CSD Policy Report

Status of State Supported IDA Programs in 2005

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State-Supported IDA Programs

Introduction

Individual Development Accounts (IDAs) have been widely instituted at the state policy level. Thirty-nine states have legislated IDAs, although some of this legislation has not resulted in state-supported programs, may have expired, or have ended with a demonstration program that was not renewed. Several states instituted IDAs by funding a state-supported program through executive or administrative decision-making, or rule, instead of legislation. Most administratively-instituted state-level IDA programs were given specific funding allocations or appropriations from Temporary Assistance to Needy Families (TANF) block grant funds (most particularly from the state TANF contribution, called Maintenance of Effort, or MOE funds) to initiate the program.

Some states have state-supported IDA programs developed through legislation and administration-initiated IDA programs that may or may not be related to, or dependent on, one another for implementation. That scenario occurs for a variety of reasons. Typically, it means that a state's IDA legislation never received a funding appropriation and was never instituted as a program; that the IDA program from legislation has ended or expired and a new program has been created in its place; or that two state-supported programs, originating from two funding sources, are running simultaneously. Out of all this policy activity, 22 state-supported IDA programs, plus the District of Columbia and Puerto Rico, are either currently being implemented or currently winding down from the implementation phase.

Twenty-one states, the District of Columbia, and Puerto Rico responded to a 2005 Center for Social Development (CSD) survey that examines the status of state-supported and implemented IDA programs (only one state program did not respond). This policy report explores the institution of state IDA policies and resultant programs in the states, progress made by states in moving forward an overarching goal of asset-building, and administrative methods states currently use to implement state-supported IDA programs.

The CSD survey did not include questions related to IDA program implementation and operations at the community level, but instead focused on state-level IDA policy and program development, administration, and research.

It is important to note that community-based IDA programs are held accountable only to the rules and regulations of state-supported and/or legislated IDA programs only if they are receiving state funding for IDAs. True of all IDA programs; funding sources drive IDA program design and execution more than any other single factor. The more flexible the rules and requirements tied to the funding source, the more flexible IDA programs may be designed. Consequently, if funding sources depend on each other – particularly those that provide funds as a match for other funding streams – the more restrictive funding source has tended to drive related IDA policy and program design.

This interdependence of funding sources sometimes forces the creation of multiple IDA programs, or sets of program requirements within local or state programs, if greater flexibility in design is desired. Use of Assets for Independence Act (AFIA) and TANF funds, for example, the most-used federal sources of funding for IDAs, carry policy and program designs that may vary significantly from state-level IDA policy and program designs.

Much state IDA policy (with state-specific funding appropriations, such as state general funds or state tax credits) has, to date, typically been designed in a more flexible way than federal IDA policy with fewer program and participant-related restrictions and more allowable IDA uses and, hence, has been more highly prized. In addition, it is more likely to be fully utilized by state-approved non-profits implementing IDA programs.

Asset Building and State IDA Policies

Asset-building policies have been implemented in the United States for over one hundred years, mostly created as a means of strengthening the economy as well as increasing individuals' wealth (in the form of land and property), offering people a stake in society. In the late 1980s and early 1990s, Michael Sherraden proposed that asset building still holds much promise as an effective anti-poverty strategy. He posited that in today's policy environment, people with low-incomes rarely benefit from tax-benefited policy structures, which are the most common policies through which individuals and families with moderate to high incomes build wealth. As a result, many people (including low-income workers) living in poverty in the United States rely almost solely on some form of income, or income maintenance benefit, to survive hard times – rather than stored wealth, with few making significant headway towards building assets that would significantly improve their quality of life.

Sherraden further contended that this policy strategy has proved to be short sighted (Sherraden, 1991). In the past several years, new research has revealed that low-income individuals *can* save when given access to the same structures, information, and opportunities as people with moderate to high incomes (Schreiner, Clancy & Sherraden, 2002).

Sherraden envisioned a tangible way for low-income individuals to have such opportunities. He designed Individual Development Accounts (IDAs) as a matched savings vehicle that would help individuals and families build much-needed assets and provide an avenue for inclusion in large tax-based national policy schemes designed to promote asset-building (which mostly rely on individual account mechanisms created tax free, or tax-deferred). IDAs could provide the additional necessary resources for fully escaping poverty and building wealth – a policy route largely untried in recently instituted economic policies for poor and low-income people – relying on saving, investment and financial education (Edwards & Mason, 2003).

IDAs are matched savings accounts in which money can be saved for the purpose of purchasing high return assets, in the longer term. IDAs were originally proposed to be established for every person in the United States, at birth, through a public/private partnership, with larger initial deposits for children from low-income households; however, IDAs have become primarily defined, since the mid-1990s, as matched savings accounts designed to accumulate assets in the shorter term, mostly by poor and low-income adults. Sherraden initially envisioned three efficacious long-term goals, which he believed also had the most political appeal, for which IDAs could be used. Commonly called "The Big Three" in the IDA field, these purposes include purchasing a home, starting a small business, and pursuing postsecondary education. These purposes are still the most common ones included in IDA policies at both the state and federal levels although, as IDAs have become more widespread in state policy, states may allow other uses or asset goals for IDAs.

The State IDA Policy Survey

The Center for Social Development (CSD), instituted in 1994 by Michael Sherraden, who stills serves as the Center's director, is located in the George Warren Brown School of Social Work, at Washington University in St. Louis. CSD pioneered much of the ongoing research related to IDAs. Early in 2005, CSD distributed a survey to all states with IDA programs currently being implemented through some type of policy, and supported by the states. Twenty-one out of twenty-two possible states, plus the District of Columbia and Puerto Rico, returned completed surveys. These twenty-three respondents include: Arkansas, Connecticut, District of Columbia, Illinois, Indiana, Iowa, Louisiana, Maine, Michigan, Minnesota, Missouri, North Carolina, New Hampshire, New Jersey, Oregon, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Texas, Vermont, Virginia, and Washington. The only state CSD did not receive a completed survey from was Maryland, which could be attributed to some recent changes in the administration of the state-supported IDA program.

Some states that responded were disqualified from our survey results due to the fact that they instituted IDA laws and may have even developed IDA programs from those laws, but have not yet fully secured state funding support. Colorado, Hawaii, and New Mexico fall into this category. In the case of Colorado and Hawaii, IDA laws with state tax credits appropriated were instituted but, due to certain circumstances, have not yet accessed state funding sources. A few other states have used all appropriated state funds, or have expired IDA legislation and funding – therefore having no currently state-supported programs; and a few other states have state-supported IDA programs that are still in the design stage and not yet fully operational (examples include Colorado, Kansas, and Washington State).

We did, however, include some states that are at the very end of state IDA program funding periods, or were still winding down use of state funds allocated to the expired or ended program at the time of the survey. Illinois, Iowa, Louisiana, New Hampshire, Tennessee, Texas, and Washington State fell into this category. A few of these states have hopes for new funding, but have not secured future state support (with the exception of Washington State, which just recently passed IDA legislation with an appropriation of state general funds, creating a new state-supported IDA program that is in a planning stage). The rest of the states mentioned are currently expending current allocations of state IDA funds, and for a few (such as Iowa and Illinois) previous state-support for IDA programs has technically ended.

It was the intention of CSD to elicit information from two sources in each state – both a representative from the State Department or Agency that serves as the fiscal agent for the IDA program (possibly designated in the state's legislation), and a representative from any other agency or organization (in all cases a non-profit organization) contracted with the state to implement the IDA program. However, CSD only received two survey responses from five states: Arkansas, Indiana, Louisiana, Michigan, and Minnesota.

At times, responses from both the state and non-profit representatives diverged. Every effort was made to resolve the discrepancies between responses. Some of these differences are highlighted in the narrative of this report. For the purpose of accurately representing each state only once, the total number of respondents represent the total number of states (including DC and Puerto Rico) surveyed, which is twenty-three. When discrepancies were unable to be resolved – which did not occur often – the non-profit representatives' responses were used, since in those states the non-profit organizations implement the program based on their understanding of IDA policy and rules.

Of the twenty-three states from which surveys were received, primary information was obtained from nine State IDA Program Administrators and fourteen non-profit IDA Program Administrators. These respondents spend varying amounts of time each week devoted to the state-supported IDA program: two work full-time (40 hours per week); six work part-time (20 hours per week); one works quarter-time (10 hours per week); ten work fewer than 10 hours per week; and four do not spend significantly measurable time on the IDA program during the paid work-week.

State IDA Program Establishment

The following table (Table 1) summarizes information from the first four questions on the survey, related to the establishment of state-supported IDA programs. Although nineteen states have still-current IDA legislation, only fourteen of these states have programs that are actually operating under IDA law. That is, for five states, IDA legislation exists at the State level, but the actual IDA program is operating under the rules of the state funding source which was established administratively, rather than under the rules and/or funding source of the original law. Anecdotally, a few of these states, such as Michigan, are in the process of developing new or amended IDA legislation.

Table 1: Survey Responses Relating to the Establishment of State IDA Programs				
	Is the state IDA program tied to state IDA law?	Is the state IDA program operating under state IDA law?	Was the state IDA program established through an administrative rule-making process?	Has state IDA policy been legislatively amended since original passage?
Yes	19	14	9	9
No	4	9	14	14

States were also asked to identify the types of agencies that are currently administering IDA programs. As noted in Table 2, five states have IDA programs that are administered by a state agency; six states have IDA programs that are administered by a non-profit agency; and more than half of the state-supported IDA programs (twelve) are administered by a combination of state and non-profit agencies. It should be noted that some discrepancies occurred for this question, often, the non-profit representative did not state that state representatives were involved in administering IDA programs. This suggests that the non-profits may not realize that state administrative representatives put measurable time and effort into administering state IDA programs.

Table 2: Types of Agencies Administering State IDA Programs	
	What type of agency/agencies administer(s) the state IDA program?
State	5
Non-profit	6
Combination of state and non-profit	12

IDA programs have been operational in states for varying lengths of time. 1996 was the earliest year in which a state program was reported to have actually begun, while the newest programs began in 2003. The majority of state programs, however, began between 1998 and 2000. The breakdown of starting dates is demonstrated in Table 3. It should be noted that the years listed represent the years the program became operational, which may differ from the year state legislation passed. Of the twenty-three states surveyed, sixteen do not have projected end dates for the state IDA program, while seven states do have a projected end date (Table 4). Some of the projected end dates relate to expiring legislation, while others relate to expiring funding allocations or both.

Table 3: Year State IDA Programs Began

	What year did the state IDA program begin?
1996	1
1997	2
1998	5
1999	2
2000	5
2001	3
2002	3
2003	2

Table 4: State IDA Programs with Projected End Dates

	Does the state IDA program have a projected end date?
Yes	7
No	16

The seven states that have projected end dates have scheduled end dates ranging from 2002 and 2008 – two states had ending dates of 2002, three states had ending dates of 2005, one state had an ending date of 2006, and one state had an ending date of 2008. Of the sixteen states with no projected end dates, one exists on a contract, ten are ongoing, and five are provisional. The few states with end dates before 2005 may have officially ended, but may also be winding down the use of state allocated or appropriated funding (or just recently did so). This tells us that at least five existing state-supported IDA programs are scheduled to end by the end of this year.

Funding of State IDA Programs

Survey respondents were asked a series of questions in order to glean three different sets of information regarding state funding and allocation. First, the survey aimed to get an accurate picture of both current and overall allocation of state support for state-level IDA initiatives. Second, states were asked whether or not budget cuts have affected state-supported IDA programs. Finally, states were instructed to identify the sources of their state allocation (e.g., TANF, state general funds, etc.).

The first set of questions, regarding allocations or appropriations to state IDA programs, provided information about both annual and total allocation amounts. The majority of states have received total appropriations of between $500,000 and $5 million over the course of the IDA program, with nine states receiving between $500,000 and $1 million (see Table 5). Two states did not know the total allocation and are, consequently, not represented in the total. The total amount of money allocated for all twenty-three states was stated at $51,428,240.

Currently, a total of $12,333,348 is allocated to the twenty-three states annually, with nine states currently receiving between $100,000 and $500,000 annually. The next largest number of states – six – is not currently receiving any annual allocation (see Table 6). It should be noted that total amounts of state tax credits annually appropriated were included when calculating current allocation only if states have leveraged at least some of the available tax credits, and have the opportunity to leverage all of them. To date, Oregon is the only state to have leveraged all of its available IDA tax credits, also reporting that there has been an increasing demand in the state for IDA funds. Oregon is also the only state that offers state tax credits at 75 percent; all other states that have appropriated state tax credits for IDAs offer credits ranging from 5 to 50 percent.

Table 5: Total Amount of Money Allocated to State IDA Programs

	How much money has the state allocated to the IDA program?
Unknown	2
<$500,000	3
$500,000 - $1 million	9
$1 million - $5 million	7
$5 million - $10 million	1
>$10 million	1

Table 6: Amount of Money Currently Allocated to State IDA Programs Annually

	How much money does the state currently allocate to the IDA program annually?
$0	6
$100,000 - $500,000	9
$500,000 - $1 million	3
>$1 million	3
Not stated	2

States were also asked to indicate whether or not state budgetary cuts have affected their IDA programs in any way. Over half of the states – twelve – indicated on their surveys that budget cuts have affected the state IDA programs in some way (mostly negatively), while nine states reported that the budget cuts have not affected their state IDA programs. One state responded that it was unknown whether the budget cuts have affected the state IDA program and another state responded that the state IDA program has been affected “slightly,” or somewhat, due to budget constraints (Table 7).

Table 7: Effects of State Budgetary Cuts on IDA Programs

	Have state budgetary cuts affected your IDA program in some way?
Yes	12
No	9
Somewhat	1
Unknown	1

Finally, states were asked to identify the source of allocation for their state IDA programs. Over half of the states – thirteen – reported using TANF funds as a primary source of funding. Eleven states reported using general funds as a source of allocation. Three states rely on state tax credits, while two states use housing funds and one state reported using CDBG (Community Development Block Grant) funds as an additional source of state allocation (Table 8).

Table 8: Source of Allocation for State IDA Programs

	What is the source of the state allocation?
TANF	13
General funds	11
State tax credit	3
Housing Funds	2
CDBG	1

(Note: Some states reported having more than one source of allocation for their state IDA programs. As such, responses do not total twenty-three in this table.)

State IDA Program Collaboration

States were asked two questions regarding state IDA program collaboration. First, states were asked to indicate whether IDA programs operate through a collaborative effort between or among multiple state departments. Nine states indicated that such collaboration exists, while fourteen states indicated that no such collaboration between state departments exists (Table 9).

Table 9: IDA Programs Operating through a Collaborative Effort between Departments

	Does the state IDA program operate through a collaborative effort between more than one state department?
Yes	9
No	14

States were also asked to identify whether or not there is collaboration between IDA programs and other asset-building programs or campaigns in the state, to improve funding opportunities or better facilitate the state-supported IDA programs (Table 10). More than half of the states reported collaborating with the EITC (Earned Income Tax Credit) campaign and/or VITA program and a Financial Education program – fifteen and twelve, respectively. Just under half of the states (ten) reported collaborating with a Family Self-Sufficiency (FSS) program.

The remaining programs and campaigns listed were not as prevalent with five states reporting a collaboration with a 529 College Savings Plan, four states reporting a collaboration with HUD (Housing and Urban Development), three states reporting a collaboration with FHLB/AHP (Federal Home Loan Bank/Affordable Housing Program), two states reporting a collaboration with an America Saves program and two states reporting a collaboration with a CDF (Community Development Fund). Many states indicated that they collaborate with multiple programs and campaigns; two states – Louisiana and Oregon – indicated that they collaborate with every program mentioned, except America Saves.

Table 10: IDA Programs Collaborating with Additional Programs or Campaigns	Does your state collaborate with any of the following programs or campaigns to better fund or facilitate the state IDA program?
EITC	15
Financial Education	12
FSS	10
529 College Savings Plan	5
HUD	4
FHLB/AHP	3
America Saves	2
CDF	2

IDA Programs Serving the State

Three questions on the survey were designed to elicit information regarding ways that IDA programs serve the entire state. First, states were asked to indicate the geographic areas within the state that IDA programs serve, and whether or not IDA programs serve diverse groups of people within states. Second, states were asked whether the IDA program was developed with a plan for recruiting participants. Finally, states were asked if the IDA program makes extraordinary efforts to recruit diverse populations such as people with disabilities, people living in rural areas, and Native communities (for example, information printed in languages other than English to attract various ethnic populations, and additional funding assistance for rural areas).

The states proved to be varied in terms of the areas within the state that the IDA program serves (Table 11). Only eight IDA programs serve all counties and cities within the state. Twelve states indicated that selected counties are served; seven of the twelve states specified an exact number of counties served (ranging from about 40% of the counties to approximately 92.5% of the counties). Three states serve selected cities only and one state (Puerto Rico) serves only public housing residents. It should be noted that one state specified that both selected cities and selected counties were served within the state, making the number of responses for this table total twenty-four.

Table 11: Areas within States that IDA Programs Serve

	What areas within the state does the state IDA program serve?
Selected counties	5
Selected cities	3
All counties and cities	8
Specified number of counties	7
Public housing residents only	1

Louisiana proved particularly interesting in its explanation of areas served within the state. The nonprofit representative from the state provided information describing that clients had originally been served throughout the state, but stated that after the expiration of funding in 2004, only a few programs in selected cities continued (Baton Rouge and Louisiana) due to the fact that they were able to secure additional IDA funds. The state is currently applying for supplemental funds to service remaining clients. Such a contract would allow for participants to be again served throughout the state.

No state is able to provide IDAs for all people in the state who qualify for IDAs, or cover all urban, rural, and remote areas of the state. Most states do not serve qualified American Indians living on reservations for a variety of reasons. Those reasons include: American Indian populations typically do not have a relationship with many state-approved fiduciary organizations; the lack of program marketing on reservations; and the inability (according to state IDA laws) for tribal governments to implement IDA programs and directly receive state funding.

The majority of states (eighteen) do not have an established recruiting plan for participants (Table 12). This suggests that the state itself has not set up a recruiting or marketing plan for its participants; rather, such actions are left to the non-profit organizations that implement state IDA programs. It is reasonable to conclude that because funding is often limited for IDA programs, the state is hesitant to more widely market the program. Unfortunately, this often traps state IDA programs in a “Catch-22” situation – until there is more of a demand, funding will continue to be limited, but as long as funding is known to be limited (opportunity), demand will continue to be low.

Table 12: State IDA Programs with an Established Recruiting Plan for Participants

	Has the state established a recruiting plan for IDA participants?
Yes	5
No	18

State-supported IDA program implementers recruit participants, even though the state does not support one established plan. Over one-third (eight) of the IDA program representatives make an extraordinary effort to recruit diverse populations. Those in twelve states do not make extraordinary efforts, and one state responded that this question was not applicable to its program. As Table 13 shows, two states differed in their dual responses to this question. After attempting to resolve this discrepancy, it became clear that for the two states that had differing responses, the non-profit representatives indicated that extraordinary efforts to recruit diverse populations were made, while the state representatives responded that they were not. This suggests that the recruitment is likely happening at the local level, with the state unaware of these efforts.

Table 13: States Making Extraordinary Efforts to Recruit Diverse Populations	
	Does your state IDA program make extraordinary efforts to recruit within diverse populations or varied population areas?
Yes	8
No	12
Both	2
N/A	1

IDA Program Evaluation and Research

States were asked a series of questions regarding the evaluation and research of their respective state IDA programs. Nearly half (ten) of the states indicated that they have conducted at least one evaluation of their state IDA program (Table 14). Four of these ten states indicated that multiple evaluations – more than one – have been conducted (Table 15). The total number of evaluations conducted ranged from one to three. Eight states reported that they were planning to conduct an evaluation (but had not completed it yet), while seven states reported that they were not planning to evaluate their programs, and eight states reported that the question was not applicable to their state IDA program (Table 16). The last response likely reflects a situation in which a formal IDA program evaluation is not required by state law or rule.

Table 14: States with One or More Evaluations Conducted	
	Has the state conducted one or more evaluations(s) of the state IDA program?
Yes	10
No	13

Table 15: States with Multiple (More than One) Evaluations Conducted	
	Has the state conducted move than one evaluation of the state IDA program?
Yes	4
No	6
N/A	13

Table 16: States Planning to Conduct an Evaluation of the State IDA Program	
	Is the state planning to conduct an evaluation of the state IDA program?
Yes	8
No	7
N/A	8

When asked to indicate who conducts (or will conduct) the state IDA program research, the states again varied in their responses. The state departments and non-profit organizations were most likely – nearly equally likely – to conduct research on IDA programs, with university/college extensions the next most likely, followed by private consultants, and non-profit researchers (Table 17). Several states indicated that more than one entity conducts the research, suggesting that collaboration on research and evaluation occurs. This explains why the number of responses for Table 17 totals more than twenty-three.

Table 17: Entities that Conduct State IDA Program Research	
	Who does/will conduct state IDA program research?
Non-profit	8
State	7
University/college extension	5
Private consultant	4
Non-profit researcher	1
N/A	4

Of the states that have completed research (evaluation) reports, eight indicated that the information was made available to the public (Table 18). These eight states are: Illinois, Indiana, Michigan, Minnesota, North Carolina, Puerto Rico, Tennessee, and Virginia. Table 19 demonstrates that the evaluation reports of these eight states are available either online or by request. The public can obtain the evaluation report for three states online (Illinois, Michigan, and Minnesota) and can obtain evaluation reports for the remaining five states (Indiana, North Carolina, Puerto Rico, Tennessee, and Virginia) by request.

Table 18: States with Evaluation Reports Available to be Viewed by Others

Table 18: States with Evaluation Reports Available to be Viewed by Others	
	Is a report of the state IDA program's evaluation available to be viewed by others?
Yes	8
No	1
N/A	14

Table 19: Ways in which the Evaluation Reports are Available to be Viewed

	How is the report of the state IDA program's evaluation available to be viewed by others?
Online	3
By request	5
N/A	15

Future Directions of Asset Building Policies in States

The final series of questions on the survey were designed to measure states future directions in IDA and assets policies. States were specifically asked whether an IDA task force/coalition is operational in the state and whether a separate task force with a broader asset-building agenda is operational in the state. If the states answered affirmatively to either of these questions, they were asked to indicate a source or sources of funding from which the task force receives support.

Thirteen states indicated that an IDA task force/coalition is currently operational, while eight states responded that no IDA task force/coalition exists. Two states were unsure if a task force was operational or not (Table 20). Approximately a quarter of the states (six) indicated that a separate task force with a broader asset-building agenda is operational in the state. Nearly half (eleven) responded that no separate task force exists, while three states were unsure. The remaining three states reported that a separate task force was currently in a planning phase (Table 21).

Table 20: States with an IDA Task Force/Coalition Currently Operational

	Is an IDA task force/coalition operational in the state?
Yes	13
No	8
Unknown	2

Table 21: States with a Broader Asset-Building Agenda Currently Operational

	Is a separate task force with a broader asset-building agenda operational in the state?
Yes	6
No	11
Unknown	3
In planning phase	3

The state task forces receive support from a number of different sources, with some states receiving support from more than one source. The most common sources of support for task forces were non-profit organizations (likely to be predominantly in-kind), state governments, foundations, and in-kind/volunteers. Four states receive support from non-profits, and three states receive support from each of the remaining three sources (states, foundations, and volunteers). One state also indicated that it receives support from at least one private company (Table 22).

Table 22: Sources of Support for State IDA Program Task Forces

	From what source(s) does your state IDA program task force receive support?
Non-profit organization	4
State	3
Foundation	3
In-kind/volunteer	3
Private company	1

Conclusions

The results of the survey administered by the Center for Social Development at Washington University in St. Louis provides an important benchmark for the current status of state-supported IDA programs across the United States. The survey was purposely designed to get the most information in as minimal a format as possible, to encourage maximum participation. What conclusions might we draw from this record of twelve years of IDA policy and program development, at the state level?

Although the design of the survey allows for limited ability to draw conclusions, general themes and specific situations can be examined. It is clear, for instance, that varying levels of coordination, cooperation, and communication between state agencies and non-profit organizations exist. The states with the highest levels of cooperation and communication between state and non-profit administrative partners gave responses and made comments that indicate a higher level of commitment to ensuring program continuation than others. Additionally, the survey shows us that the continued development and/or growth of state-supported IDA programs will greatly depend on the amount of state-level resources available, since more than half of the states surveyed reported that state budgetary cuts have affected their IDA programs in some way.

Sustainable funding of state IDA programs continues to be an area which must be resolved – of particular interest when considering how states might sustain and grow support for IDA programs, better serve larger geographic areas, and serve the asset-building needs of more diverse populations better within the states. Although this state IDA policy survey was able to elucidate some aspects of IDA funding and allocation, much remains to be learned about why states choose (or do not choose) to support asset-building initiatives, such as IDAs, for low-income populations.

In a recently released report based on a self-reported online IDA program survey (reflecting approximately 300 community-based IDA programs nationwide), typical funding sources for IDA programs were identified (CFED, 2005). Interestingly, AFIA matching grants were listed more often than "any other reported source of government or private funding," from the IDA programs reporting. Since state representatives in the CSD survey rarely (only twice) mentioned AFIA as a source of matching funding for state IDA programs, this discrepancy bears further investigation.

CSD subsequently requested that the surveyed states report on the amount of AFIA funding leveraged by state sources of funding. Five of the 23 original respondents replied to this request. The five responses were:

- The first state to reply stated that it allocated only TANF dollars for state-support and therefore did not qualify to apply for an AFIA grant (this indicates that the state did not partner with a non-profit to apply for an AFIA grant)
- The second state's entire non-TANF support ($500,000 in general revenue funds, to be used over 5 years) was appropriated as part of a collaboration

on an AFIA grant with the administering non-profit agency for this state IDA program (this state-supported IDA program has ended with no additional state funding or support planned at this time)

- The third state collaborated with a large state-level non-profit collaborative on two AFIA grant applications. The first state-supported allocation toward the grant application was $321,000 and the second was $654,856 (the first support allocation came from state general revenue funds – the second from general revenue funds and funds from two other state departments)
- The fourth state has not collaborated with a non-profit to apply for AFIA funds; however, state support was distributed to non-profits from an appropriation of state tax credits, and one non-profit (serving as the lead of a collaborative in one area of the state) did use the state-generated funds as part of an AFIA grant application. It is estimated that approximately $240,000 of state funds may have been used to leverage AFIA funding.
- The fifth state did not collaborate with a non-profit to apply for AFIA funds.

From the above information and the self-reported information from non-profits garnered through CFED's online survey, we can surmise that AFIA matching grants are likely to be a significant source of funding for community-based IDA programs that also receive state support. States, however, may not consider these funds as part of the state support for IDAs. In addition, AFIA matching funds would likely have even greater potential to be a major source of funding for state-supported IDA programs, if states are better encouraged to partner with non-profits to appropriate funds as part of an application for 1:1 matching dollar awards from AFIA. Differences between AFIA and state policy and program requirements, and the kinds of allowable asset uses, may factor into the amount of state funds used to apply for an AFIA matching grant.

Data on the total amount of state-leveraged funding used as part of AFIA grant application partnerships may be essential to convincing states to co-apply for the largest single pool of funding for IDAs currently existing in the U.S. CSD requested data from the Office of Community Services (OCS), the administrating agency within the Administration for Children and Families, Department of Health and Human Services, on the total amount of AFIA funding that has actually been leveraged by state allocated or appropriated funds (other than TANF funds which, as federal funding, cannot be used to obtain an AFIA matching grant) stated as a contributions in application partnerships with non-profit organizations. However, CSD was informed that this data is not available at the present time.

Another interesting discrepancy between the CFED program and CSD policy survey reports is that TANF funds and state general funds were not listed as significant sources of IDA match funding in the CFED report (the respondents being non-profit community-based organizations), whereas these were listed as the major state-supported IDA program funding sources from the state side of the funding equation.

CSD does not have AFIA data to show how much if total IDA program contributions from states figure into AFIA grant making totals, our survey gives no evidence that AFIA (which is a matching grant, based on non-federal funding secured) is the most significant source of funding *for state-supported IDA programs*. We could surmise from the results of these two surveys that community-based IDA programs apply independently for AFIA grants, with non-federal funding raised, perhaps on an individual program basis or in collaboration with other non-profits, rather than pooling non-federal funds, and funding received in partnership with the state, to apply for larger AFIA grants. It would be interesting to receive responses from community-based IDA programs in the field as to how much funding they are receiving from state sources of IDA support.

It is clear from CSD survey responses that TANF funds continue to be utilized as a primary funding source for many state IDA programs. Indeed, over half of the states reported TANF as a source of state allocation for IDA programs. While the amount of funding that each state receives varies greatly, well over half of the states (fifteen in total) reported a current allocation of at least $100,000, with three of these fifteen states currently receiving over $1 million in TANF funds.

In January, 2005, CSD hosted a convening of the majority of state IDA program TANF administrators and state IDA program non-profit IDA administrators from states that appropriated TANF funds as the primary source of support for state-level IDA programs. The meeting resulted in a report revealing that both state agencies and non-profit organizations see TANF funding as an effective source of funding for IDAs and IDA programs, despite some significant restrictions on using the funds, and that TANF funding for IDAs well-serves both overall TANF program goals and IDA program goals (Edwards, 2005).

Policy Recommendations

We can make some policy recommendations based on the state IDA policy survey results. The most obvious recommendation to states is to use existing state-level research reports to determine the benefits of IDAs to both IDA holders and states, and then work to identify and obtain funding sources accordingly. It was indicated that most of the states surveyed want to increase IDA program capacity and the number of people served. One way to accomplish that goal might be to make an informed case for the benefits of IDAs to both program participants and the state. States could also give more support to both IDA task forces and larger assets policy task forces to examine ways to increase the benefits of IDAs and other asset-building policy strategies in the states. By working to connect asset-building policies at the state and federal levels, policy makers may reveal innovative strategies for increasing implementation and funding capacities for asset-building initiatives in states.

Another recommendation would be for states that use an “either/or” IDA program administration scenario (either state or non-profit is responsible for the general administration and implementation of the state IDA program), or even a shared administration scenario, to work more closely with non-profit partners, and vice-versa, to more effectively strategize the implementation of the state-supported IDA program. The survey showed that sometimes both entities assume certain things about each other that may not be the case, particularly regarding how the “other” entity runs (or does not run) the IDA program. More coordination of effort could also lead to expanded partnerships (both for funding and other kinds of supports) inside and outside of state government.

A third recommendation based on the previous one, might be for states to work to expand partnerships between other state agencies that are responsible for a variety of asset-building policies (such as the Departments of Labor, Commerce, Housing, Economic Development, Finance, Revenue, Human Services, etc.). These departments could be effective partners for a state-supported IDA program, sharing vital information about a variety of housing, educational, and work supports (such as food stamps and down payment assistance) available for qualified IDA participants. One goal of this strategy might be to illustrate to state governments that the programs resulting from asset-building policies make good partners for income maintenance programs, to assist people with low incomes in achieving greater financial and employment self-sufficiency.

A final recommendation might be for states to pay more attention, at both the state IDA policy and program levels, to serving diverse populations. Through this survey we learned that a number of states have yet to see the value of making a concerted effort to rigorously recruit diverse populations for IDA programs; populations that are least able to benefit from a "one-size-fits-all" asset-building policy strategy. Besides paying greater attention to making policies inclusive and flexible enough to serve the needs of diverse population groups in both rural and urban areas of states, greater attention must be paid to making extraordinary recruiting efforts to demonstrate to diverse population groups that state-supported asset-building policies are dedicated to assisting in achieving everyone's economic development goals. For populations such as Native Americans and other minority and special communities (e.g., rural residents, immigrants and refugees, and people with disabilities), more efforts (sometimes in culturally specific ways) must be expended to "get the word out" about IDAs and other asset-building programs. For

Native Americans, policies must often be created at the tribal government level to take advantage of other-government based asset-building initiatives.

According to the results of this survey, we might draw the conclusion that state-level IDA policies and programs are a “drop in the bucket” for truly assisting a largely underserved portion of the U.S. population in building assets. However, considering that only twelve years ago there were only three IDA programs in the country, serving a total of approximately 65 people and only one state law supporting IDAs (with no funding appropriation), the survey shows that we have come a long way toward creating a more sustainable asset-building policy scenario on both the policy and program fronts. It is now estimated that over 500 IDA programs are operational, assisting over 20,000 people with low-incomes to build assets. Even though IDAs and other asset-building strategies are not yet “universal,” interest and investment in assets policies are growing in many states despite some still-lingering state economic budgetary woes.

The challenge for the assets field is to use this and other related information as additional proof for policymakers that IDAs and assets do matter for people at all income levels, and that states’ investments in IDAs are likely to foster interest in more universal asset-building policy strategies; with a growing record of significantly positive effects on individual, family, community, and state economies. We must consider that much more may be at stake with this work (studying current IDA policies and related programs), than simply scaling-up currently established policy structures for IDAs.

As Zhan, Sherraden, and Schreiner (2004) state:

> To create significant impact in asset accumulation by low-income people, it will be necessary to expand the number of IDA participants substantially to eventually reach millions of people, just as 401(k)s reach millions of people with higher incomes. This expansion would require a large-scale public policy that makes asset-based policy widely available and efficient….Promising policy directions include the introduction of the Savings for Working Families Act of 2003 (S. 476,2003), which has been continuously debated, and expansion of IRAs, 401(k)s, and other pre-tax saving plans to include subsidies for low-income people. Proposals for a universal progressive children's account have been introduced in the United States and may be politically viable. One promising vehicle for universal progressive children's accounts are College Savings Plans (529 Plans), because they are administratively centralized and cost-efficient (Clancy, 2001). Whatever policy tools are used, the goal should be to provide welfare recipients and others in poverty with structured and subsidized programs for asset accumulation.

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