow.	High. This option is the best in terms of capacity to grow and to grow very quickly because of the number of case managers and the access to different populations.	Medium-High. Depending on the size and staff of the CBOs, this option may have greater or lesser growth potential. It will not be set up as much for long-term growth, because as the program grows, it will likely be necessary to incorporate more CBOs into the collaborative.
	Administrative capacity	Low. Administratively, the current situation is relatively high maintenance – this option would have no impact on this.	Low. This would be very difficult to administer from the UWKC perspective because of the number of case managers and the amount of data that would need to be received from each – as well as the increase in training and support it would require from UWKC.	High. Administratively, this option is the easiest for both UWKC and for CBOs because there are fewer avenues for confusion. Lines of communication will likely be clearer and there will be fewer people to train.
	Financial capacity	Low. Without improved efficiency, financial capacity will remain low.	Medium. Keeping caseloads small will keep costs down for individual CBOs, but they will not experience the same economies of scale as with the “super program” option.	High. Increased efficiency will make the money UWKC provides stretch further, i.e. the cost between training 10 and 20 people is not double. While overall costs will be high, the cost per investor will go down. Savings on the part of UWKC in terms of training and administrative support may allow for increased support of CBO partners.
<i>Continuous quality improvement</i>	Increased program quality while reaching larger numbers of eligible IDA participants.	Low. Case managers are already feeling like they are not able to devote enough time and resources toward the program, without modifying the program to better facilitate a larger number of accounts, program quality will likely decline.	Medium. If increasing the number of CBO partnerships went along with an increase in case manager training and support, case managers would be better equipped to deal with their case loads. Case loads would also remain small, which generally increases the quality of service delivery (depending on the level of resources committed to the program.) UWKC support may be spread thin to accommodate the increase in partners.	High. Increasing the capacity of several large programs will likely increase the quality of services delivered for several reasons. One, CBOs are more likely to devote a FTE to the program if there are more accounts, consistency and economy of scale is more attainable with a larger number of accounts, and services from UWKC will be concentrated on those few organizations.

Recommendations

Over the next three years, UWKC will facilitate the tripling of the IDA program in King County. In order to scale up in a way that maintains the quality of the program and that best supports the guiding principles set out by UWKC, I recommend the consolidation of the collaborative and the creation of “super programs” with a few modifications that I will discuss below.

The greatest strengths of this approach are improved quality and efficiency of program delivery, as well as easier administration and the improvement of communication and training between UWKC and CBO partners. These strengths address many of the concerns that CBO partners and other IDA practitioners spoke of, including the complexity of the program design, the lack of training and systems for CBOs and the high costs of administering the accounts. This is the number one option in terms of taking advantage of the economy of scale that comes with growth.

The greatest weaknesses or possible downfalls of this approach is the limited access to diverse populations and the exclusion of some CBOs and other community groups that may like to be involved in the program. As was mentioned in the exhibit above, consolidating the collaborative to several key CBOs does not necessarily mean that reaching diverse populations is not possible. First, if the organizations are selected strategically, and representatives chosen from different parts of the city, with different core competencies (housing versus business, for example) and diverse client bases, equity may not suffer at all. In fact, by reaching deeper into the populations that are associated with each CBO (because of increased availability of accounts) the organization may be serving members of the population that previously were not accessed. As for the exclusion of some community groups, this may not be as much of a problem as it is at first glance. These community groups, while they may not be directly administering IDAs and receiving administrative support for working with the program, are able to take advantage of the services by referring their clients to the IDA program. With a smaller number of CBOs, confusion for these referral agencies will be much easier and much clearer – and the likelihood of their client being accepted is greater because each CBO will have such a large number of accounts available. Today, case managers and potential investors are faced with 13 CBOs to go to for help, only a few of which have any open accounts, and some that have waiting lists of over 50 people. It can be very frustrating to call agency after agency to find an open slot – especially when it is not clear to the CBOs which CBOs have open IDAs and which do not. Consolidating the collaborative will simplify the referral process.

If consolidating the number of CBO partners limits the amount of resources available to investors, partnerships can be formed for certain aspects of the IDA, for example, if Washington CASH was not longer a part of the collaborative, that does not mean a partnership between Washington CASH and UWKC could not be formed so that they will continue to provide small business training, but will not longer manage the IDA process.

Implementation

In order to take advantage of the benefits of increasing the number of CBOs, while eventually scaling down the collaborative, I suggest the following steps:

1. **Cast a net into the community by soliciting a request for proposal (RFP) from targeted organizations** that have the qualities of organizations that would fit into the collaborative, such as:

- Serves a diverse population or a population that is not represented by the current collaborative;
- Works within the housing, higher education or small business development field;
- Works with a population that has a large percentage of IDA-ready clients (i.e. fits within the income requirements and has enough wealth to be in a position to save for one of the three approved assets);
- Has the capacity (staff and financial) to support a large number of IDAs;
- Has a mission that is consistent with that of the IDA program.

- 2. Ask for current and potential CBO partners to submit a proposal to UWKC that states how many accounts they can handle and details how they will support those accounts.** An example of a CBO proposal can be found in Appendix F. Washington CASH is one of the CBO partners in the UWKC collaborative. The organization is currently providing IDA services to 15 individuals who are saving either for home, business or education. As part of a small sub-program of the UWKC IDA program, 50 new accounts became available for IDA investors who want to save for a business. This proposal means more than tripling Washington CASH's current caseload, which is managed by a full time employee that spends approximately 10% of her time on IDA program-related tasks. This proposal made the organization think seriously about their capacity for handling the accounts.

The executive director and the case manager had similar concerns to those that were expressed in CBO partner interviews. How will we pay for it? Will the quality suffer? How much financial support will we receive? And how much will we have to commit? All of these were questions that Washington CASH was asking. In order to prepare for this influx of accounts, the organization had to evaluate their readiness to scale up, the demand and receptivity of their target market (which in order to not put a strain on their business training program meant individuals who had already graduated from that class), the resources available within Washington CASH and those that would be provided by UWKC, the risks involved in this program, which included the risk of not being able to fill the accounts, of high drop out rates, among others, and lastly, Washington CASH had to look at the returns – which meant returns to the participants they could potentially serve, as well as to the organization.

Going through these steps, although the growth that Washington CASH is facing is much greater and more sudden than that of the collaborative as a whole, is a good exercise to plan ahead. Washington CASH had to lay out, in writing, how the program would work, what would be different from the IDA program they were used to, and how the organization would support it. This proposal can serve as a useful model for other CBO partners when looking at their own capacity for scaling up.

- 3. Award accounts based on availability and CBO capacity.** If a current CBO is not able to take on new accounts, let them remain a part of the collaborative as long as they have the ability to support their current case load.
- 4. Give each CBO 75% of the total administrative support based on the number of accounts they were awarded upfront.**
- 5. Hold CBOs accountable for filling the accounts they were awarded.** Make sure each CBO sets enrollment goals. If the CBO has not filled 75% of their accounts by the end of the second quarter of the year they were awarded, redistribute unfilled accounts based on

the capacity of the other CBOs. At this time, the remaining administrative support can be distributed. This will help avoid the situation where a CBO is forced to return money that it was awarded upfront for accounts they were not able to fill.

6. **Continue to set yearly growth goals, and award future accounts based on capacity and need.**
7. **Over time, remove nonperforming or low-performing CBOs and increase the number of accounts given to high performing CBOs.**
8. **If the collaborative reaches a point where it is full to capacity, look to invite more CBOs into the collaborative** to reset the balance – OR – look for ways to become more efficient, such as contracting out some elements of the program like financial literacy.

Other strategies for scaling up

These changes will help make way for quantitative scaling up, but what other strategies should UWKC keep in mind for the future?⁴³

Functional scaling-up

I recommend that UWKC focus on core elements of the IDA program, and not scale up the number and type of programs offered as part of the IDA program. By scaling down in this way, the program will actually be better capable of scaling up its impact in other ways.

Political scaling-up

UWKC is already participating in some ways in political scaling-up. As the program matures, it will have more clout in this arena. My recommendations for the future are:

- Lobby the state for support through TANF funds through the WorkFirst program;
- Lobby for AFIA changes published by CFED, which allow for more flexible funding and greater local autonomy;
- Lobby for universal IDA programs, such as Universal Savings Accounts, Children's Savings Accounts and Workplace IDAs;
- Share results from pilot projects and share success stories to influence overall IDA policy.

Organizational scaling-up

In order to scale up quantitatively as recommended throughout this paper, it will be critical to scale up organizationally at the same time. Many of the paths that are suggested by Uvin and Miller are applicable to UWKC. I recommend the following actions be taken to scale up organizationally, based on these paths to organizational scaling up.

- **Diversify funding sources.** Leverage high-profile donors to gather support from other sources including major donors and foundations in addition to the large grants from the government.

⁴³ Based on: Smart Library. *Researchers Identify Four Types of Scaling-up Approaches*. Online: http://scalingup.smartlibrary.info/NewInterface/segment.cfm?segment=2062&table_of_contents=1585 , accessed March 15, 2003. (based on: Uvin, P. & Miller, D. (1996). Paths to scaling up: Alternative strategies for local non-governmental organizations. *Human Organization*, 55, 344-353.)

- **Increase self-financing.** One idea that has emerged through conversations is to charge a fee for service. This could be in the form of a non-refundable application fee or a fee for trainings, or it could be an initial deposit that will be deposited into an investor's IDA account upon acceptance into the program or upon completion of a certain trial period or training. This serves the triple purpose of increasing investors' perceived value of the services they are receiving, creating a barrier for investors that are not committed to the program, and if the money is not refunded, it can also generate modest income for the program.
- **Promote skills development.** I recommend that UWKC develop a training and reference manual for all CBO partners. This should be updated regularly to reflect changes in policy or improvements in practices. Sharing can occur through monthly collaborative meetings as well as special trainings that can be held periodically or when a new CBO joins the collaborative. Other ways to improve skills development that I recommend is an online forum for CBO partners and a resource section of the website so case managers can easily tap into online resources. Lastly, I suggest looking into financing or subsidizing CBO partner's participation in relevant trainings and conferences to increase their knowledge and expertise.
- **Develop learning procedures and structures.** As is mentioned above, creating a case manager manual will help case managers who feel that the program is not structured enough. The manual can include detailed screening tools among other helpful documents.
- **Maintain participation and accountability.** By instituting a system where CBO partners are accountable to UWKC for showing how they can support accounts, setting goals, and then held accountable for fulfilling those goals, the program will be more effective and CBOs will have more of an incentive to increase efficiency and look for innovative ways to fill accounts with quality investors.

Appendix

Appendix A. CBO Partners Interviewed

El Centro de la Raza
Fremont Public Association
HomeSight
International District Housing Alliance
Multi-Service Center
Refugee Resettlement Office
Seattle Housing Authority
Seattle Jobs Initiative
Washington CASH

Appendix B. Scenario for Agency Contacts

Consider the following scenario:

HomeFront is a Seattle-based nonprofit helping formerly battered women cope with the transition from an abusive relationship to independence. They provide their clients with help moving from emergency housing to more permanent housing, rental assistance, job placement services, childcare, referrals and financial literacy training. HomeFront has even helped some women find and purchase their own home. Two years ago, the executive director of HomeFront was approached by United Way of King County to participate in their Individual Development Account program. The executive director felt that the IDA program matched well with the needs of the women they serve, some of whom are ready to start a new life by going back to school, moving into their own home, or even starting a small business.

HomeFront is able to provide employment and housing assistance to about 500 women each year in their two Seattle locations. Though the staff is proud of the work they do, they are frustrated by their inability to take on more clients. Their waiting list for women who need services is growing everyday, but given limited resources, the organization cannot serve more than 500 women a year.

To date, HomeFront has helped 12 of their existing clients save for an asset in an IDA; 7 saved for a home, 4 for education and 1 saved to start a business. The staff feels that the IDA program enhances their ability to encourage asset development and healthy money management skills among their clients. With only 8 full time staff, HomeFront is operating on a shoestring. Thus, when the staff heard the news that they were selected to receive funding to open 50 new accounts over the next two years for their clients, they had a mixed reaction.

Imagine you are the case manager in charge of administering IDAs at HomeFront. What are the things that you would be most concerned about given this current proposal? What are the opportunities you see in the situation?

Please answer the following questions – based on the account above, or on your own experience.

- What concerns you the most about this situation?
- How would you address these concerns - what are possible solutions you suggest?
- What opportunities do you see in this situation?
- Will you have to make any program adjustments to take advantage of these opportunities?
- What new responsibilities would this new work bring for the case manager?
- What current staffing needs would change?
- What other resources would you need (i.e. training, etc)?
- What makes the IDA program strong - what elements would you want to maintain if the program grows? (i.e. an hour of one-on-one attention with IDA participants)
- How would your core programs need to be adjusted to make room for additional IDA clients?

- Would the current number and locations of banking facilities be enough to handle this increase in investors?
- Would there be added responsibilities in:
 - Recruiting clients?
 - Screening clients?
 - Providing TA to clients?
- Do you feel like having additional IDA clients would go along with/improve the mission of your organization?
- Would it detract from your program in any way?
- If you could change something about the program, especially given expansion, what would you change?
 - Training?
 - Case management?
 - Selection criteria?
 - Terms and conditions?
 - Anything else?
- Would you take on additional investors if you were reimbursed for added administrative costs? If not?
- How would you measure whether the IDA program is successful and beneficial to your participants? How would you demonstrate to your funders that the IDA program is worthwhile?
- Any other comments?

Appendix C: CBO Partner Interview

Introduction

As you know, the IDA program may soon be receiving a new grant that will allow considerable expansion over the next several years. In an effort to make this process as smooth as possible, I am hoping to identify any potential issues that a relatively sudden influx of IDAs might cause for you and your organization. As Sandra mentioned, at this point, the goal is only to increase the number of IDAs by 100 by July of this year, but overall, the total number of IDAs could quadruple over the next two years. This is a great time to look forward and examine the situation carefully so that this money can be put to the best use possible – while being mindful of the possible strain this could cause on the organizations that are administrating these accounts. The key question I'd like to answer today is **“what systems do we need in place in order to offer IDA services in the most efficient manner?”**

The following questions cover a range of topics, some which may or may not apply to your particular situation. Please answer them as best you can based on your experience at (YOUR AGENCY), and don't be afraid to be completely honest. If there is an element of the program that is not working for you now, it is likely that that problem will grow if the number of accounts you have increases. The answers you provide today will be shared with Sandra and Dave at the United Way and will be used for planning purposes only, and will not affect your eligibility to participate in the program.

- Do you have any questions before we get started?
- First, can you describe the IDA program at (YOUR AGENCY)?
 - How long have you been involved?
 - How many IDA participants do you have?
 - What is the mix (home, education, business)?
- What is the demand like for IDAs at (YOUR AGENCY)?
 - Do you feel like additional accounts would benefit your clients?
 - Can you estimate how many clients could benefit from having an IDA (including those who are already on the waiting list)?
- Is the IDA program meeting the needs of your clients?
- Are you looking forward to the possibility of growing the IDA program at (YOUR AGENCY)?
 - Is there a rate of growth that would be ideal? Too fast?
- What makes the IDA program strong – what elements would you want to maintain if the program grows? (i.e. an hour of one-on-one attention with IDA participants) In what ways do you as the case manager add value to the process of transferring money from United Way to an individual investor?
- If things were just as they were today, how many more IDAs could you handle and still be able to add value and maintain the quality that you think is necessary (the elements described above)?
 - What would it take for you to take on additional accounts?

- Do you feel like having additional IDA clients would go along with/improve the mission of your organization?
- Would your core programs need to be adjusted to make room for additional IDA clients?
- Would it detract from your program in any way?

Now I'm going to try to get at the question of systems – and what systems need to be changed or implemented to make sure that IDA program services can be delivered efficiently at a larger scale.

- Are you currently doing any marketing to attract clients? How will this change with growth?
- How about marketing or outreach for supporters?
- What is your current method of handling your waiting list?
- Would this system need to be modified if you had significantly more IDA clients?
- Describe your current intake/screening process? Will this change with growth, could it be streamlined in any way? Does the selection criterion work for you and your clients?
- How about orientations – how is this currently handled and would an increase in IDAs affect this drastically?
- Do you currently provide financial literacy training and asset-specific training in-house? Will this need to change if you had more IDA clients?
- Do you feel like there is a need for more case-manager training, whether through a formal training session, or updated program manual?
- Obviously, one of the biggest changes in light of considerable growth will be the volume of work generated for the case manager. Can you think of any systems or processes that could be changed or modified to make this job easier for you – and make it so that more investors can participate and still receive the high quality services you are providing today?
 - Investor enrollment process/Investor Agreement
 - Administrative tasks (emails, copies, mailings, reminders)
 - Technical assistance – one on one meetings with investors
 - Referral services – banks, taxes, insurance
 - Investor meetings
- Do you have any ideas of how we could use technology to streamline some current systems and make them more efficient for you and your participants, as well as United Way?
- Do you have any ideas about long-term follow-up for your IDA participants? United Way performs a formal evaluation – but is there any way to continue the relationship past the day that they purchase their asset that would benefit them? (i.e. mentorship, graduation “ceremony”, etc)

Any other comments?

Appendix D. Core Policies

Following are the core policies for the United Way of King County Individual Development Account program.

Type	Policy
Income Eligibility	Household income below 200% Federal Poverty Level, or EITC eligible or TANF eligible
Household net worth	Less than \$10,000, excluding primary residence and one vehicle
IDA Account matching rate / all assets	3 to 1
Maximum total matching dollars per account	\$6,000
Maximum IDA savings matched per account	\$2,000
Program requirements	Monthly deposit, financial skills training, asset specific training
Minimum length of time in program	One year
First matched withdrawals allowed	After six months and completion of financial skills training and basic asset specific training. In first year, partial withdrawals not to exceed \$500 in savings plus \$1500 in match funds.
Maximum accumulation period	48 months
Frequency of deposit	Once a month / miss two and must initiate action plan with case manager / miss four in one year, termination from program
Minimum monthly deposit	\$10 per month
Maximum lump sum deposit match per year	\$1500 / No limit to unmatched lump sum deposits in IDA account
Attendance at investor workshops	Not mandatory but advised
Emergency withdrawals	At investor option, for reasons specified in AFIA grant, should be in consultation with case manager, must be repaid in 12 months
EITC promotion goal	100% of all investors that qualify
Leave of absence	Investor can apply for a leave of absence from savings, up to 6 months

Appendix E: IDA Program Partners

Convener

United Way of King County

Community based organization partners

El Centro de la Raza
Fremont Public Association
Hopelink
International District Housing Alliance
Low Income Housing Institute
Multi-Service Center
Refugee Resettlement Office / Diocese of Olympia
Seattle Housing Authority
Seattle Jobs Initiative
Urban League of Metropolitan Seattle
Washington CASH
Washington Women's Employment & Education
YWCA of Seattle – King County – Snohomish County

Financial institutions providing account services

Seattle Savings Bank
US Bank
Washington Mutual

Regional expansion partners

United Way of Snohomish County
United Way of Pierce County

Research and program evaluation partner

Daniel J. Evans School of Public Affairs, University of Washington

Other partners

Annie E. Casey Foundation
Corporation for Enterprise Development
Educational Opportunity Center, University of Washington
Federal Home Loan Bank
Federal Reserve Bank of San Francisco
Seattle Central Community College
Washington State DSHS Division of Child Support
Washington State DSHS WorkFirst
United Way of America

Appendix F: Washington CASH Proposal

Executive Summary

Several years ago United Way of King County (UWKC) began designing a program to offer Individual Development Accounts (IDAs), or matched savings accounts, to low-income residents of King County. In the spring of 2001, Washington CASH was offered an extraordinary opportunity to join twelve other community-based organizations (CBOs) to collaborate with UWKC to administer the program. Washington CASH has been involved since the design phase of this exciting project and continues to be involved today; administering IDAs to 15 of Washington CASH's clients. Today, Washington CASH is facing another extraordinary opportunity; the chance to offer IDAs to more than four times the number of participants currently accessing the program (50 new accounts). This influx of IDAs is an exciting prospect; however, it requires Washington CASH to carefully examine its readiness to take on this expansion of the current IDA program. This memo will review and assess Washington CASH's readiness by looking at its mission and strategic plan, its fiscal capacity, the human resources implications of the proposal and the anticipated program implications.

Mission: The Washington CASH mission and the mission of the UWKC IDA program both share a common theme of promoting economic self-sufficiency for low-income people. Both programs compliment each other well. Washington CASH's programs help participant's increase the profitability of their business, the IDA program encourages them, by offering a 2:1 or 3:1 match, to save money and invest it into their business, again increasing the profitability of their business. This pattern helps people break out of the cycle of poverty and reliance on public assistance through asset building, allowing Washington CASH clients who participate in the IDA program get ahead much more quickly.

Fiscal capacity: Washington CASH is operating with limited resources. The UWKC proposal provides one time administrative support of \$520 per account for Washington CASH to use to pay staffing and administrative costs. This memo considers several scenarios, some in which Washington CASH subsidizes the operations of the program (as it does now), and some where the UWKC contribution more than covers the cost of the program.

Human resource capacity: Washington CASH is experiencing a time of restructuring and reshuffling, with several positions currently vacant or soon to be vacant. This flexibility will allow either an existing staff person to take on the responsibility for managing the IDA program, or the possibility of hiring a new person, either specifically for this program, or as a part of a larger job description. The funding described above will offset or cover the human resources costs associated with the IDA program, depending on the scenario.

Program impact: The IDA program manager will experience an increase in volume of several tasks that the position already requires, such as providing orientations, screening and intake for potential investors, enrollment of investors, ongoing case management and support and supporting the withdrawal process when investors begin spending down their IDA. Because this proposal is targeted at Washington CASH clients who have already completed the Washington CASH business training, some of whom participate in loan groups, and some who do not, the program impact will be slim to none. The biggest impact will be an increase in the number of financial literacy trainings (Washington CASH has only held one), which in the strategic plan, are projected to be held four times per year.

Recommendation: My recommendation is that Washington CASH accept the proposal made by UWKC based on my analysis of the organization's capacity, its mission and the conditions of the

proposed accounts. Currently, based on the assumptions made in this analysis, Washington CASH is paying approximately \$23 per IDA client per month. If the UWKC proposal is accepted, this figure will decrease to between \$2-16 per IDA per month (based on total cost – includes a portion of overhead), depending on how much the IDA program manager is paid and the terms of the IDA. This number goes down to -\$5 to \$9 per client per month if you only take the IDA program manager’s wages and benefits into consideration (not overhead).

If the situation is approached with thoughtfulness and a little strategy, the organization can provide an enormous service to the clients of Washington CASH with little or no additional financial resources beyond those provided by UWKC. This decision does reflect a commitment on the part of Washington CASH to see this program through and support it with continued staff and financial support into the future. We anticipate that over the next three years, Washington CASH will continue to receive new accounts (similar to those that it manages today), which will help sustain the program financially. Hopefully, with a large influx of accounts, the program can finally experience some economy of scale and we can continue to reach out to more of our clients and have even greater impact on our client’s lives and their journey toward greater self-sufficiency.

Background

Washington Community Alliance for Self-Help (CASH) serves fledgling entrepreneurs by providing an 8-week business training class, mentors, technical assistance, computer training and small loans to low-income individuals interested in starting a small business. The program began nearly 10 years ago in Seattle and has since spread to four other counties in Washington State including Kitsap, Ferry, Snohomish and Pierce counties. Washington CASH's mission is:

Washington CASH is a community-based nonprofit organization dedicated to fostering economic self-sufficiency through self-employment training and lending to low-income women, people with disabilities and other low-income individuals. We believe in discipline, dignity, responsibility, courage, accountability, unity and hard work.

In June 2001, the United Way of King County (UWKC) convened a collaborative made up of thirteen local community based organizations (CBOs) to discuss the implementation of a countywide Individual Development Account (IDA) Program. IDAs are matched savings accounts allowing qualified low-income people to save for a first time home purchase, higher education or to invest in a small business with the benefit of a 3:1 match. IDA investors are also provided training specific to the asset they are saving for as well as more general financial literacy training. Other services provided to IDA investors are technical assistance, referral services, case management and planning, among others (more details of CBO responsibilities are included in Appendix A.) Since 2002, United Way of King County has administered almost 250 IDAs. These support services, above and beyond the provision of credit, are a huge part of the philosophy behind Washington CASH, which believes that it is the combination of these services with credit that makes clients succeed.

The purpose of this report is to review the implications of program expansion and assess Washington CASH's readiness to grow their IDA program. I hope to explain how the organization can take advantage of the opportunity that has been provided, while being mindful of the possible pitfalls or threats that may accompany the positive affects of program expansion.

Current program

Washington CASH opened 8 IDAs in 2002, and has since enrolled several more, with a current total of 15 accounts and four unfilled accounts for a total of 19 accounts. Seven investors are saving for a home, 7 for business, and 1 for education. One person purchased a home, and then switched her IDA to business; another was saving for a home and has switched to business. Washington CASH is the only business asset-specific training provider in the collaborative.

These accounts are all matched at a 3:1 match rate. Participants are able to have up to \$2,000 matched with up to \$6,000 UWKC dollars. Investors can save over the course of a four-year period, at the end of which they must spend down their IDA on approved purchases.

Current demand

Today, with a waiting list of 35 people, Washington CASH is limiting its IDA participants to those who have already completed the Washington CASH training program and those who want to save for a business. If more accounts were available, Washington CASH would again be able to open these accounts up to the general public and to those wishing to save for a home or for education. The demand for the IDA program is overwhelming, despite the fact that Washington CASH is not doing any outreach or recruitment. The following is an overview of the potential IDA clients that Washington CASH has access to.

Active clients

Of current clients who are involved in loan groups, which in Seattle is about 60 people, our program director predicts that approximately 85% of those people would qualify for an IDA (51 people) and of those about 50% would actually open up an IDA.

Total: 25 potential participants

Inactive clients

In addition to these 25 people who are currently involved in the program, Washington CASH also faces the demand from people who have graduated from the business training class, but are not currently involved. In Seattle, there are about 600 people that fall into this category, 50% of which are predicted to meet the income requirements for an IDA and still be operating their business, and 15% of which are predicted to open an IDA.

Total: 45 potential participants

New graduates

The Seattle class graduates about 25 clients every quarter. All clients at the time of graduation should meet the income requirements of the program. If only a quarter of all graduates each quarter enrolled in the IDA program, this is still an additional 25 accounts per year that could be filled.

Total: 25 potential participants/year

Outside referrals

The most difficult group to measure the demand for is those who have no connection with the Washington CASH program. The office gets calls every day inquiring about the program. The 2004 strategic plan reports that “approximately 5% of our target market would take advantage of our program services if they were readily available to them,” which means that approximately 2,565 people (5% of 51,300 Washington state TANF recipients) could benefit and would actually participate in our services, if only they had access to information and Washington CASH had unlimited resources. In King County, this number would be around 600 – many of whom would likely be very interested in participating in the IDA program. Even if only 25% of these potential CASH clients took advantage of the IDA Program, 150 new IDAs would be needed.

Total: 150 potential participants/year

This number will likely increase over time, as Washington CASH continues to serve more and more clients. The following chart shows Washington CASH’s overall growth over a five-year period.

	1999	2000	2001	2002	2003
# clients served – all counties	74	150	242	300	365

Potential to save

The following chart – taken from a recent survey of Washington CASH participants as well as 9 other Microenterprise organizations (the data is aggregated, sample size is 792 with a 54% response rate) shows some exciting information about microentrepreneurs being served by programs similar to CASH. About 36% reported that they are able to save money, with the average amount of money saved over the course of the year at intake being \$3,488 and the average saved in the current year of the survey even greater at \$4,199, the median response being \$2,000, \$1,000 more than the response at intake. Other great news that is indicated in this chart is

that 47% of those surveyed experienced an increase in their household income, meaning that they have more money that may be available for investing in their IDA and into their business.

Household Income and Asset Changes						
	Average			Median		
Household Income @ intake	\$27,649			\$21,000		N=602
Household Income current year	\$36,752			\$30,000		N=356
Owners Draw as a % of HH income	40%			31%		N=247
	Rose	Fell	No change	DK/NA/RF		
Income change from Last Yr to Current Yr	196	127	66	25		N=414
	47%	31%	16%	6%		
\$ Saved at intake	Average	Minimum		Maximum	Median	
	\$3,488	\$4		\$35,000	\$1,000	N=48
Able to Save Money	Yes	NO	DK	RF	NA	
	149 (36%)	209 (50%)	36 (8%)	20 (5%)		N=414
\$ Saved in current year	Average	Minimum		Maximum	Median	
	\$4,199	\$5		\$34,000	\$2,000	N=129

New Program Proposal – Expansion of IDA Program

United Way of King County relies on a number of funding sources to provide administrative costs and matching funds for the IDA program. Many of these dollars come from grants from the Federal Government through the Assets for Independence Act (AFIA), which funds IDA programs across the country. These funds are often accompanied by time limits, which is the situation that United Way finds itself in today. A certain number of unspent dollars will be expiring in about two and a half years in September 2006 (projections rounded this figure to 24 months), while the traditional IDA process occurs over a four-year period. In order to make the most of this opportunity, United Way is considering a proposed program that is a modification of the traditional IDA program (see Appendix B for program details). In summary, the proposal will provide funds for 50 IDAs to open as soon as possible and to be completed by September 2006. The matching rate will be 2:1 (versus the traditional 3:1) and the maximum amount of matching funds available per account will be \$4,000 (versus the traditional \$6,000). This accelerated savings program seems particularly appropriate for people saving for their small business because it requires a lot less capital and has much less of a commitment than saving for a home, which is the most commonly saved for asset.

The following chart summarizes the different scenarios Washington CASH is facing.

Description of Program Alternatives						
	Status quo		Projected in Strategic Plan		Proposed by UWKC	
	Scenario #1	Scenario #2	Low est.	High est.	Proposal #1	Proposal #2
New accounts	10 in July Total = 25 (including 15 current)		32 in 2004 Total = 47 (including 15 current)	40 in 2004 Total = 55 (including 15 current)	60 in 2004 (50 in May/June, 10 in July) Total = 75	
Account disbursement	10 in July		Quarterly		50 in May/June, 10 in July	
Financial support	\$520/ new account		\$400/account		\$520/account	
Financial support disbursement	Lump sum when accounts are available (\$5,200 in July)		Upon investor enrollment		Lump sum when accounts are available (\$26,000 in May/June, \$5,200 in July)	
Account terms	All accounts = 48 months	All new accounts = 24 months Old accounts (15) = 48 months	48 months		50 = 24 months 10 = 48 months old accounts (15) = 48 months	All new accounts = 24 months Old accounts (15) = 48 months
Assets available	Home, business, education	Old = home, ed, business New = business only	Home, business, education		50 new = business only new/old = home, ed, business	50 new = business only old = home, ed, business new = business only

The first is status quo, where Washington CASH would continue to receive a yearly (or possibly quarterly in the future) allotment of accounts. The new accounts would be reimbursed at \$520 each and could have four year or two year terms. The IDA program as sketched out in the strategic plan has Washington CASH receiving 8-10 accounts on a quarterly basis, reimbursed at \$400 per account and on four-year terms. This is the plan that Washington CASH originally expected, although actual growth of the program has not been so high. I have included this to show what Washington CASH *expected* to contribute to the program. The UWKC proposal includes the 50 accounts expected as soon as possible, as well as the 10 accounts projected to be awarded in July. The 50 accounts will likely be limited to two-year terms, and it is up for negotiation whether accounts from here will continue to be two-year terms, or whether they will continue to be four-year terms. People who open one of the 50 new accounts will be limited to saving for their business (not home or education). It is also up for negotiation whether new accounts will be open to home or education purposes (48 month accounts) or limited to business (24 month accounts). The financial benefit to having two year terms is that the UWKC contribution remains the same, even though the duration of the account is halved, making that money go further.

Although this is a fantastic opportunity for Washington CASH to reach a greater number of their clients and significantly impact their businesses, there are many details that need to be considered before deciding to take on 50 new IDAs. The following list includes some of the issues that I hope to cover in this analysis of Washington CASH's readiness to expand the IDA program:

- Alignment with Mission, Vision, and Goals
- Financial impact of expansion
- Human resources implications
- Program impact
- Recruitment plan

Strategic Planning Assessment – Alignment with Mission, vision and goals

Washington CASH does not have an articulated vision statement or a current formal work plan. This does not mean that the organization does not make strategic decisions, but it does make decision making less clear because there is less of a framework for making these program decisions. The strategic plan was recently revised in March 2004 by the interim executive director, but is only in draft form. With a new permanent executive director beginning in May, many program, staffing, budget and other concerns are somewhat up in the air and subject to change.

Given these circumstances, I will begin with a review of the mission and goals of the IDA program and look at the Washington CASH mission statement and the March 2004 strategic plan draft to assess the organization's strategic position with regards to expanding the IDA program.

The goal of the United Way of King County IDA program – is to *“Provide access to assets that increase economic self-sufficiency for low resource residents of King County, Washington.”* The specific goal for the microenterprise IDA program is:

“The goal of the IDA Program (for microenterprise) is to provide investors with sufficient funds to capitalize a microenterprise with enough resources to purchase tools and equipment, acquire necessary licensing and accreditations and deploy sufficient marketing to attract clientele on a neighborhood basis.”

The hope is that the IDA program will help “underrepresented, low-income populations develop savings habits, increase financial skills, gain access to the economic mainstream and acquire assets.”

This goal is definitely in sync with the Washington CASH mission, which also has a bottom line of economic self-sufficiency for its clients.

The current Washington CASH strategic plan only briefly mentions IDAs. The plan projects Washington CASH receiving 8-10 new accounts per quarter (32-40 per year) in King County alone – and offering 4 financial skills courses each year in King County. The IDA program is not included as a “core service” (business training, business groups, peer loans, technical assistance and mentorship) as defined by the board in its strategic planning session in January of 2004. At this session, it was decided that Washington CASH should focus on strengthening core programs for the next two years before taking on any new programs or expanding existing ones, however, this decision may need to be revisited by the new executive director. The other “non-core” services listed in the strategic plan were technology programs and classes, which are also undergoing expansion at the moment.

The strategic plan cites IDAs as an important way that “self-employment clients...accumulate savings and plan for the future to ensure their ability to (get off) and stay off public assistance and to stay in business.” IDAs are also cited as a tool to “provide paths to economic self sufficiency,” one of Washington CASH’s core goals. Lastly, the strategic plan says that “The number of accounts we offer is only limited by funding,” which emphasizes the large demand for these accounts. Initially, United Way of King County anticipated a much higher rate of growth, and Washington CASH has received a much smaller number of accounts than initially expected. In other words, these accounts, although sudden, have been long expected, and long planned for.

Fiscal Capacity – Financial impact of expansion

Currently, Washington CASH manages 15 IDAs, which takes about 10% of one Washington CASH employee’s time (approximately 4 hours per week on average). For our projections of cost for this project, we will base calculations on these current circumstances, as well as project costs at \$15 per hour and \$10 per hour. At this rate, a full caseload would be 150 IDAs for one FTE and one half FTE could handle approximately 75 IDAs. Given that the 50 proposed accounts would be in addition to the existing 15 and Washington CASH is slated to receive approximately 10 new IDAs in July, Washington CASH would be managing approximately 75 accounts, or approximately the caseload of ½ FTE.

The following assumptions reflect the conservative nature of these numbers:

- The \$400/account for the 15 existing accounts is not taken into consideration (except for the “Current 15 Accounts” section). Not including this revenue gives us a more conservative figure and assumes that the money has probably already been spent – if it was included, it would equal about \$125/mo in revenue.
- “Total cost” includes hourly wages, 7.2% of wages in benefits (calculated by taking the total benefits in the FY2004 budget divided by the total payroll), and a portion of overhead, which was calculated by taking the total FY2004 budget, minus contract labor, payroll and benefits, which equaled \$85,000. This figure was divided by 7, the number of FTEs stated in the strategic plan, and then adjusted based on the percentage of time spent on the IDA program (i.e. if it was 20%, only 20% of one share of the FTE's allotted overhead was counted.)
- “Direct cost” is calculated as only including hourly wages plus 7.2% of wages in benefits, no overhead.
- These numbers assume no economy of scale, although it is predicted that economies of scale will be experienced.

As you can see in the following chart, Washington CASH is paying about \$4,174 per year or \$278 per client per year at full cost to operate the IDA program for 15 clients (assuming \$20/hr). If you only consider the wages and benefits, this number is around \$2,960 per year or \$197 per client per year.

At this wage rate, Washington CASH could provide IDAs for 75 people for \$12,769-\$14,069 per year at full cost, which equals only \$170-188 per client per year. At direct cost, this number is around \$6,698-\$7,998 per year or \$89-\$107 per client per year.

The program more than pays for itself at a lower hourly rate, as you can see in the chart.

IDA Program Proposal – Budget Implications

	Current 15 Accounts	Status quo		Projected in Strategic Plan		Proposed by UWKC	
		Scenario #1	Scenario #2	Low est.	High est.	Proposal #1	Proposal #2
Total # accounts	15	25	25	47	55	75	75
Total cost – one year (\$20/hr)	\$5,674	\$9,456	\$9,456	\$17,778	\$20,804	\$28,369	\$28,369
\$15/hr	\$4,559	\$7,598	\$7,598	\$14,285	\$16,716	\$22,795	\$22,795
\$10/hr	\$3,444	\$5,740	\$5,740	\$10,791	\$12,628	\$17,220	\$17,220
Revenue/year	\$1,500	\$1,300	\$2,600	\$3,200	\$4,000	\$14,300	\$15,600
Total cost minus revenue/year (\$20/hr)	\$4,174	\$8,156	\$6,856	\$14,578	\$16,804	\$14,069	\$12,769
\$15/hr	\$3,059	\$6,298	\$4,998	\$11,085	\$12,716	\$8,495	\$7,195
\$10/hr	\$1,944	\$4,400	\$3,140	\$7,591	\$8,628	\$2,920	\$1,620
Direct cost – one year (\$20/hr)	\$4,460	\$7,433	\$7,433	\$13,973	\$16,352	\$22,298	\$22,298
\$15/hr	\$3,345	\$5,574	\$5,574	\$10,480	\$12,264	\$16,723	\$16,723
\$10/hr	\$2,230	\$3,716	\$3,716	\$6,987	\$8,176	\$11,149	\$11,149
Revenue/year	\$1,500	\$1,300	\$2,600	\$3,200	\$4,000	\$14,300	\$15,600
Direct cost minus revenue/year (\$20/hr)	\$2,960	\$6,133	\$4,833	\$10,773	\$12,352	\$7,998	\$6,698
\$15/hr	\$1,845	\$4,274	\$2,974	\$7,280	\$8,264	\$2,423	\$1,123
\$10/hr	\$730	\$2,416	\$1,116	\$3,787	\$4,176	-\$3,151	-\$4,451

Human Resources implications

As mentioned above, if the UWKC proposal was accepted, Washington CASH would need to hire a ½ FTE to manage the IDA program, whereas now it only requires 1/10 FTE. This has definite budget implications, but the money from the UWKC subsidizes this cost, and in some cases, covers it completely.

A Washington CASH staff person is already attending monthly IDA collaborative meetings and other IDA related trainings, which will not be affected by the number of accounts being managed.

Other human resources impacts will simply be an increase in case management, which includes (See appendix C for description of duties):

- **orientation**
- **intake**
- **case-management**
- **monthly investor reports**
- **withdrawal process**
- **evaluation**
- **program exiting**

It is anticipated that these areas are where some economy of scale will be experienced. Currently, there are so few accounts that all orientations, intake and financial literacy trainings are on a one-on-one basis or in the case of training, in very small groups. If Washington CASH experiences an influx of accounts, it is likely that the IDA program manager will operate orientations and intake similar to the traditional Washington CASH program, with a group orientation, a submission of applications, and then once the IDA client has been accepted, a one-on-one session to enroll the client. Having group financial literacy trainings will also be a much more efficient use of our trainer's time.

Program Impact – Proposal implementation

Expanding the IDA program as proposed will not affect the program in a structural way because the proposal targets participants who have already graduated from the trainings. No additional trainings or loan groups will be needed and the proposed plan will not place any additional strain on these programs.

Washington CASH will need to provide additional financial literacy training, which in the past has been provided by SAFECO free of charge. Depending on the timeline of enrolling participants in the IDA program, this training could be held as few as two times and as frequently as quarterly, as it is projected in the strategic plan.

Recommended recruitment strategy

One of the biggest tasks if Washington CASH is granted 50 new IDAs will be recruiting and selecting clients to fill those slots. I recommend targeting Washington CASH clients who have already participated in the Washington CASH business training class – in order to reduce the burden on the Washington CASH program and to accelerate the process (they can start saving right away). See appendix D for complete recruitment strategy.

Timing

The accounts will be available as soon as the next couple of weeks (Mid to late May, 2004) and expire September of 2006. In order to allow the most time for the investors to save for their asset, it is critical to enroll people as quickly as possible. The projections in this report assume an enrollment date approximately 2 years before expiration, which would be September 2004. Of

course, if accounts are not filled by that time, Washington CASH staff should actively recruit investors. If any investors drop out of the program, efforts should be made to find a new investor to take on that IDA to avoid forfeiting money back to the Federal Government. If someone drops out of the program at any time, they lose the money that was matched by United Way and that money becomes available to another investor. Any money not spent on an approved purchase by the deadline will be returned to the Federal Government.

Recommendations

It is difficult in nonprofits when you have a “double bottom line.” The first bottom line is to impact the lives of the people you serve, the second is to make sure your revenues cover your expenses – if not exceed them. After reviewing the details of this program, I believe the expansion of the IDA program meets both of these bottom lines.

Expanding the program to reach 60 more clients in the next year quadruples the impact Washington CASH currently has at 15 accounts, and the cost is less per client than it currently is, and in some cases, is less overall.

Because the numbers I have used show what I believe to be greatly inflated costs in order to be conservative, I recommend a review of these numbers by the executive director. This analysis also leaves me with some questions, which will require further review. I recommend the following steps to be taken:

- Review the budget
 - see how much money is earmarked, if any, for the IDA program
 - adjust overhead costs as needed
 - decide whether Washington CASH is willing to subsidize the program, or if the UWKC money needs to cover all costs
- Review future account projections (four to five year plan) and the staffing implications of future growth
- Review the terms and conditions of the accounts with UWKC to finalize any financial projections (i.e. account terms – 24 mo vs. 48 mo saving period)
- Draft a more in-depth plan of how to handle the first few months of the project (the recruitment and enrollment period)

Without the further research recommended above and using the numbers I have prepared for this report, I would recommend that Washington CASH accept Proposal #2, which provides 50 new accounts with two year terms and all future accounts also at two year terms. This is the most cost-efficient option, given that Washington CASH receives the same amount of administrative costs in half the time period. This also allows clients saving in an IDA to access their money more quickly, which is important when running a business. The most cost-efficient choice in terms of human resources is to hire 1 FTE at \$10/hour. If possible, hiring a work-study student will show an incredible savings over any of the projected plans. This wage should go up if the true costs end up being less than projected here, or if Washington CASH is willing to subsidize a portion of the ½ FTE.

This is a very exciting time for the UWKC IDA program and for Washington CASH. All parties are hopeful that this proposal will have an incredible impact on the lives of the business clients that Washington CASH serves. This preliminary assessment of Washington CASH’s readiness to expand the IDA program should be followed up by discussions with the executive director, the board and staff. Hopefully the tools used here will help Washington CASH make a strategic and sustainable program decision.

Appendix F1 – CBO Partner Roles and Responsibilities

(Taken from the UWKC 2003 AFIA Grant)

“CBO Partner Roles and Responsibilities

The CBO partners ensure that the IDA Program services are designed delivered in a culturally appropriate manner for the target populations and geographic areas that they serve. The CBO partners are responsible for the following areas of IDA Program operation:

Manage all direct relations with potential and active investors

- Coordinate outreach and recruiting
- Offer orientation sessions and communicate eligibility requirements
- Coordinate the application and intake processes
- Provide training in financial skills and asset specific classes, either directly or via contract with third parties
- Offer on-going case management
- Support investors before, during, and after asset acquisition

Provide data to UWKC and to program investors

- Maintain a confidential file for each investor, including documentation on program eligibility
- Enter application and intake data through web-based forms for submission to UWKC for tracking in the IDA Program central database
- Track investors’ status of completing IDA Program requirements
- Contact investors if they miss deposits or otherwise fail to comply with program requirements
- Notify UWKC of investor milestones and training attendance
- Distribute reports to IDA Program investors

CBO partners provide a variety of services that the IDA Program investors can utilize and to which other agencies can refer people, for example:

- Crisis intervention services
- Housing: shelter, transitional, subsidized rent, and various homeownership programs
- Employment counseling, training, and placement
- Credit repair counseling

Decision making in the IDA Program is done collaboratively. UWKC and the CBO partners make operational decisions, such as curriculum standards and the number of IDAs per agency. CBO partners make the initial determination regarding whether an applicant is eligible and ready to succeed; UWKC verifies the applicant’s income and net worth eligibility and reserves matching funds before the IDA is opened. UWKC makes financial, legal, and program evaluation decisions. Agencies provide input to policies, procedures, and tools (like web forms). UWKC ensures that policies conform to funder requirements.”

Appendix F2. Core Policies

(Adapted from UWKC's 2003 AFIA Grant)

Type of Policy	Traditional Program Policy	Proposed Program Policy
Income Eligibility	Household income below 200% Federal Poverty Level, or EITC eligible or TANF eligible	Same
Household net worth	Less than \$10,000, excluding primary residence and one vehicle	Same
IDA Account matching rate / all assets	3 to 1	2:1
Maximum total matching dollars per account	\$6,000	\$4,000
Maximum IDA savings matched per account	\$2,000	\$2,000
Program requirements	Monthly deposit, financial skills training, asset specific training	Same
Minimum length of time in program	One year	May change to six months.
First matched withdrawals allowed	After six months and completion of financial skills training and basic asset specific training. In first year, partial withdrawals not to exceed \$500 in savings plus \$1500 in match funds.	May change?
Maximum accumulation period	48 months	Until September 2006
Frequency of deposit	Once a month / miss two and must initiate action plan with case manager / miss four in one year, termination from program	Same
Minimum monthly deposit	\$10 per month	Same
Maximum lump sum deposit match per year	\$1500 / No limit to unmatched lump sum deposits in IDA account	Same
Attendance at investor workshops	Not mandatory but advised	Same
Emergency withdrawals	At investor option, for reasons specified in AFIA grant, should be in consultation with case manager, must be repaid in 12 months	Same
EITC promotion goal	100% of all investors that qualify	Same

Leave of absence	Investor can apply for a leave of absence from savings, up to 6 months	N/A
Transfer of asset	Investors can switch from saving for one asset to another	Investors will not be allowed to switch assets – they can only save for small business development

Appendix F3 – Quarterly Schedule for Individual Program Participant
(FROM UWCK 2003 AFIA Grant)

United Way of King County IDA Program
Quarterly Schedule for Individual Program Participant (“Investor”)

Year 1 / Quarter 1

- ◆ preliminary assistance (family stabilization, job training, credit clean-up, ESL classes, etc.)
- ◆ recruiting, orientation and application to IDA program
- ◆ acceptance and intake
- ◆ initial benchmark of investor’s financial literacy (at first training)
- ◆ attend initial financial skills training

Year 1 / Quarter 2

- ◆ create Investor Savings Agreement
- ◆ open IDA
- ◆ second benchmark of investor’s financial literacy (at last training)

Year 1 / Quarter 3

- ◆ (on-going monthly savings deposits)
- ◆ begin asset-specific training

Year 1 / Quarter 4

- ◆ follow-up 6 months after IDA opened to verify progress in savings and training

Year 2 / Quarter 1

- ◆ (on-going monthly savings deposits and investor club forums)

Year 2 / Quarter 2

- ◆ follow-up 12 months after IDA opened to verify progress in savings and training

Future quarters / years

- ◆ (on-going monthly savings deposits)
- ◆ follow-up 24 months after IDA opened to verify progress in savings and training

Quarter before savings is complete

- ◆ final asset-specific training
- ◆ confirm final steps needed to acquire asset

Quarter when savings goal has been met

- ◆ final financial skills training customized to the practical needs of the individual
- ◆ purchase asset (withdraw savings and matching funds for payment to asset vendor)

Quarter after asset acquisition

- ◆ follow-up to ensure individual has necessary support to retain asset
- ◆ final benchmark of investor’s financial literacy and retention of training materials

On-going activities:

- ◆ case management, crisis intervention and referrals (as needed)
- ◆ additional training to meet individual investor's needs: financial skills, asset-specific, investor clubs

Appendix F4: Recommended Recruitment Strategy

Targeted recruitment tools

Past experience has required little or no marketing, as mentioned above in regard to the long waiting list. Because this project offers a slightly different product and requires Washington CASH to fill the accounts rather quickly, it will be necessary to do some targeted outreach in order to fill the accounts.

Tier one: Active Washington CASH clients

In Seattle alone, there are approximately 60 loan group participants who attend meetings every other week either on Tuesday or Wednesday. Each Washington CASH participant must have a household income at or below 200% of the Federal Poverty Level (FPL) at the time of entering the program. Because loan group members are recent graduates as long as long-time veterans of the program, we estimate that approximately 85% of the group still meets the 200% of the poverty level standard. This income level is the income requirement for opening an IDA that is funded by the Federal Government, and much easier to find eligible participants compared with those funded by the State which requires the participant to be TANF eligible, a much stricter income requirement. We believe 85% of current loan group participants would meet the income requirements and fall below the \$10,000 net worth limit. Of these 51 people, we estimate that about half would be a) interested and b) ready to open an IDA and spend the money within the allotted timeframe. In other words, we estimate that Washington CASH could easily recruit 25 active loan group participants to open and save in an IDA.

Tier one targeted strategy: Loan group participants attend meetings in the Washington CASH office every other week. This group will be easy to access – and will require only an announcement made by a staff member and a distribution of a brochure (different from the traditional IDA brochure) that outlines the terms and conditions of this particular IDA program.

Target: 25 (including those on the waiting list)

Tier two: Inactive Washington CASH clients

Although many people graduate from the Washington CASH training program, not everyone participates in loan group meetings. Over the last ten years, Washington CASH has graduated over 600 people from the Seattle business training class. Because many of these people have not been involved with Washington CASH for a while, we are assuming a much more modest response rate from this group. Washington CASH staff estimates that of these 600 individuals, about 50% would still meet the 200% FPL requirement, the net worth limit, *and* still are actively working on their business. Of these 300 former participants, staff estimates that about 15% of them would be interested and ready to open an IDA and spend the money within the allotted timeframe. This means that Washington CASH could reach another 45 potential IDA participants.

Tier two targeted strategy: Washington CASH keeps in touch with its graduates through a bi-monthly e-newsletter called “Group Notes”. Approximately 450 people currently receive this newsletter (includes other County’s besides King, so may need to target King County specifically).

Target: 45 (including those on the waiting list)

Tier three: New graduates

Washington CASH will be seeing a new round of graduates in just another month or so. Whether or not these people choose to join a loan group (usually about 60% do), they are great candidates for opening IDAs. The business training is very fresh in their minds, and they are likely at the

critical start-up phase of their business, where they could use the extra start up cash that can be quickly accumulated and partially spent only six months after opening the account.

Tier three targeted strategy: Washington CASH will make announcements at the business training class to recruit new graduates.

Target: 25/year

Tier four: Waiting list

There are currently 35 individuals on our waiting list who have completed the Washington CASH business training class.

Targeted strategy: Although not all of these individuals are interested in opening an IDA for their business (some would prefer to save for a house or for education), we would contact these people directly by phone to see if they are interested in opening an account under the terms available for this project.

Target: 35

General recruitment tools

In addition to these targeted methods, we will send fliers targeted to our Seattle clients, both loan group participants and graduates who are no longer active.

Website

Because the IDA program is only available to King County residence (or possibly Snohomish County) and only to current participants, we will not be posting this information broadly on our website.

There is a members section of the website, which may be able to be utilized for promotion and recruitment purposes.