

**LOW-INCOME FAMILIES BUILDING ASSETS:
Individual Development Account Programs
Lessons and Best Practices**

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Low-Income Families Building Assets: Individual Development Account Programs Lessons and Best Practices

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- Charlotte-Mecklenburg Department of Social Services
- Choanoke Area Development Association (CADA)
- The Experiment in Self-Reliance and Forsyth County Department of Housing
- East Carolina Community Development, Inc.
- Edgecombe County Department of Social Services
- Lexington Housing CDC
- Northwestern Regional Housing Authority
- Passage Home
- Southeastern Community College

We would also like to thank the staff of the NC Department of Labor and the NC Department of Commerce Division of Community Assistance for responding to our many requests for program data and other information. Lastly, our thanks go to Amber Neill and Scott Greeley for their invaluable editorial and analytical assistance.

LOW-INCOME FAMILIES BUILDING ASSETS: Individual Development Account Programs Lessons and Best Practices

“I believe that if it hadn’t been for the IDA program and the IDA staff, we probably would have fallen through the cracks again – not qualifying for this program or that program. This was exactly the right thing for us. This program has worked so well for me, I’m going to shout it from the rooftops.”

~New Homeowner, Experiment in Self-Reliance and Forsyth County Department of Housing IDA Program

EXECUTIVE SUMMARY

Individual Development Accounts (IDAs) provide low-income working families a means to save towards the purchase of a major asset: a home, a small business, or an investment in education or training that can lead to a better job. In addition to the benefits of those assets, participating families develop a savings habit that can lead to future financial security. Since 1998, twenty-four IDA programs have improved the lives of hundreds of North Carolina families and given them the means to acquire an asset that most thought beyond their reach.¹

According to the North Carolina Department of Labor, as of May 2002 712 North Carolinians were either current IDA accountholders or had graduated from the program, with another 227 participants pending enrollment. Since IDA programs began in 1999, the 170 people completing an IDA program had purchased 136 homes, started or expanded 30 small businesses, and made four educational investments. These 170 IDA program graduates had saved an aggregate \$239,750 and received over \$668,000 in matching funds. The value of homes purchased by IDA participants completing the program approached 8 million dollars.² While exact numbers of participants are difficult to ascertain as new accountholders constantly enter the program while others graduate, our research shows that as of September 2002, North Carolina’s IDA programs had approximately 540 active participants and the number of graduates had risen to 220.

¹ Since IDA programs started in the state, 24 programs have operated. Now that two programs have closed, the state currently has 22 IDA programs with several new programs on line to open in the fall of 2002.

² From correspondence from Charlotte Gardner, former IDA, TANF, and Special Projects Coordinator at the NC Department of Labor to Pheon Beale, Director of Social Services in the NC Department of Health and Human Services dated May 7, 2002.

IDA programs represent a significant shift in policy from an income-based to an asset-based approach. Over the past decade, the debate over how best to alleviate poverty has placed increasing attention on asset-building strategies as an important component of a comprehensive approach to providing upward mobility for low-income families. Income maintenance programs such as Temporary Aid to Needy Families (TANF) provide a vital support for families and keep many of our poorest children from experiencing hunger and homelessness. However, even the strongest advocates of income support recognize that complementary approaches are needed to help families leave poverty behind. In light of the new time limits placed on the receipt of income support, there is an urgent need for IDAs and other asset-based approaches to poverty alleviation.

The asset-building approach rests on the recognition that a key component of the ability of many families to improve their economic well-being lies in their ability to acquire assets that can form the basis for future financial security. A growing body of research suggests that asset ownership has a variety of positive effects including: a reduction in the transfer of poverty from one generation to the next; an increase in educational attainment and in household stability; a decline in high-risk behaviors; and an increase in expectations about the future and a longer-term planning horizon.³

Growing support of the asset-building approach is reflected in the dramatic increase in the number of IDA programs across the country and in the level of financial support they have received. Through the Assets for Independence Act (AFIA), federal funding for IDA programs currently totals 45 million dollars.⁴ According to the Corporation for Enterprise Development (CFED), IDA programs now operate in 47 states and in several foreign countries. Statewide IDA coalitions or collaboratives exist in 32 states. CFED also estimates that, as of December 2001, more than 10,000 people were saving in an IDA account. At least 350 organizations sponsor IDA program with approximately 100 programs under development.⁵

In North Carolina, several major IDA demonstration programs are underway. The North Carolina IDA and Asset-Building Collaborative (the Collaborative) has advocated for program funding and provided technical assistance to IDA program statewide. The Collaborative is an informal but well-organized group of some of the state's leading economic development organizations, as well as local IDA programs themselves.⁶ The work of the Collaborative has been supported by the Z. Smith Reynolds Foundation and the Fannie Mae Foundation.

³ The Corporation for Enterprise Development, Building Assets: A Report on the Asset-Development and IDA Field, p. 2.005.

⁴ Ibid, p. 6.086.

⁵ Ibid, p. 1.002

⁶ In addition to local IDA programs that are some of the most active members of the Collaborative, active statewide partners in the Collaborative include the North Carolina Rural Economic Development Center, the Corporation for Enterprise Development, the NC Departments of Labor and Commerce, the NC Justice and Community Development Center, the NC Housing Finance Agency, the North Carolina Community Development Initiative, the NC Office of Economic Opportunity, and the NC Division of Social Services.

Two IDA demonstration programs began in 1998-99. One was administered by the North Carolina Department of Commerce with funding from the federal Department of Housing and Urban Development's Small Cities Community Development Block Grant program (CDBG). The other was administered by the NC Department of Labor with funding from the North Carolina General Assembly. The state has also received two grants from the federal Department of Health and Human Services under the Assets for Independence Act that the NC Department of Labor administers. The North Carolina Housing Finance Agency has also made homeownership funds available to IDA programs. A new, second round of CDBG money is in the process of being awarded to ten local IDA programs. The funds made available to local IDA programs from these sources total \$4,248,000.⁷

This report evaluates the experience of Individual Development Account (IDA) programs across the state of North Carolina. It presents basic data on IDA program characteristics and accomplishments and identifies challenges to program implementation and productivity. This report also aims to assist IDA programs by distilling lessons and best practices within the field. It examines whether there are significant differences in the experience of IDA programs that serve rural and urban counties. Finally, it presents a set of policy recommendations for public officials, funders, and local program officials. It is the second IDA evaluation report conducted by the Center for Urban and Regional Studies (CURS) at the University of North Carolina at Chapel Hill and builds on an earlier report published in 1999.⁸

PRINCIPAL FINDINGS:

Achievements:

IDA programs have attracted \$4,248,000 in state and federal resources, including one million dollars in federal funding that represents new monies for the state.

North Carolina currently has 22 operating IDA programs with several more slated to open in late 2002 or early 2003. Thanks largely to the efforts of the NC IDA and Asset-Building Collaborative (including the NC Department of Labor and the NC Division of Community Assistance in the Department of Commerce), IDA programs currently serve 33 rural counties and 10 urban counties.

The Self-Help Credit Union, North Carolina Equity, the NC CDC Association, and the NC Low-Income Housing Coalition were also actively involved in getting the Collaborative started.

⁷ This figure includes an allocation of \$600,000 from the NC General Assembly, \$240,000 in the initial allocation of CDBG funds, \$500,000 from the second allocation of CDBG funds, and just under \$1,000,000 in AFIA funds.

⁸ S. Jennings, E. Kehrberger, R. Quercia, W. Rohe, and M. Stegman. "Helping Families Build Assets: The Implementation of Individual Development Accounts in North Carolina." 1999 by the Center for Urban and Regional Studies, University of North Carolina at Chapel Hill.

According to the North Carolina Department of Labor, since IDA programs began in 1999 the first 170 people completing an IDA program had purchased 136 homes, started or expanded 30 small businesses, and made four educational investments. These 170 IDA program graduates had saved an aggregate \$239,750 and received over \$668,000 in matching funds. The value of homes purchased by these IDA participants approached 8 million dollars.⁹

While exact numbers of participants are difficult to ascertain as new accountholders constantly enter the program while others graduate, our research shows that as of September 2002, North Carolina's IDA programs had approximately 540 active participants and the number of graduates had risen to 220.

For hundreds of working low-income families, participation in IDA programs has enabled them to acquire a major asset and has provided a life-changing experience. Though admittedly on a small scale, IDAs have made asset ownership available to a broader group of working families. The vast majority of IDA participants are single African-American women with children.

IDA programs have increased the quality and supply of low-income housing, especially in rural areas where it is desperately needed. For example, both the Lexington and Choanoke Area Development Association (CADA) IDA programs have helped to provide new housing for IDA families, either alone or in conjunction with other community partners. IDA programs have also fostered economic development and employment through micro-enterprise development.

The North Carolina IDA and Asset-Building Collaborative continues to provide effective leadership to the IDA movement within the state and is viewed as a national leader in this regard. Despite changes in funding levels and personnel, the Collaborative has remained a stable and cohesive group with a clear vision for expanding the number of IDA program in the state and supporting the existing programs. It has actively involved the growing number of local IDA programs in its decision-making and information-sharing activities. Recent receipt of an award for organizational support from the Z. Smith Reynolds Foundation should help the Collaborative expand its role further.

On the local level, IDA programs have provided a means for a growing number of North Carolina's financial institutions to get involved in providing new services to a traditionally under-served population. At the local branch level, financial institutions have also provided some financial support to IDA programs. In the case of First Citizens Bank's support of the Passage Home IDA program in Wake County, the financial contribution has been significant.

⁹ From correspondence from Charlotte Gardner, former IDA, TANF, and Special Projects Coordinator at the NC Department of Labor to Pheon Beale, Director of Social Services in the NC Department of Health and Human Services dated May 7, 2002.

IDA programs have provided economic literacy education to over seven hundred IDA participants. Several IDA programs have also started offering financial literacy as part of other programs they run or to low-income families in general.

Local IDA programs have assembled an impressive group of dedicated and professional staff who have put together successful programs in spite of multiple challenges. These staff have been effective in delivering the high level of case management services for participating families that IDA programs require.

Through the collaboration of Mission St. Joseph Hospital and the Asheville Affordable Housing Coalition, North Carolina has its first employer-funded IDA program that hopes to provide housing assistance to 120 participants. Several additional IDA programs are exploring the option of employer-based IDAs with local businesses.

The IDA movement has expanded the focus of public policy within the state to include asset building rather than purely income support as a means to alleviate poverty.

Challenges:

The level of administrative funding available to operate most local IDA programs is clearly inadequate. Because IDA programs require high levels of case management, they cannot be operated successfully without adequate levels of staffing. The inadequate funds available for program administration is primarily the result of program funders restricting the use of their grants to IDA account matching and allowing only minimal, if any, funds to be used for program administration. More funds for program administration, particularly multi-year funding, would allow adequate levels of staffing – a minimum of one fulltime person per program -- and thus expand the support available for participating families. Local programs also expressed the need for more assistance in raising funds. A centralized clearinghouse of funding information, perhaps sustained by the Collaborative, is needed.

While state agencies have made significant contributions to the growth and implementation of IDA programs, they have not been able to provide as high a level of coordinated oversight and technical assistance to local IDA programs as is needed. This problem stems from several sources: the lack of administrative funding for state agencies to oversee IDA programs; a lack of consistent IDA program staffing in the NC Department of Labor which has been designated as the lead agency for IDA program oversight; and the lack of a more substantial commitment to IDA program development within the Division of Social Services, NC Department of Health and Human Services. One unfortunate result is that essential data collection on the clients served by local IDA programs remains incomplete.

Corporate offices of North Carolina’s financial institutions at the state and regional level have yet to get involved as statewide partners and advocates nor have they provided any significant level of funding to support IDA programs. However, many of North Carolina’s financial institutions have developed important partnerships with local IDA programs and have provided some financial support to IDA programs at the local branch level.

IDA program income guidelines restrict the numbers and types of families who can participate. Moreover, they are inconsistent across funding sources. First, income eligibility thresholds limit the participation of two-earner families. Second, the more restrictive eligibility thresholds stipulated by the Assets for Independence Act make it impossible for many families to qualify who could otherwise participate under the less stringent guidelines set by the NC Department of Labor and the NC Department of Commerce demonstrations. Local IDA program staff have stated that it is difficult to find families that have low enough incomes to make them eligible for AFIA funds but that can still save on a consistent basis.

The North Carolina IDA and Asset-Building Collaborative needs to secure ongoing financial support in order to maintain its role as an effective advocate and source of technical assistance and coordination for IDA programs around the state. Recent funding from the Z. Smith Reynolds Foundation will support a staff person for the Collaborative and will help move it towards full non-profit status.

The success that IDA programs have had in recruiting participants remains uneven. Because the IDA concept is still not well known, generating appropriate publicity and locating appropriate community partners and eligible families takes time and is very staff-intensive. This seems to be particularly true for new programs in rural counties. IDA programs generally require a substantial lead time between the point at which they receive initial funding and when they are ready to enroll participants. This is often the most challenging period for IDA programs and is when more intensive and consistent technical assistance would be extremely helpful.

The challenges that IDA programs face are often the same in rural and urban areas, although the challenges in rural areas tend to be more severe. Successful IDA programs can be found in both rural and urban counties in the state. These challenges are of two kinds:

- **Rural programs often confront greater obstacles in identifying and recruiting families to participate in IDA programs.** Because their populations are more dispersed, program publicity is more of a challenge. In addition, public transportation is limited or nonexistent so that travel to economic literacy classes or to financial institutions is more difficult, and child care and other supportive social services are fewer.
- **Rural economies generally offer fewer and lower quality job opportunities.** When job loss occurs, jobs are also harder to replace. The

weaker economies often found in rural counties also limit the opportunities for programs to raise funds from local sources, whether public or private.

As a consequence of these factors, rural IDA programs reported that they had half the number of current participants on average as urban IDA programs (13.5 versus 30.5). In addition, the three IDA programs that have closed over the past year have all served rural counties. At the same time, rural areas have a more urgent need for low-cost, decent housing, educational opportunities, and economic development compared to many urban areas.

Five factors appear to be particularly important contributors to the success of rural IDA programs in overcoming these start-up and recruitment challenges:

- ***Clearly-identified clientele:*** IDA programs have a major advantage if they are already working with a clearly-identifiable clientele that could also qualify for the IDA program or if they are partnering with a local agency that can be a good source of referrals;
- ***Large enough geographic area:*** The geographic area that the program operates in must be large enough to provide a critical mass of people that would qualify for an IDA. At the same time, program staff must be close enough to where participants live that meeting on a regular basis is possible;
- ***Stable source of program funding:*** IDA programs that have a stable source of funds outside of their IDA program funding have an easier time providing the stability in staffing that makes it possible for staff and participants to develop an ongoing relationship;
- ***Experience with housing and/or microenterprise:*** Some experience with housing or microenterprise programs enhances the ability of IDA staff to forge relationships with lending institutions and to get the program up and running in a timely way; and
- ***Ability to handle data requirements:*** Programs need to have an ability to handle the staffing and technical requirements of the Management Information Systems for IDAs. (MIS IDA).

IDA program funders should keep these five factors in mind when considering which organizations currently have the necessary capacity to support an IDA program, as well as how to assist other organizations to develop the required capacity.

Three IDA programs have closed or are in the process of closing that served 11 rural counties. While the reasons for each program closing are slightly different, a consistent problem that each confronted was the lack of funding for program administration. The additional difficulty faced by rural programs in recruiting

participants and the additional lead time they often require to get underway made the lack of funding for program administration more severe.

More consistent documentation of post-program outcomes is needed. For example, little data exists on the survival and job creation rates of IDA-funded microenterprises beyond anecdotal accounts from IDA staff. As more participants purchase homes and start or expand businesses, it will also be important to document their experiences.

Based purely on income eligibility guidelines, many more families qualify to participate in IDA programs than are currently being served or could be served with existing capacity. According to the Corporation for Enterprise Development, over 1.8 million North Carolina taxpayers would qualify to participate in a modest federal tax credit program that uses income restrictions very similar to those used by the Assets for Independence Act.¹⁰ The current IDA program model that relies on intensive case management services seems to work well for the group of low-income families that participate. In addition, financial institutions are unequivocal about their lack of capacity to provide this kind of support. Thus, it is not clear that the current case management model is compatible with the goal of serving large numbers of families without significant increases in program staff.

Due to data limitations, we were unable to address several questions that should be explored in future research. First, the incomplete records for IDA accountholders made it impossible to calculate a reliable dropout rate or to make comparisons in savings rates between programs, including a comparison of programs operating in rural and urban counties. Second, the demographic data we do have indicates that IDA participants both in North Carolina and in the national ADD demonstration differ in significant ways from the general low-income population, particularly in their high levels of education and work effort. This raises the question of how applicable IDA programs might be to the broader low-income population. Finally, conducting focus groups of IDA participants would enable researchers to find out more about the experience of IDA participants and how the programs have impacted their lives.

¹⁰ This estimate from CFED is based on the provisions of HR 7, a substitute to S. 1924: the Charity, Aid, Recovery and Empowerment (CARE) Act sponsored by Senators Lieberman and Santorum. The estimate uses Tax Year 1999 data, Individual Tax Returns, Publication 1304 (Rev. 10-2001), Internal Revenue Service. Income eligibility guidelines are that single taxpayers must have adjusted gross income below \$18,000, heads of households below \$30,000, and joint filers below \$36,000 (see www.idanetwork.org). These income levels are very close to the more restrictive levels stipulated by the Assets for Independence Act (AFIA) that use 200% of the poverty level. However, since AFIA has more income categories based on family size, the two are not directly comparable.

PRINCIPAL RECOMMENDATIONS:

State-Level Coordination, Oversight and Funding

- The NC General Assembly should renew state support of IDA programs through a new allocation of funding. In addition, the structure of state financial support to IDAs should be revised to include more funds for program administration while encouraging local programs to raise a greater share of account matching funds.
- State agencies involved in IDA oversight and funding should increase their level of coordination and should work closely with the NC IDA and Asset-Building Collaborative. Quarterly meetings between the NC Departments of Labor, Commerce, Health and Human Services, and the NC Housing Finance Agency are called for. The consistent participation in monthly meetings of the NC IDA Collaborative by the Departments of Labor and Commerce have been of benefit and we recommend that staff from the Department of Health and Human Services and from the NC Housing Finance Agency also attend. Given recent staffing changes in the Department of Labor and the new capacity of the Collaborative due to the receipt of grant funding, we recommend that state agencies and the Collaborative meet to discuss roles and responsibilities to ensure adequate assistance to local IDA programs.
- State-level agencies such as the NC Department of Labor and the NC Division of Community Assistance and the NC IDA and Asset-Building Collaborative need to secure adequate funds and staffing to provide more consistent oversight of and technical assistance to local IDA programs. One model to consider is that used in the Michigan IDA program where regional entities provide technical assistance to the IDAs in their sub-state region.
- The General Assembly or the responsible state agencies should revise the state-defined income eligibility requirements to allow more two-income households to qualify for IDA accounts. In the case of eligibility standards set by the federal Assets for Independence Act, state officials must convey to the U.S. Department of Health and Human Services the desirability of changing the income standard to the 80 percent of area median income standard, rather than the more stringent 200% of poverty standard set by AFIA. While an issue for both urban and rural programs, especially in urban areas where housing costs are high the AFIA income guidelines may not allow families enough income to afford to buy a home. One urban IDA program opted not to participate in AFIA for this reason.
- Program funders should increase the IDA match rate from 2/1 to 3/1 or 4/1 to allow the purchase of better quality housing or more substantial investments in microenterprise or education and training.
- State oversight agencies must ensure that each local IDA program reports its IDA account data to a central clearinghouse, currently the Department of Labor, in a

timely manner. Prompt reporting of program data should be a required condition of funding, including new block grant funding from the Division of Community Assistance. To ensure that these requirements can be met, each program must have a fully functioning data collection and management system in place. For some programs, this may require additional funding for updated computers as well as more technical assistance.

- State agencies, the Collaborative, or both should provide additional technical assistance to IDA sites through three means: establishing a state-wide clearinghouse for information on potential sources of funding for local IDA programs; distributing a regular newsletter or the establishing an information exchange website; and organizing an annual conference on local IDA program implementation.
- The NC Department of Health and Human Services should become more involved in supporting IDAs and should encourage county Departments of Social Services offices to participate. In addition, DHHS should include IDAs in the state's new Temporary Aid to Needy Families (TANF) plan.
- IDA program funders should provide additional grants to be administered by the NC Department of Labor or the NC IDA Collaborative to increase technical assistance to local IDA sites from a variety of sources, including outside training, attendance at IDA conferences, and site-to-site mentoring.
- The NC DOL, the Division of Community Assistance, and the Collaborative should work together to establish an effective means for experienced IDA programs to mentor new programs. The NC DOL had started to put such a program in place but some new programs lack this valuable program-to-program support.
- North Carolina's financial institutions need to be more active leaders and supporters of the state's IDA programs at the statewide or regional corporate level. The NC IDA Collaborative has worked consistently to encourage state and regional financial institutions to get more involved in supporting IDAs but with limited success. It may require more involvement from state officials at the level of the Congressional delegation, the Governor's Office, the General Assembly or department heads to move this forward.
- If technically feasible, the Center for Social Development (CSD) at Washington University in St. Louis should revise its Management Information System for IDAs (MIS IDA) to be easier to use, including allowing programs to download account data from financial institutions electronically. In addition, CSD should consider ways to lower the price of MIS IDA software as well as subsequent upgrades to make it more affordable for local IDA programs. Without these changes, local sites are likely to continue to have difficulty collecting important information such as dropout and savings rates.

Local Program Implementation

The following recommendations flow out of our findings on practices that appear to support the growth of strong local IDA programs.

- Incorporate IDA program graduates in the recruitment of new participants;
- Provide a means for IDA programs that have developed an effective process for screening new applicants to share this and other advice for program implementation with less-experienced programs;
- Use a broad network of community organizations and other public agencies as sources for referrals;
- When possible, put together a team approach to supporting participants both within the program and by utilizing outside resources;
- Provide follow-up economic literacy training in areas such as home maintenance, saving for retirement, investment, and college planning;
- Consider ways to address transportation issues, such as a program that provides discounted auto repairs;
- Establish local collaboratives of community businesses, agencies, and organizations to support the work of the IDA programs;
- Utilize every opportunity to share credit for the success of the IDA program with community partners;
- Whenever possible, utilize VISTA volunteers as adjunct staff rather than as a substitute for permanent IDA staff;
- Secure adequate funds for IDA staff training, including travel to statewide meetings and conferences;
- To avoid problems caused by participants dropping out of the program and leaving empty slots, over-enroll participants initially to account for expected attrition;
- Explore mechanisms for direct deposits to IDA accounts to ensure that IDAs receive a high priority in family budgeting; and
- Explore the potential for rural program staff to conduct home visits to potential participants, as well as enrolled participants, to reduce the effects of transportation

and cultural barriers, such as the reluctance to share information about family finances in a public setting.

Directions for Future Research

- Once better IDA program data are available, a cost-benefit analysis should be performed that can compare the IDA approach with more traditional anti-poverty programs as well as other asset-based approaches. For example, the Family Self-Sufficiency Program has an innovative escrow account program for residents of public housing. This escrow account allows low-income families to save for future goals, such as purchase of a home, in a similar way to an IDA program. It would be extremely useful to compare these two low-income homeownership savings programs in terms of costs and outcomes, especially in terms of their applicability in rural and urban areas.
- As they are presently structured, IDA programs primarily benefit the working poor, as opposed to the broader low-income population. However, there may be ways to broaden their applicability to groups that are only participating in a limited way at present, if at all, such as the very low-income, the state's growing Hispanic population, and persons with disabilities. For example, making public assistance benefits eligible as a source of IDA account savings could make IDAs a useful tool for those with disabilities who receive a steady stream of income through Social Security Disability Insurance that could be combined with any income they receive through earnings. In addition to research to explore these questions, a statewide summit of those involved in IDA programs and other asset-building strategies to ascertain the future direction of asset-based policies in the state would be timely.
- A longitudinal study that followed IDA participants over time would provide valuable information about the experience of participating families, characteristics that were associated with successful completion of the program, and outcomes such as whether families were able to continue to meet mortgage obligations, save, and operate small businesses. Focus groups of program participants would be a valuable component of such a study.
- Of the 170 IDA participants who had used their IDA accounts to make an investment, only four had used their savings for education. Several logical explanations to account for the limited number of education IDAs were discussed earlier. However, the question remains open whether education IDAs hold potential with some restructuring and this needs to be investigated.

CONCLUSION

North Carolina has a strong and growing network of Individual Development Account programs. Effective leadership from the North Carolina IDA and Asset-Building Collaborative and from the North Carolina Departments of Labor and Commerce, as well as from local IDA program staff, has helped this network expand rapidly. However, the state's IDA movement is at a critical juncture. In order to continue to thrive, IDA programs need more consistent funding and technical assistance, with a particular need for funding that will support program administration and adequate staffing levels. This is particularly true for IDA programs that operate in the more challenging environment of the state's rural counties.

The challenges faced by North Carolina's IDA programs are similar to those confronted by IDA programs across the country. Moving IDA programs from the demonstration program stage to an institutionalized asset-building infrastructure will require the necessary investments to reach "scale" and to continue to meet high standards of service delivery and performance. The current IDA program model that relies on intensive case management services seems to work well for the group of low-income families that participate. In addition, financial institutions are unequivocal about their lack of capacity to provide this kind of support. However, it is not clear whether this model is compatible with the goal of serving much larger numbers of families. Creative thinking is needed to reconcile this dilemma. While IDAs hold great promise, they need continuing evaluation to judge how they can best serve the larger low-income population and to assess where they fit into the larger universe of strategies to alleviate poverty.

LOW-INCOME FAMILIES BUILDING ASSETS: Individual Development Account Programs Lessons and Best Practices

“I tell people that I had to work for the house but it was worth it. My daughter got lead poisoning from the house we were renting. Now that we are in our new home, my daughter goes to the doctor less often – I had lost jobs because I was taking her to the hospital so often. The program has helped me be self-sufficient. I tell everyone, ‘If I can do it, you can, too.’ I’m still saving money every month.”

~ New homeowner, Lexington IDA Program

CHAPTER 1: INTRODUCTION

Individual Development Accounts (IDAs) provide a means for working low-income working families to save towards the purchase of a major asset: a home, a small business, or an investment in education or training that can lead to a better job. In addition to the benefits of asset acquisition, participating families develop a savings habit that can become the basis of future financial security. IDA programs represent a significant shift in policy from an income-based to an asset-based approach. A growing body of research suggests that asset ownership has a variety of positive effects, including a reduction in the transfer of poverty from one generation to the next; an increase in educational attainment and in household stability; a decline in high-risk behaviors; and an increase in expectations about the future and a longer-term planning horizon.¹¹ Growing support of the asset-building approach is reflected in the dramatic increase in the number of IDA programs across the country and in the level of financial support they have received.¹²

This report presents the results of an evaluation of Individual Development Account (IDA) programs across the state of North Carolina. It provides basic data on IDA program characteristics and accomplishments. It also identifies challenges to program implementation and productivity. This report also aims to assist IDA programs by distilling lessons and best practices within the field. Finally, it articulates a set of policy recommendations for public officials, funders, and local program officials. It is the second IDA evaluation report conducted by the Center for Urban and Regional Studies (CURS) at the University of North Carolina at Chapel Hill and builds on an earlier report published in 1999.¹³

¹¹ The Corporation for Enterprise Development, Building Assets: A Report on the Asset-Development and IDA Field, p. 2.005.

¹² Ibid pp. 1.001-1.002

¹³ S. Jennings, E. Kehrberger, R. Quercia, W. Rohe, and M. Stegman. “Helping Families Build Assets: The Implementation of Individual Development Accounts in North Carolina.” 1999 by the Center for Urban and Regional Studies, University of North Carolina at Chapel Hill.

At the time of the initial CURS evaluation of North Carolina IDA programs in 1999, the first IDA demonstration programs were just getting underway. Twelve IDA programs had recently received funding: four from the Division of Community Assistance at the NC Department of Commerce, an additional seven from the NC Department of Labor, and one from the City of Durham. Now, three years later, twenty-two IDA programs operate across the state with at least two more slated to open over the next year.¹⁴ According to the NC Department of Labor, as of May 2002 there were 712 IDA accountholders with another 227 participants pending enrollment. The 170 people completing the IDA program had purchased 136 homes, started 30 small businesses, and made four educational investments. IDA program graduates had saved an aggregate \$239,750 and attracted over \$668,000 in matching funds. The value of homes purchased by IDA graduates approached 8 million dollars.¹⁵

While these statistics are impressive, there are also significant challenges that IDA programs must confront. In fact, two IDA programs have closed with a third in the process of closing in spite of having some success.¹⁶ The dramatic growth in IDA programs and participants over the past three years, coupled with the difficulties experienced by some programs, provided the impetus for the Rural Center to request a follow-up evaluation designed to:

- Document the characteristics of local IDA programs in North Carolina, as well as the characteristics of IDA participants;
- Document what can be learned about successful IDA program design and implementation, including any barriers to implementing IDA programs and the possible means of overcoming them;
- Identify the technical assistance needs of local IDA sponsors;
- Document the full costs of operating an IDA program to the sponsoring organizations;
- Assess the programs' perceived impacts on their local communities;
- Document the accomplishments of IDA programs to aid in future program support and fundraising;
- Assess the role of the NC IDA and Asset-Building Collaborative and of state government agencies in getting programs started, moving programs forward, and in assuring their success; and
- Provide a comparison of rural and urban IDA programs sites, highlighting similarities and differences.

¹⁴ The Division of Community Assistance recently awarded CDBG funds to new IDA programs in Orange County and in the town of Davidson.

¹⁵ From correspondence from Charlotte Gardner, former Director of IDA/TANF and Special Projects at the NC Department of Labor to Pheon Beal, Director of Social Services, NC Department of Health and Human Services, dated May 7, 2002.

¹⁶ These three programs were sponsored by Community Developers of Beaufort-Hyde, the Northwest Regional Housing Authority, and East Carolina Community Development, Inc.

EVALUATION METHODOLOGY

To address the above questions, we relied on several sources of information. First, we developed a survey for IDA program directors that asked them about the experience of their program and its participants. It was distributed to each of the twenty-four IDA programs that we had identified with the help of the NC IDA and Asset-Building Collaborative (the IDA Collaborative) and the NC Department of Labor. A total of nineteen programs returned this survey. Of the five IDA programs that didn't return surveys, three were brand new programs that felt that they had no experience on which to base responses to our questions. We also collected materials such as grant proposals and outreach materials from IDA programs.

Second, to get a more in-depth look at how IDA programs operate and their impact on participating families and communities, we conducted day-long site visits to eleven IDA programs. We chose these eleven sites based on their meeting all or most of the following criteria. They:

- were perceived to be effective;
- had been operating long enough to allow some assessment of their accomplishments;
- were included in our earlier evaluation three years ago to allow us to build on that information and to ensure continuity;
- addressed a variety of purposes: housing, education and training, and enterprise development; and
- represented different geographic regions within the state and a mix of urban and rural counties.

At each site, we interviewed IDA staff responsible for program management and data collection, as well as the person conducting the financial literacy education, a representative from a participating financial institution, and one or two IDA participants. Site visits were conducted at the following IDA programs:

- The Asheville Affordable Housing Coalition
- Cabarrus County CDC and the Rowan-Iredell Credit Union
- Charlotte-Mecklenburg Department of Social Services
- Choanoke Area Development Association (CADA)
- The Experiment in Self-Reliance and Forsyth County Department of Housing
- East Carolina Community Development, Inc.
- Edgecombe County Department of Social Services
- Lexington Housing CDC
- Northwestern Regional Housing Authority
- Passage Home
- Southeastern Community College

Third, we interviewed personnel and written materials from state agencies and from the North Carolina IDA Collaborative to obtain a more state-wide perspective. We also attended monthly meetings of the NC IDA Collaborative which were invaluable in keeping us abreast of new and current IDA initiatives in the state.

Finally, we obtained IDA accountholder data that was furnished to the NC Department of Labor by individual IDA program sites. These data are compiled in the Management Information System for IDAs (MIS IDA), a program designed specifically for use by IDA programs by the Center for Social Development at Washington University. While unfortunately these data do not include information on all IDA participants due to incomplete records (we had data for 433 participants compared with the total of 751 participants cited by the NC Department of Labor), they did provide important information on the characteristics of IDA program participants.

OUTLINE OF THE REPORT

This report includes five chapters beginning with this one. Chapter two contains background information that places the experience of North Carolina's IDA programs in a larger context. It begins by explaining how Individual Development Account programs are structured. It then explores the rationale for an assets-based approach to fighting poverty and discusses the results and policy implications of a national IDA demonstration program: the Downpayment on the American Dream Policy Demonstration or ADD. Finally, it provides a brief overview of the early history of IDA programs in North Carolina and an update on the current status of IDA demonstrations.

Chapter three of the report presents a profile of North Carolina IDA programs and the people participating in them. Chapter four presents our findings on issues in IDA program implementation and is divided into three major sub-sections: local IDA program administration, the oversight and support provided to IDA programs by state-level entities, and the role of participating financial institutions. Finally, chapter five presents a summary of the report's findings and recommendations based on those findings and ends with our conclusion. Appendix A contains a profile of basic information on each of North Carolina's IDA programs.

CHAPTER 2: BACKGROUND ON INDIVIDUAL DEVELOPMENT ACCOUNTS

Michael Sherraden first developed the concept of Individual Development Accounts in the late 1980s. According to the Corporation for Enterprise Development, Sherraden's innovation resulted from conversations with welfare recipients where they expressed frustration that they could never get ahead. At the same time, Sherraden noted the intense interest of faculty at his university in their employer-based retirement plans. He came to a new understanding of the extent to which assets matter, both economically and socially, and that institutional arrangements had a strong influence over who accumulated assets and who did not.¹⁷

The publication of Sherraden's book Assets and the Poor in 1991 launched the IDA and asset-development field.¹⁸ In the book, Sherraden states the argument for asset-development policies:

"1) Economically, accumulation of assets is the key to development of poor households. For the vast majority of households, the pathway out of poverty is not through consumption but through savings and accumulation. Stated simply, not many people manage to spend their way out of poverty.

2) When people begin to accumulate assets, their thinking and behavior changes as well. Accumulating assets leads to important psychological and social effects that are not achieved in the same degree by receiving and spending an equivalent amount of regular income. These behavioral effects of asset accumulation are important for household 'welfare' or well-being."¹⁹

Perhaps because of their equal emphasis on personal savings and poverty alleviation, IDAs have received strong support across the political spectrum and have moved quickly from concept to implementation. Due to the collaboration of Sherraden and the Corporation for Enterprise Development in Washington, D.C., IDA programs now operate in 47 states across the country and in several foreign countries. Statewide IDA coalitions or collaboratives exist in 32 states. According to estimates by the Corporation for Enterprise Development (CFED), as of December 2001 more than 10,000 people were saving in an IDA account through at least 350 organizations nationwide, with at least another 100 programs in development.²⁰

HOW INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS WORK

Individual Development Account programs provide an institutional means for low-income working families to save money on a monthly basis towards the purchase of

¹⁷ Corporation for Enterprise Development, Building Assets, p. 1.001.

¹⁸ Sherraden, Michael, Assets and the Poor: A New American Welfare Policy. Armonk, NY: M.E. Sharpe, Inc., 1991.

¹⁹ Corporation for Enterprise Development, Building Assets, p. 2.005.

²⁰ Ibid, p. 1.002

an asset such as a home or small business or investing in further education. Typically, IDA program participants sign a contract with the IDA program that commits them to save a minimum amount each month towards their total savings goal of \$1,000. Reaching their savings goal may take anywhere from one to three years depending on family circumstances. Once the savings goal is reached, the IDA program matches the family's savings at a ratio that varies anywhere from 1:1 to 8:1 depending on the resources available to the individual IDA program. In our research on North Carolina programs, we found that a match ratio of 2:1 is fairly standard across programs.

Individual Development Account programs typically include three major components. First, a local community organization takes the lead in establishing the IDA program and securing the necessary funds both for program administration and for matching the savings of participants. The community organization also recruits participants and provides them with the necessary counseling and support they need to complete the program. Second, this lead community organization recruits one or several local financial institutions to provide and manage the savings accounts of IDA participants. Third, a financial literacy component is either provided by the lead community organization or by an outside provider, or often by some combination of the two.

Over the period that IDA account holders work towards their savings goal, they participate in required economic literacy training designed to increase their understanding of finance issues such as household budgeting and credit. The economic literacy component of the IDA program provides participants with the financial knowledge and skills to accumulate and hold on to their assets. A key component in reaching this goal is educating participants about various aspects of their personal finances as well as how they, as individuals, fit into the larger financial market.

Economic literacy is generally structured to include both general topics, such as budgeting and credit repair, and more specific topics including homeownership, microenterprise development, or career planning. The vision of IDA programs is that through a combination of economic literacy training and actual savings and matching funds, IDA families will have the necessary skills and the capital required to fulfill their goals.

THE RATIONALE FOR IDAS: EXTENDING THE BENEFITS OF ASSET-BUILDING POLICIES TO LOW-INCOME FAMILIES

“The IDA program got us out of our apartment and into a nice neighborhood. The house is nice and there’s a yard for the kids to play in. We have economic security. The IDA program made the difference between buying and not buying because we needed help with the closing costs. What I learned about money management was critical – I wish I’d learned it sooner in life.”

~ New homeowner, Asheville-Buncombe Housing Coalition IDA Program

Over the past decade, the debate over how best to alleviate poverty has placed increasing attention on asset-building strategies as an important component of a comprehensive approach to providing upward mobility for low-income families. Income maintenance programs such as Temporary Aid to Needy Families (TANF) provide a vital support for families and keep many of our poorest children from experiencing hunger and homelessness. However, even the strongest advocates of income support recognize that complementary approaches are needed to help families leave poverty behind. In light of the new time limits placed on the receipt of income support, there is an urgent need for IDAs and other asset-based approaches to poverty alleviation.

The asset-building approach rests on the recognition that a key component of the ability of many families to improve their economic well-being over time lies in their ability to acquire an asset such as a home, a business, or an education that leads to better job opportunities. A growing body of research suggests that asset ownership has a variety of positive effects. These benefits include a reduction in the transfer of poverty from one generation to the next, an increase in educational attainment, enhanced household stability, a decline in high-risk behaviors, and an increase in expectations about the future and a longer-term planning horizon.²¹

Public policy has long encouraged asset acquisition through a variety of means. The Homestead Act in the late nineteenth century granted 246 million acres of land to 1.5 million households. The GI Bill following World War II helped returning soldiers attend school and improve their education as well as to purchase homes. The mortgage interest tax deduction bestowed approximately 75 billion dollars in benefits to homeowners in 2000 alone. Tax benefits given to retirement accounts in 2000 were worth another 123 billion dollars, while tax benefits for investments and business property were worth an additional 89 billion dollars. Such public programs and policies have provided the basis for upward mobility for millions of American families.²²

While public support of asset acquisition is substantial and provides citizens and communities with many benefits, it is also very unequally distributed. According to

²¹ Ibid, p. 2.005

²² Ibid pp. 2.015-2.017.

research conducted by Michael Sherraden, 91 percent of the benefits of the federal home mortgage interest deduction in 1998 went to homeowners with incomes over \$50,000 and 54 percent of the benefits went to homeowners with incomes over \$100,000. Looking at 1999 tax data, Sherraden also finds that 93 percent of the retirement tax benefits accrued to households earning \$50,000 per year and 67 percent of the benefits went to households earning over \$100,000.²³

Low-income households face several disadvantages in being able to benefit from current public policies that support asset acquisition. First, many asset-building benefits are distributed through federal tax policy so that families that lack an income tax liability fall outside their reach. Second, families that participate in a variety of income support programs such as Temporary Aid to Needy Families (TANF), food stamps, Supplemental Security Income (SSI) face asset limits. These asset limits constrain the value of assets that families can accrue once they are receiving benefits and, prior to receiving benefits, families must “spend down” the value of their assets in order to qualify. Lastly, many low-income households do not have any relationship with mainstream financial institutions such as possessing a savings or checking account. They thus lack the knowledge of and access to the asset-building opportunities that these financial institutions provide.²⁴

Understood in the broader context of public policies that support asset acquisition, the purpose of asset-building programs aimed at low-income families is not to accord a special privilege to the poor. Instead, programs such as Individual Development Accounts extend a benefit to low-income families that is already available to the vast majority of middle and upper income families. If, for a relatively small investment, we can “jump start” families out of poverty through the process of asset acquisition and thus reduce the social and economic costs of poverty, the benefits will accrue to all families.

IDA PROGRAMS AND POLICY ON THE NATIONAL LEVEL

IDAs represent a significant shift in policy from an income-based approach to an assets-based approach. This shift has required legislation to eliminate policies that deter poor people from saving and to encourage savings and asset accumulation. In at least 35 states, public or private entities have provided some type of support for IDAs. CFED reports that 31 states plus the District of Columbia have passed legislation to support the creation of IDAs, which includes the State of North Carolina.²⁵

State support can be divided into the following categories: direct appropriations, tax credit/deduction for contributions to IDA programs, allocation of CDBG funds, refundable tax credits to IDA account holders and wage subsidies deposited into IDA-like accounts. At present 32 states, including North Carolina, have recognized IDAs within

²³ Ibid p. 2.017.

²⁴ Ibid, pp. 2.018-2.019.

²⁵ Rist, Carl. “Self-Sufficiency through Individual Development Accounts (IDAs): What’s the Role for State Policy?” in Housing Facts and Findings, Vol. 4 No. 1, 2002, Fannie Mae Foundation.

their Temporary Aid for Needy Families (TANF) plans, which allow recipients to save through IDA programs without affecting their eligibility for TANF and other means-tested assistance programs.

In terms of Federal legislation and allocation of funds to support IDA programs, the Assets for Independence Act (AFIA) was signed into law in 1998. AFIA authorized the Department of Health and Human Services (DHHS) to conduct a 5-year, \$25 million per year IDA demonstration. DHHS awarded grants on a competitive basis to non-profit organizations to start IDA programs. An initial appropriation of \$10 million was approved for Fiscal Years 1999 and 2000, and another \$25 million in Fiscal Year 2001.²⁶ Also within the Department of Health and Human Services, the Office of Refugee Resettlement has awarded approximately \$15 million over the past two years to 30 community-based organizations to support their IDA programs.

Additional legislation to support Individual Development Accounts has been introduced at the Federal level but to date has not been enacted, in spite of the bi-partisan support that some proposals have received. One proposal would allow financial institutions or other institutions providing IDA match money to take a tax credit of up to \$500 per year per account. A second proposal would allow tax credits for individuals, while a third promotes IDA-type accounts for children that they could then use later in life.

The National ADD Demonstration Program

Working in cooperation with the Center for Social Development at Washington University in St. Louis, the Corporation for Enterprise Development (CFED) created the Downpayments on the American Dream Policy Demonstration (ADD) in 1997. ADD received over \$15 million in support from the Ford Foundation, the Fannie Mae Foundation, the Rockefeller Foundation, and other funders.²⁷ The demonstration selected thirteen organizations around the country to sponsor IDA programs in 1997, including a mix of urban and rural sites. Through June 30, 2000, the program had 2,378 IDA participants, exceeding its original goal of 2000 IDA accounts.²⁸

While the ADD demonstration is ongoing, CFED reports the following preliminary results:

²⁶ The Corporation for Enterprise Development, Building Assets: A Report on the Asset-Development and IDA Field, p. 6.086.

²⁷ According to the initial evaluation of North Carolina IDA programs by CURS, other supporters included the Charles Stewart Mott Foundation, the Joyce Foundation, the John D. and Katharine T. MacArthur Foundation, the Levi Strauss Foundation, the Ewing Marion Kauffman Foundation, and the Moriah Fund. See S. Jennings, E. Kehrberger, R. Quercia, W. Rohe, and M. Stegman. "Helping Families Build Assets: The Implementation of Individual Development Accounts in North Carolina." 1999 by the Center for Urban and Regional Studies, University of North Carolina at Chapel Hill.

²⁸ The Corporation for Enterprise Development, Building Assets: A Report on the Asset-Development and IDA Field, p. 5.073.

“Although the movement is young, already thousands of low-income people are proving that – given proper incentives and facilitation – even the poor can and will save. For example, an evaluation of a large-scale, national demonstration of IDAs among a population of families with incomes below 200 percent of poverty level finds that:

- The average participant makes seven deposits per year.
- Participants average \$41.43 per month in gross deposits.
- The lowest-income participants manage to save a larger share of their income (5.6 percent) than those low-income families with somewhat higher incomes (1.2 percent)
- With an average match rate of 2:1, participants accumulate about \$900 per year.”²⁹

In addition to the above results that were gleaned from an analysis of the ADD IDA account data, CFED also reports that five major challenges confronting IDA practitioners and account holders emerge from an examination of the ADD experience:³⁰

Sustainability: lack of adequate funding affects many IDA host organizations, particularly since much IDA funding is granted on a year-to-year basis. This requires each organization to raise funds constantly, which is a drain on already-over-extended staff resources. Funding streams are limited and funders are being approached by a growing number of IDA programs around the country.

Service Integration: integrating IDA programs with other services offered by community organizations is one means to secure additional administrative funding over the long-term. As an example, coordinating with programs such as the Family Self-Sufficiency Program can result in the better utilization of available resources. Especially when this requires integration across organizational lines, this can be challenging.

Policy Barriers: Certainly major progress has been made to remove policy barriers to asset accumulation through regulatory changes in programs such as Temporary Aid to Needy Families. However, some barriers remain that affect the usefulness of IDAs to specific groups such as those with disabilities, Native Americans, and undocumented immigrants.

Economic Integration: according to CFED, “Even for IDA programs that have experienced great success in helping accountholders to develop regular savings habits and achieve specific asset goals, the long-term objective of helping accountholders to transition from IDAs to using longer term, mainstream savings

²⁹ Rist, Carl. “Self-Sufficiency through Individual Development Accounts (IDAs): What’s the Role for State Policy?” in Housing Facts and Findings, Vol. 4 No. 1, 2002, Fannie Mae Foundation

³⁰ The Corporation for Enterprise Development, Building Assets: A Report on the Asset-Development and IDA Field, pp. 4.060-4.061.

and investment products can be elusive.”³¹ In response, some IDA programs have begun to create follow-up programs to help accountholders continue their savings programs to support additional goals such as retirement or college savings for children. The idea is to utilize IDAs as a first step in a longer-term financial planning process, rather than limiting them to a relatively short-term program of asset acquisition.

Accountholder Challenges: While participation in an IDA program can open up a whole new world of opportunity for low-income families, it also requires navigating a daunting array of financial services related to home mortgages, student loans, and business finance. While IDA program staff can provide support to IDA participants in making these complex choices, ultimately each participant must negotiate these systems and decide what is best for them. Again according to CFED, “Thus, the challenge for both practitioners and accountholders is in identifying the most accessible and relevant resources to which accountholders can refer for ongoing support and assistance throughout their lives.”³²

A BRIEF HISTORY OF IDA PROGRAMS IN NORTH CAROLINA³³

In North Carolina, the IDA concept was supported early on by numerous public and private entities, including the N.C. Division of Community Assistance (DCA) in the Department of Commerce, the N.C. Department of Labor (DOL), Self-Help Credit Union, the North Carolina Rural Economic Development Center, and the Corporation for Enterprise Development. In 1996, representatives from these and other prominent institutions in North Carolina’s community economic development network began meeting to explore the possibility of implementing IDA programs in the state. They organized what is now the North Carolina IDA and Assets-Building Collaborative (the Collaborative) to coordinate and organize their efforts to promote IDAs. North Carolina Equity, the NC CDC Association, and the NC Low-Income Housing Coalition were also actively involved in getting the Collaborative started.

The Collaborative describes itself as a “broad-based coalition of leading institutions in North Carolina’s extensive community economic development network, as well as key human services providers, state agencies, policy makers, and the private philanthropic and corporate sectors.”³⁴ In addition to local IDA programs that are some of the most active members of the Collaborative, current statewide partners in the Collaborative include the North Carolina Rural Economic Development Center, the Corporation for Enterprise Development, the NC Departments of Labor and Commerce,

³¹ Ibid, p. 4.061.

³² Ibid, p. 4.062.

³³ Much of the information in this section on the history of NC IDA programs is taken from our earlier evaluation report “Helping Families Build Assets: The Implementation of Individual Development Accounts in North Carolina”, pp. 8-18.

³⁴ North Carolina Working Group on IDAs and Asset Building “Application to Downpayments on the American Dream Demonstration,” 1996.

the NC Justice and Community Development Center, the NC Housing Finance Agency, the North Carolina Community Development Initiative, the NC Office of Economic Opportunity, and the NC Division of Social Services. Over the past six years, Collaborative members have educated various groups about IDAs, lobbied for IDA legislation, raised funds, and supported the development of four IDA demonstration programs at numerous sites around the state.

In 1997, the Division of Community Assistance in the NC Department of Commerce allocated funds for the state's first homeownership IDA demonstration using funds from the Small Cities Community Development Block Grant (CDBG). Later the same year, the North Carolina General Assembly allocated \$600,000 in IDA account matching funds for a second IDA demonstration. Like the DCA demonstration, the DOL demonstration funds were distributed to multiple sites throughout the state, but included accounts to be used for microenterprise capital or education and training, in addition to homeownership. Also in 1997, the Collaborative received grants for its own operating funds from the Z. Smith Reynolds Foundation and the Fannie Mae Foundation.

With two statewide demonstrations underway and operating funds in hand, the Collaborative turned its attention to helping the demonstration programs get underway. The Collaborative helped to develop the request for proposals, a plan for participant recruitment, and criteria for the selection of applicants for both demonstrations. Following grant awards, the new DOL and DCA sites began meeting to explore key implementation issues and related policy. Collaborative members played an important role in providing assistance to sites and resolving issues that might hinder implementation.

The Department of Labor IDA Demonstration Program

With \$600,000 appropriated over a two-year period (\$300,000 each year) by the North Carolina General Assembly in 1997, the NC Department of Labor was given the task of administering the North Carolina Individual Development Account Demonstration. The North Carolina Department of Labor worked in conjunction with the North Carolina Department of Health and Human Services and the IDA Collaborative to plan and implement the program. The appropriation provided matching funds, but no administrative funds, for IDA programs that could be used for up to 150 business ownership, home ownership, or post-secondary education/training accounts. The expectation was that local sites would raise additional funds for program administration.

In June 1998, eight local sites were selected to participate in the DOL Demonstration, with an additional five selected in a second round of funding. These thirteen sites were:

- Cabarrus Count Community Development Corporation
- Choanoke Area Development Association
- Community Developers of Beaufort-Hyde/Metropolitan Low-Income Housing and CDC, Inc.

- East Carolina Community Development, Inc.
- Edgecombe County Department of Social Services
- Experiment in Self-Reliance, Inc.
- Forsyth County Department of Housing
- Lexington Housing CDC
- Mecklenburg County Department of Social Services
- Northwestern Regional Housing Authority
- Passage Home
- Southeastern Community College
- Wilmington Housing Authority

The North Carolina Division of Community Assistance IDA Demonstration

The Division of Community Assistance (DCA) IDA Demonstration program supported four homeownership IDA programs across the state beginning in 1998. DCA allocated \$240,000 of Small Cities Community Development Block Grant (CDBG) funds over two years to provide matching funds for participant savings as well as for limited administrative support for the sponsoring organizations.³⁵ Income eligibility requirements limited participants to those with annual income less than 80 percent of the area median income at enrollment. Local governments applied for the funds and were expected to raise a dollar for dollar match. As was true for the DOL demonstration, local IDA sites were expected to raise funds for additional administrative support. In total, these four sites received funding for up to 130 IDA accounts. Local sites, with lead organizations, were the following:

- Unifour Consortium and the Western Piedmont Council of Governments
- Forsyth County Department of Housing
- Affordable Housing Coalition of Asheville (for Buncombe County)
- Metropolitan Low Income Housing Community Development Council and Community Developers of Beaufort/Hyde

New and Expanded IDA Demonstration Programs

Since the early IDA demonstration programs described above, North Carolina has expanded its network of IDA programs with additional sources of funding. The state has received two funding grants from the federal Department of Health of Human Services Assets for Independence Act (AFIA) program that together total just under one million dollars. The application for these funds was submitted by the NC Department of Labor on behalf of a number of IDA programs and DOL serves as the grant administrator. For

³⁵ According to Vickie Miller of DCA, IDA programs are allowed \$20,000 maximum in administrative funds but some of this goes to the local government that applies for the grant and not to the IDA program itself.

the first AFIA grant, the initial allocation of \$600,000 from the NC General Assembly served as the state match. For the second AFIA grant, funds from the NC Housing Finance Agency (NCHFA) served as the state match. Altogether, the NCHFA has made up to \$1.9 million available to IDA investments in homeownership.

In addition to these federal funds, the NC Department of Commerce Division of Community Assistance has allocated \$500,000 of new Community Development Block Grant funds to be awarded to ten IDA programs. DCA is in the process of reviewing proposals for these funds from local governments. Lastly, the Z. Smith Reynolds Foundation recently awarded funds to the NC IDA and Asset-Building Collaborative. While these funds will not go to IDA programs directly, they will allow the Collaborative to hire a staff person and to move towards becoming an independent non-profit. This should allow the Collaborative to expand its role as a vital source of support and technical assistance to local programs.

CHAPTER 3: A PROFILE OF NORTH CAROLINA IDA PROGRAMS

At the start of our investigation in late 2001, we identified twenty-four North Carolina IDA programs with the assistance of the North Carolina IDA Collaborative and the North Carolina Department of Labor (Table 1). Over the past year, three programs have closed or are in the process of closing (those operated by Community Developers of Beaufort-Hyde, East Carolina Community Development, Inc., and the Northwestern Regional Housing Authority), leaving twenty-one that are continuing to enroll participants. Since our evaluation results include information on all twenty-four of the original programs we identified, we may make reference to this larger number of programs. Also, the analysis and findings presented below apply to this larger universe of programs. In instances when our discussion only applies to the remaining twenty-one programs, we note this.

North Carolina's twenty-four IDA programs are located in a variety of geographic areas across the state (Table 1 and Figure 1). Local organizations have created IDA programs in urban and rural parts of the mountainous western region, the large and small cities of the north and south central piedmont, and the small cities and rural areas in both the northeast and southeast regions. The geographic scope of IDA programs also varies and ranges from one program that serves a single public housing complex in Wilmington to several programs that serve large multi-county regions.

Again including all twenty-four IDA programs, IDAs have been available in 52 of North Carolina's 100 counties with eight programs serving exclusively urban counties, 13 serving only rural counties, and the remaining three programs serving a mix of both urban and rural counties. IDA programs have served 10 of the state's 15 urban counties and 42 of the state's 85 rural counties. Of the 42 rural counties with IDA programs, 27 are in distressed counties.³⁶ The three IDA programs that have closed over the past year or are in the process of discontinuing their IDA programs all serve rural counties. Their closure will result in 11 fewer rural counties being served by an IDA program, eight of them in distressed counties. This will bring the total number of rural counties served down to 31 out of 85 and the number of distressed counties down from 27 to 19.

³⁶ Data on distressed counties is taken from the NC Rural Economic Development Center website: www.ncruralcenter.org. Distressed counties are designated annually by the NC Department of Commerce in accord with the William S. Lee Quality Jobs and Expansion Act.

Figure 1: North Carolina Individual Development Account Programs in Rural and Urban Counties ²

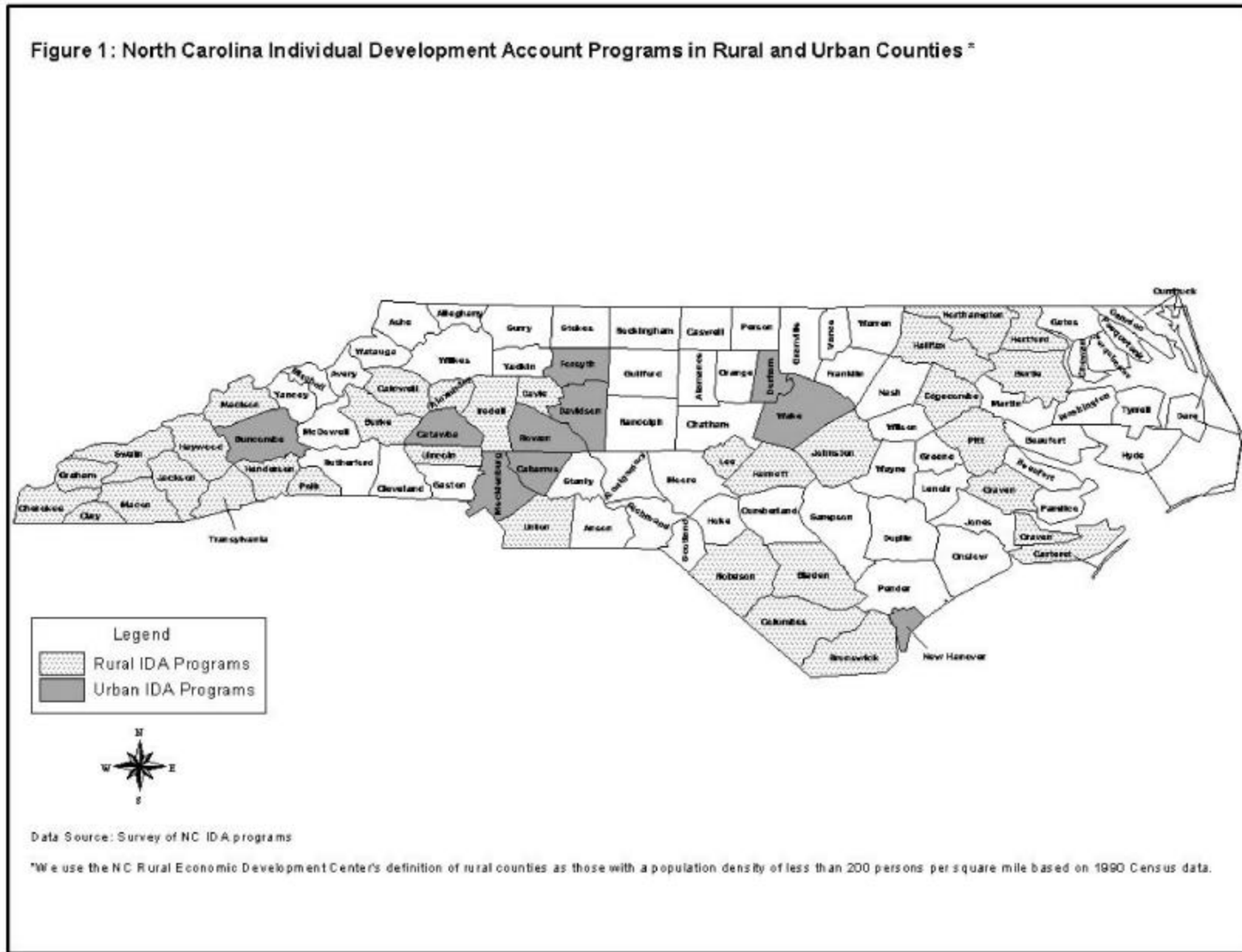


Table 1: IDA Program Characteristics

Sponsoring Organization	Type of Organization	Counties Served	Urban/Rural Counties	Region in NC	Start Date	Use of IDA Funds
Affordable Housing Coalition	Affordable Housing Coalition	Asheville City, Buncombe	Urban	West	Apr-98	Homeownership, Microenterprise, Education
Eagle Market Streets Development Corp.	Under the umbrella of Asheville/ Buncombe housing coalition	Asheville City, Buncombe	Urban	West	Nov-99	Education
Mountain Microenterprise	Private Non-Profit, Under Asheville-Buncombe IDA	Buncombe, Henderson, Madison, Transylvania, Haywood, Swain, Graham, Jackson, Clay, Macon, Cherokee, Polk	11 Rural, 1 Urban	West	Oct-99	Microenterprise
Community Developers of Beaufort-Hyde, Inc.	Community Development Corporation	Beaufort, Hyde	Rural	East	Jan-98	Homeownership, Education
Cabarrus County CDC	Community Development Corporation	Cabarrus	Urban	South Central	Sep-99	Homeownership, Education
Charlotte Mecklenburg DSS	Department of Social Services	Mecklenburg	Urban	South Central	Jun-98	Homeownership, Education, Microenterprise
Choanoke Area Development Association	Community Action Agency	Halifax, Northampton, Bertie, Hertford	Rural	North East	Jun-99	Homeownership, Education, Microenterprise

Davie County DSS	County Department of Social Services	Davie	Rural	Central	Jan-02	Homeownership
Durham Regional Financial Center	Community Development Corporation	Durham	Urban	North Central	1997	Homeownership
East Carolina Community Development	Community Development Corporation	Craven, Carteret	Rural	East	Jul-97	Homeownership, Education, Microenterprise
Edgecombe County DSS	Department of Social Services	Edgecombe	Rural	North East	Jul-98	Homeownership
Experiment in Self-Reliance/Forsyth County Department of Housing	Community Action Agency / County Housing Department	City of Winston-Salem, Forsyth County	Urban	North Central	Mar-99	Homeownership, Education, Microenterprise
Gaston Community Action	Community Action Agency	Lincoln	Rural	South Central	Jan-02	Homeownership
Johnston Lee Harnett Community Action	Private Non-Profit	Johnston, Lee, Harnett	Rural	North Central	Sep-99	Homeownership, Education, Microenterprise
Lexington Housing Development Corp	Community Development Corporation	Davidson	Urban	Central	Jan-99	Homeownership
Monroe-Union CDC	Community Development Corporation	Union	Rural	South Central	Jan-02	Homeownership

Monroe-Union CDC	Community Development Corporation	Union	Rural	South Central	Jan-02	Homeownership
Northwestern Regional Housing Authority	Public Housing Authority	Yancey, Mitchell, Avery, Watauga, Alleghany, Wilkes, Ashe	Rural	North West	Dec-98	Homeownership, Education
Office of Economic Opportunity	Private Non-Profit	Cherokee, Clay, Graham, Swain	Rural	West	Jan-01	Homeownership, Education, Microenterprise
Passage Home	Private Non-Profit	Wake	Urban	North Central	Mar-99	Housing
Rowan-Iredell Credit Union	Credit Union	Rowan, Iredell	1 Urban, 1 Rural	Central	Nov-99	Homeownership, Education, Microenterprise
Southeastern Community College	Community College	Columbus, Bladen, Brunswick, Robeson	Rural	South East	Mar-99	Homeownership, Education, Microenterprise
West Greenville CDC	Community Development Corporation	Pitt, City of Greenville	Rural	East	Jan-02	Homeownership
Western Carolina Community Action	Private Non-Profit	Henderson, Transylvania	Rural	West	Oct-01	Homeownership, Education, Microenterprise
Western Piedmont Council of Governments	Regional Council of Governments	Alexander, Burke, Caldwell, Catawba	3 Rural, 1 Urban	West	Mar-99	Homeownership
Wilmington Housing Authority	Housing Authority	New Hanover	Urban	South East	Aug-99	Homeownership, Education, Microenterprise

A variety of types of organizations operate IDA programs. By far the most common is a private not-for profit (roughly 60 percent of the total) but these include faith-based organizations, community development corporations, and neighborhood, city, and regional development organizations. Other organizations sponsoring IDA programs include county Departments of Social Services, public housing authorities, a community college, a community credit union, and a regional Council of Governments. While all of these groups share a common mission of increasing economic opportunity among lower income households, some have a greater focus on providing social services such as welfare to work programs or traditional income support while others emphasize housing and economic development activities. No one type of institution appears to be more successful than another in operating IDA programs.

North Carolina’s IDA programs also vary in their focus on housing, education and training, and micro-enterprise development. Some programs have a sole focus on housing, while others work in all three areas. In spite of this diversity, home ownership programs appear to be almost universal, with 95 percent of programs responding to our survey reporting that they offer home ownership IDA accounts. Education and Training IDA accounts are offered by 58 percent of IDA programs, and micro-enterprise funds by 53 percent.

Table 2: IDA Survey Responses to the Question: What is the Focus of your IDA Program?	
Housing	95%
Education and Training	58%
Microenterprise	53%
Note: Respondents could choose more than one focus.	

When the directors of IDA programs that offer support for more than one purpose were asked whether and how each program differed, they reported that the basic program remains the same but that usually participants attended an additional component of economic literacy training geared to the specifics of home ownership, business ownership, or education and training. IDA staff also confirmed that the vast majority of participants have chosen home ownership as a goal. One IDA program started by offering only education/training and microenterprise IDAs but recently added a homeownership program because they felt that was the area of greatest demand. IDA staff explained this preference for homeownership by citing several factors:

- Income eligibility guidelines bias IDAs towards the participation of single women with children. Because of a desire to provide a safe and stable environment for their children, this group is highly motivated to purchase a home;
- Through economic literacy programs, participants quickly learn the clear benefits of home ownership as an asset-building strategy. Home ownership also appears to be a very concrete and attainable goal;

- Many who wish to return to school or participate in a job training program feel ready to start immediately, rather than wait one or two years while they build their IDA account. This is particularly true in cases where a job loss motivated the decision to return to school or get further training. Also, because the IDA model requires regular deposits of earned income, workers returning to school because of a job loss are often ineligible. Students working part-time but whose parents claim them as a tax deduction are also ineligible. The Experiment in Self-Reliance/Forsyth County Department of Housing IDA Program reported that they had been fairly successful in finding alternative sources of funds to allow people to start school or training immediately;
- Preparing a solid business plan for a microenterprise can be challenging. Also, as was true for those ready to return to school or job training, those feeling ready to start a small business often feel impatient to get their enterprise off the ground rather than waiting one or two years to save in an IDA account. IDAs can be used successfully for small business development, especially when the IDA is one part of a larger microenterprise development program such as that at Southeastern Community College. However, the number of people establishing IDA accounts for microenterprise capitalization will likely continue to be smaller than the number saving for home ownership.

In summary, IDA programs operate successfully in a diversity of communities across the state. They provide asset acquisition and investment opportunities in homeownership, education, and microenterprise but the vast majority of participants choose to save towards the purchase of a home. Both rural and urban counties in the state are served by IDA programs. However, the recent loss of three rural programs will mean that almost two-thirds of the state's 85 rural counties will not be served by an IDA program compared with just a third of the state's 15 urban counties.

CHAPTER 4: A PROFILE OF NORTH CAROLINA'S IDA PROGRAM PARTICIPANTS

In this section, we explore three questions: who participates in North Carolina's IDA programs; do the demographic characteristics of North Carolina's IDA participants look different from those in other IDA programs or the general low-income population; and are there significant differences in who participates in IDA programs based on whether the program is located in a rural or urban county?

WHO PARTICIPATES IN NORTH CAROLINA'S IDA PROGRAMS?

We obtained demographic data on 433 IDA participants across the state from records maintained by the North Carolina Department of Labor.³⁷ This information is collected by local sites at the time that participants enroll in the program and is furnished to the DOL from each IDA site. IDA sites are supposed to furnish data to the DOL quarterly which is then entered into the DOL's Management Information System for Individual Development Accounts (MIS IDA) master file. The data include information on approximately 60 percent of the total number of current IDA participants reported by the NC DOL as participating in May of 2002.

Unfortunately, it is difficult to discern what account data are missing and thus to assess how this might bias our analysis. We do know that data from one rural IDA program are not included because that program is not technically overseen by the DOL.³⁸ Other than that, it appears that a number of programs have incomplete data (DOL had not completed updating its files) but it is impossible for us to know how incomplete the data are for each site or to project the characteristics of those participants not included. We discuss the problems with data collection in greater detail in a subsequent section on data collection and management.

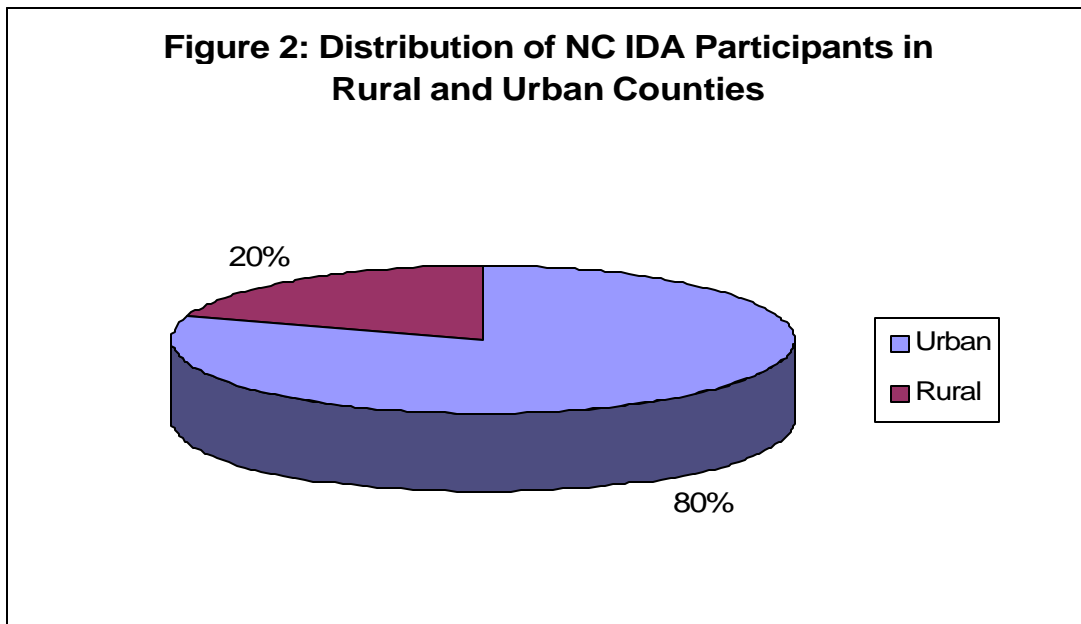
Based on this information, the majority of IDA participants live in urban counties (80 percent)³⁹, are women (84 percent) are African-American (78 percent) are single (84 percent) and have children (84 percent) (Table 3, Figures 2,3,4). Over 97 percent are working full or part-time (Table 4, Figure 6). Combining our race and gender categories, we find that 70 percent of participants are African-American women, another 10 percent are African-American men, another 13 percent are White women, and the remainder (5 percent) are White men (Table 3).

³⁷ Our information comes from records kept by the North Carolina Department of Labor and is based on the information they receive from individual sites. Their records include information for 433 IDA participants out of the 712 participants that the NC DOL reports were enrolled in May of 2002.

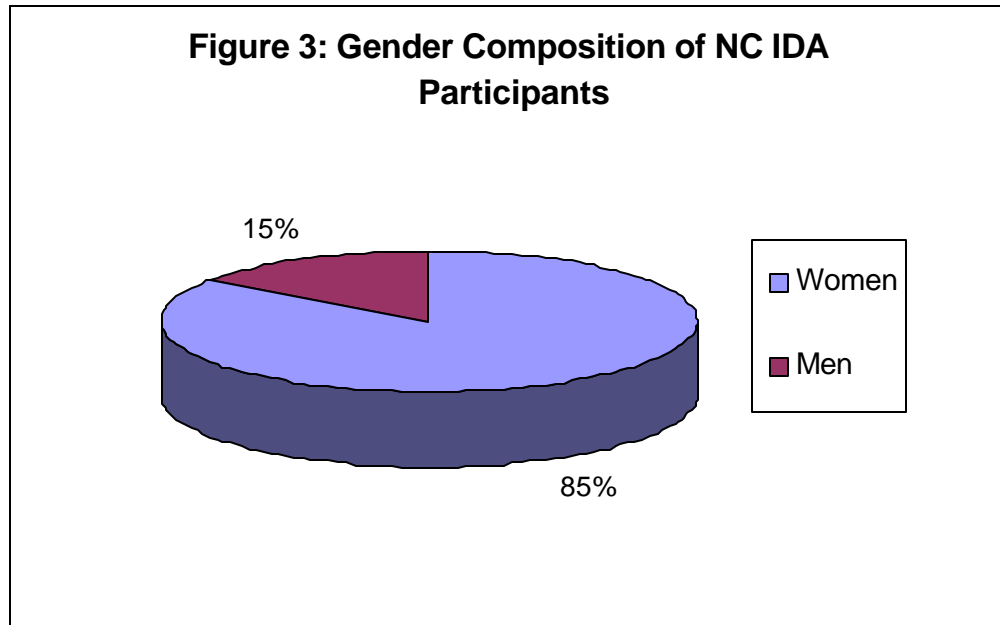
³⁸ No data were available from the Western Piedmont Council of Governments IDA program.

³⁹ We use the North Carolina Rural Economic Development Center's definition of rural counties as those with less than 200 residents per square mile based on 1990 Census data. Of North Carolina's 100 counties, 85 are defined as rural using this definition. North Carolina's 15 urban counties are Alamance, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Orange, Rowan, and Wake.

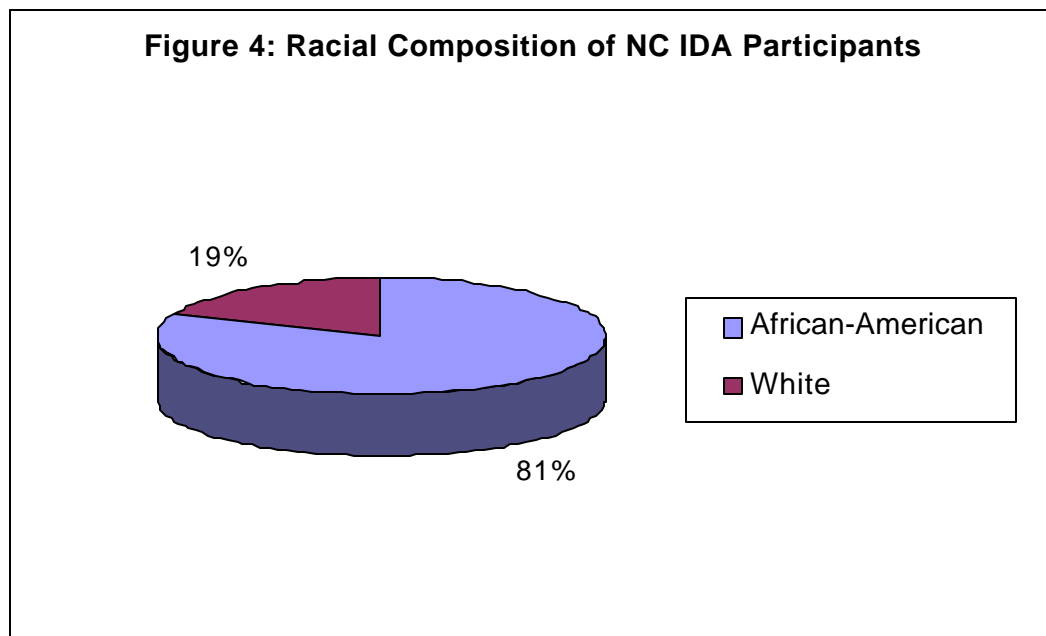
Table 3: Demographic Characteristics of North Carolina's IDA Participants	
Characteristic	Percentage
Rural or Urban County	
Rural	20%
Urban	80%
Gender	
Female	85%
Male	15%
Race	
African-American	78%
White	18%
Race and Gender	
African-American Women	70%
African-American Men	10%
White Women	13%
White Men	5%
Other	2%
Marital Status	
Never-Married	53%
Married	16%
Widowed, Divorced, Separated	31%
Children in the Household	
Children	84%
No Children	16%



Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.



Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.



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Why do IDA participants appear to be such a homogeneous group in terms of family composition and race? The large numbers of single heads of households can probably be attributed to the following factors:

- Income eligibility restrictions, particularly the more stringent guideline of incomes falling at or below 200 percent of the Federal poverty level set by the Assets for Independence Act (AFIA), make it difficult for married couple families to qualify unless they have several children (the larger the household, the higher the income limit) or unless one person is unemployed or unable to work, that also makes it more difficult to save.
- Mothers with children place a high priority on home ownership because of a desire for stability, security, and ownership of an asset that several participants expressed hope could be a future source of funding for their children’s education. If they currently live in a situation that they feel could or is having a negative influence on their children’s life chances, they are highly motivated to find other options. As one IDA participant and new homeowner stated, one of the most attractive aspects of the IDA program was that it allowed her to choose what neighborhood she wanted her family to live in.

The reasons for the predominance of African-American families in the program are more complex. Explanations offered by IDA program staff include the following:

- Single African-American mothers often use other social services programs and get referred to the IDA program through that route;
- Once the first group of IDA participants enrolls in the program, future participants often learn of the program by word-of-mouth. Thus, if the initial participants are African-American, knowledge about the program may travel most quickly into the broader African-American community through networks of families, friends, and churches. IDA staff also noted that the savings match can seem “too good to be true”, especially to people who may have been take advantage of by predatory lenders or others in the past. This initial skepticism increases the importance of hearing about the program through a trusted source.
- It is easiest to publicize the program in urban areas where African-American families are concentrated. Getting information out into smaller towns and rural areas where low-income whites may live is more of a challenge. It is also more difficult for residents of outlying areas to participate if they need to drive to a central location for program activities such as economic literacy classes because public transit options are often limited or non-existent.
- The matching funds offered by IDA programs can carry the negative connotation of being a public assistance program. This stigma can be an issue for persons of any race, but several IDA program staff suggested was more of an issue for whites, especially if they are newly low-income because of a job

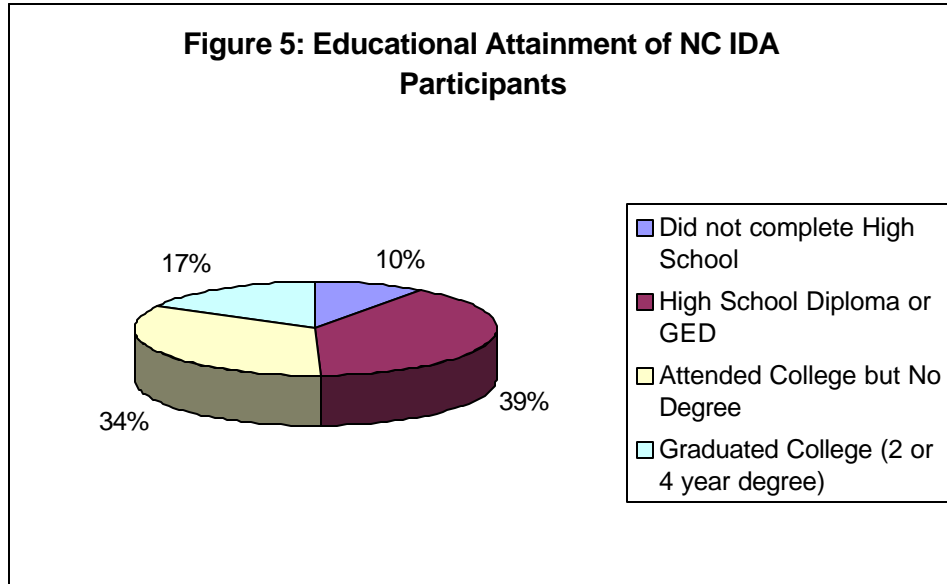
loss. The stigma of receiving public assistance has also limited the participation of Hispanics in other public programs.

- While program staff did not specifically mention this, we would also suggest that the IDA program would appeal to African-Americans because their opportunity to become homeowners has historically been more limited due to both housing and employment discrimination. Not only are African-Americans less likely to be homeowners as a result, they are also less likely to have access to funds for a mortgage down-payment through sources such as the equity their parents might have built up in a home.
- Low-income African-American families are much more likely to be living in high-poverty neighborhoods than low-income whites. According to an article by Moss and Tilly, in 1990 75 percent of poor blacks lived in a high-poverty neighborhood compared with 25 percent of poor whites⁴⁰. High-poverty neighborhoods often have associated problems such as lower quality schools and higher rates of crime. Thus, a greater number of low-income black families may be searching for ways to improve their housing situation since it can have such far-reaching consequences for their well-being.

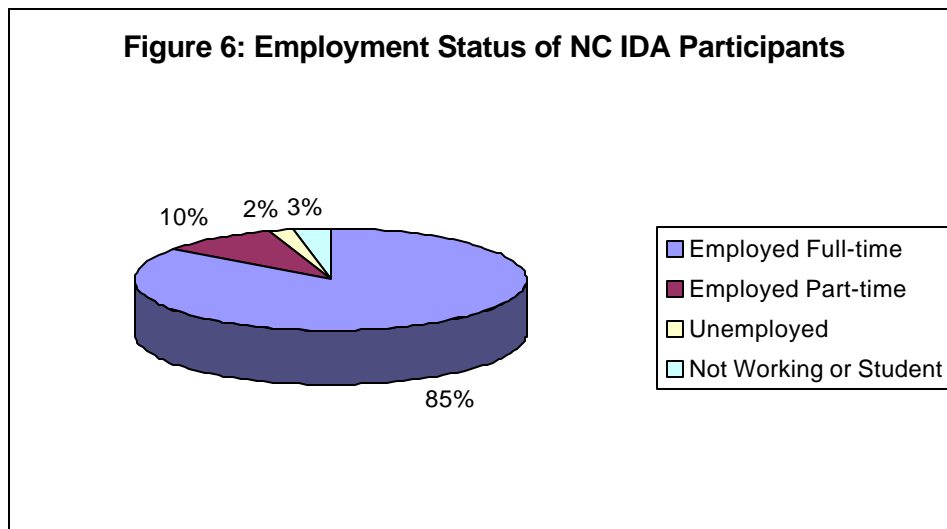
Many of North Carolina’s IDA participants have made earlier investments in their education, with half of all participants having at least some college education (Table 4, Figure 5). A total of 33.8 percent of participants report having taken some college courses, 2.5 percent report a two-year college degree, and 14.4 percent report a four year college degree or more. Only ten percent had less than a high school education. Since employment is a requirement of IDA participation, it is not surprising that 97 percent of all IDA participants are employed (the 3 percent that were unemployed were either looking for work or were fulltime students) (Table 4, Figure 6).

TABLE 4: Education and Employment Characteristics of North Carolina IDA Participants	
EDUCATION	
Did not complete High School	10%
High School Diploma or GED	40%
Attended College but No Degree	34%
Graduated College (2 or 4 year degree)	17%
EMPLOYMENT STATUS	
Employed Full-time	87%
Employed Part-time	10%
Unemployed	2%
Not Working or Student	3%

⁴⁰ See Philip Moss and Chris Tilly, “Pride and prejudice: Employers look for skill, but still act on stereotypes” in Commonwealth, Winter 2001, published by the Massachusetts Institute for a New Commonwealth.



Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.



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In spite of this almost universal participation in work, almost three-quarters (73.2 percent) of IDA participants had no health insurance. By comparison, the national figures for similar low-income working families show that 46 percent had no health insurance from their employer -- still high but much lower than that of North Carolina IDA participants. Nationally, a full 88 percent of higher income working families received employer health insurance.⁴¹

⁴¹ National health insurance figures come from Gregory Acs, Katherin Ross Phillips, and Daniel McKenzie: "Playing by the Rules but Losing the Game" in *Low-Wage Workers in the New Economy*, Richard Kazis and Marc S. Miller, editors, Urban Institute Press, 2001. See Table 2.6, page31. Low-income working families are defined as those with annual incomes below 200 percent of the poverty level.

Proponents of IDA programs argue that one of the benefits to participants is providing them with an opportunity to establish an ongoing relationship with a financial institution. IDAs are viewed as one means of “banking the unbanked”, thus addressing the needs of a population that traditionally has been underserved by the financial services industry. The view that a significant share of the IDA population has little or no existing relationships with financial institutions is borne out by our data: more than half of participants (55 percent) began the program without any savings account and almost half (45 percent) had no checking account. In terms of asset acquisition, 62 percent of participants owned a car. In terms of income, average monthly income was \$2,172, with half of all participants reporting monthly income falling at or below \$1,635.

HOW DO NORTH CAROLINA’S IDA PARTICIPANTS COMPARE TO THOSE IN OTHER IDA PROGRAMS AND TO THE GENERAL LOW-INCOME POPULATION?

The profile of North Carolina’s IDA participants differs in some significant ways from the profile of those participating in other IDA programs as well as from the general low-income population. To make these two comparisons, we used data published in a report of the Downpayments on the American Dream Policy Demonstration (ADD).⁴² The ADD is a demonstration of fourteen IDA programs across the United States, none of them in North Carolina. In the ADD report, the authors compare the ADD population to the general low-income population⁴³, which then allows us to compare these two groups to North Carolina’s IDA participants (Table 5).

Beginning with gender, we see that North Carolina’s IDA participants are the most heavily female (85 percent), particularly compared with the general low-income population (59 percent) but just slightly higher than ADD participants (80 percent) (Figure 7). Far more striking is the share of North Carolina’s IDA program participants that is African-American (78 percent), more than four times the share of African-Americans in the general low-income population (16 percent) and considerably higher than that of the ADD population (47 percent)(Figure 7). Our guess is that this difference between the North Carolina and national ADD participant populations largely reflects the fact that several of the ADD program sites are located in areas with large low-income Caucasian populations (rural Wisconsin, upstate New York, rural Vermont, Oregon, rural Kentucky) rather than differences in program structure and outreach. However, without more information we can only speculate.

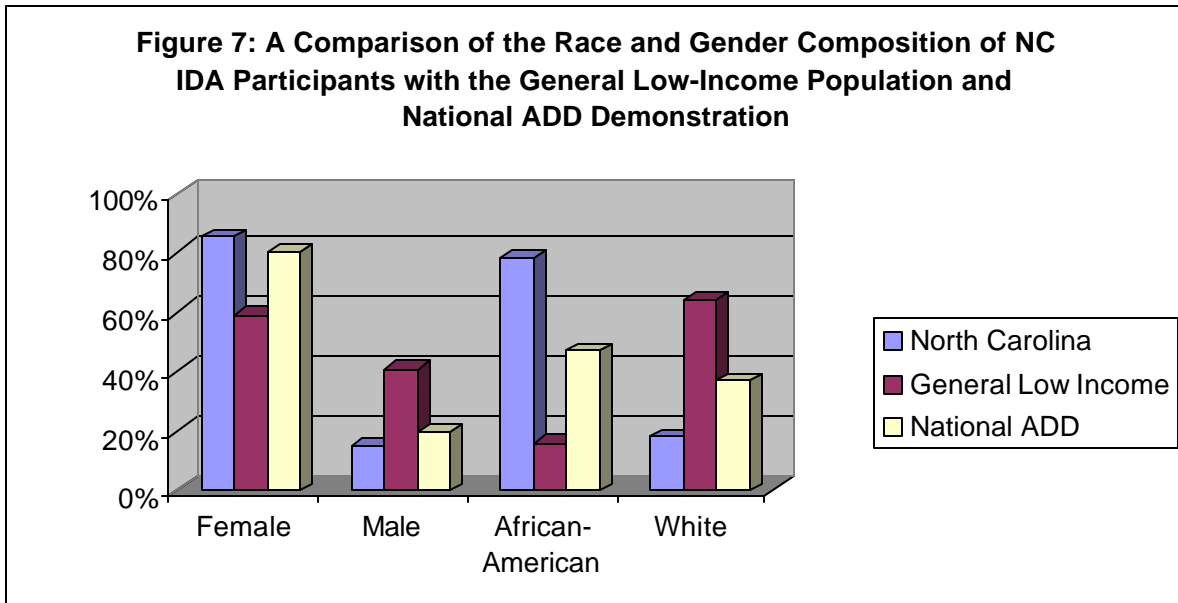
A working family is defined as one where average annual hours worked per adult is at least 1000 hours. Higher-income working families are all remaining working families.

⁴² This data is published in “Savings and Asset Accumulation in Individual Development Accounts”, a report on the Downpayments on the American Dream Policy Demonstration published by the Center For Social Development at Washington University in St. Louis, Missouri, released February 2001. See pp. 31-32.

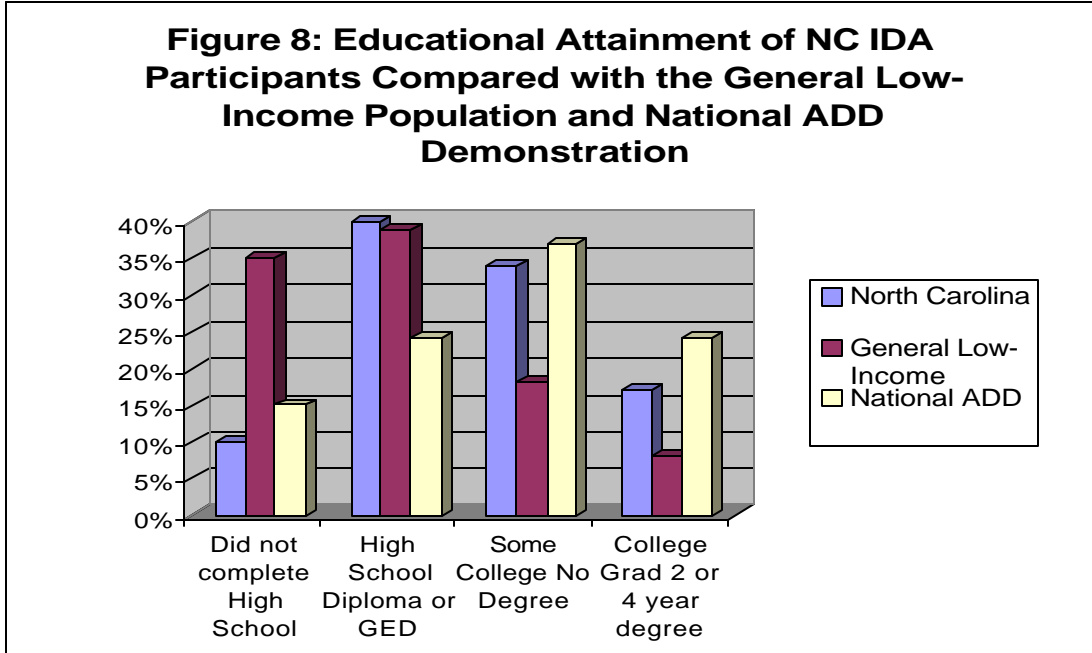
⁴³ Comparison statistics for the General Low Income Population come from the September 1995 Survey of Income and Program Participation (SIPP) from the U.S. Census Bureau. The comparison population consists of those 18 years and older in households with incomes at or below 200 percent of the family-size adjusted poverty threshold (not guideline).

TABLE 5: A Comparison of North Carolina IDA Participants with the National ADD Program and the General Low-Income Population

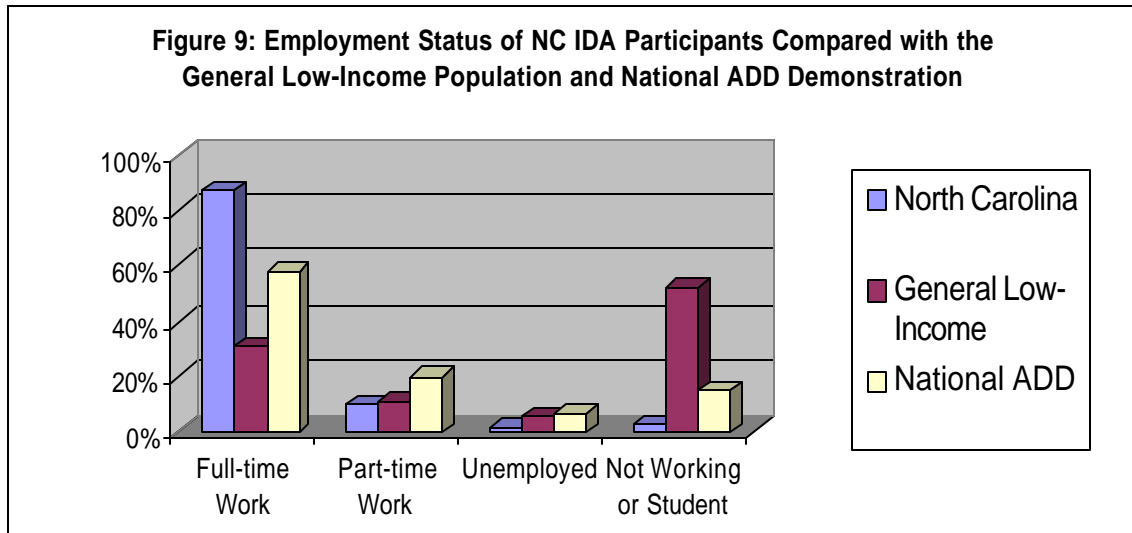
Characteristic	North Carolina	General Low Income	National ADD
GENDER			
Female	85%	59%	80%
Male	15%	41%	20%
RACE			
African-American	78%	16%	47%
White	18%	64%	37%
MARITAL STATUS			
Never-Married	53%	28%	49%
Married	16%	42%	21%
Widowed, Divorced, Separated	31%	30%	28%
EDUCATION			
Did not complete High School	10%	35%	15%
High School Diploma or GED	40%	39%	24%
Attended College but No Degree	34%	18%	37%
Graduated College (2 or 4 year degree)	17%	8%	24%
EMPLOYMENT STATUS			
Employed Full-time	87%	31%	58%
Employed Part-time	10%	11%	20%
Unemployed	2%	6%	7%
Not Working or Student	3%	52%	15%



Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.



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Turning to marital status, both the North Carolina and national ADD participant populations are significantly more likely to have never married than the general low-income population (53 percent in NC, 49 percent in ADD, and 28 percent in the general low-income population) and are significantly less likely to be married currently (16 percent in NC, 21 percent in ADD, and 42 percent general low-income). As discussed earlier, IDA income guidelines create a decided bias towards single heads of households. The share of those divorced, widowed, or separated is roughly equal across all three groups.

Both the population of IDA participants in the ADD program and in North Carolina show significantly higher levels of educational attainment than that of the general low-income population (Figure 8). While more than a third of the general low-income population has less than a high school education, only one tenth of North Carolina's IDA population and approximately one seventh of the national ADD participants are similarly disadvantaged. At the other end of the education spectrum, twice the share of North Carolina participants had either some college or a college degree (51 percent) as did the general low-income population (26 percent). The share of the college-educated was highest in the ADD program (61 percent).

The last striking difference between the three populations emerges in the figures on employment status (Figure 9). In North Carolina, fully 97 percent of IDA participants work either full or part-time, compared with 78 percent of ADD participants and just 42 percent of the general low-income population. North Carolina IDA programs require that participants contribute earned income to their IDA accounts so the fact that almost all of North Carolina's IDA participants are employed is not surprising. The difference in the share of those employed in North Carolina and in the ADD program may reflect the inclusion of some youth IDA programs in the ADD sites, as well as the higher share of the ADD participants who are saving for education and training rather than home purchase. Again, without more complete information we can only speculate on the reasons for these differences. The stark difference in the employment figures for IDA participants and the general low-income population suggests that IDA programs, at least as presently structured, can best be characterized as a program designed for the working poor. The implications of this in terms of their applicability to the broader low-income population needs to be considered if they are envisioned to be an important anti-poverty tool.

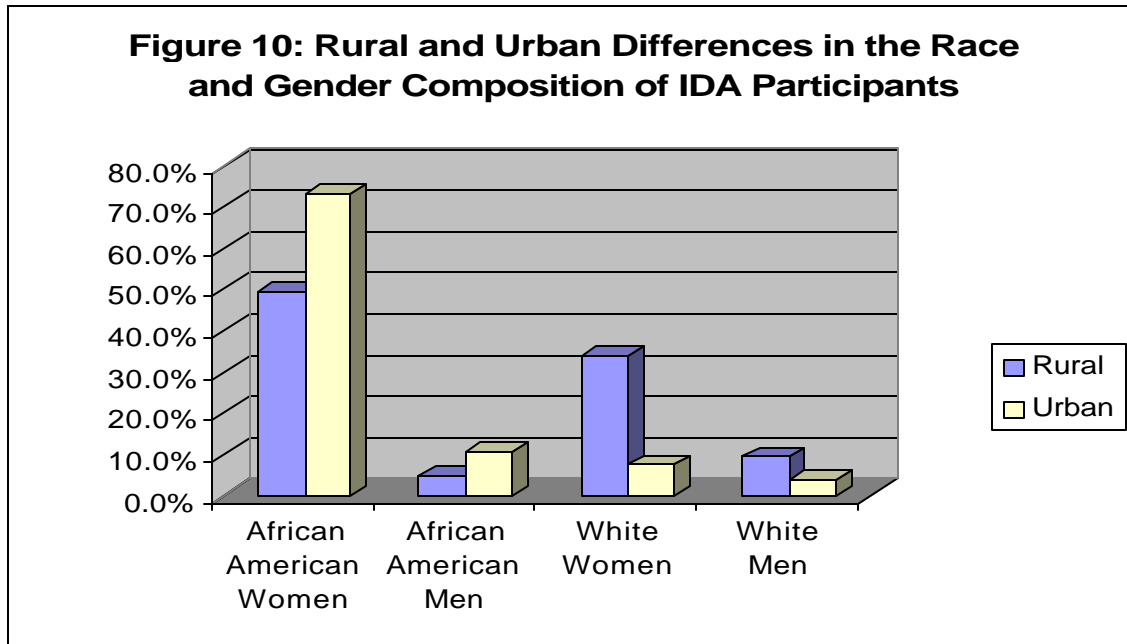
The ADD report's comparison concludes by asserting that, based on three markers of disadvantage (female, African-American, and never-married), the ADD population is somewhat more disadvantaged than the general low-income population. Based on these same three characteristics, this conclusion would hold even moreso in a comparison of North Carolina's IDA population with the general low-income population. However, the IDA population, whether participating in ADD or North Carolina programs, is also more educated and much more likely to be employed than the general low-income population. Thus, along these other measures, it could be considered to be considerably more advantaged.

IS THE POPULATION OF NORTH CAROLINA IDA PARTICIPANTS DIFFERENT IN RURAL AND URBAN COUNTIES?

A comparison of participants in North Carolina's rural and urban counties reveals several significant differences between the two groups, as well as some similarities (Table 6). Probably the most striking difference is that rural participants are less likely to be African-American (54 percent) than urban participants (84 percent). In both

populations, roughly 85 percent of participants are women and 15 percent are men. Because of the lower share of African-American participants in rural programs, the percentage of participants that are African-American women falls from 73 percent in urban areas to just under 50 percent in rural areas (Figure 10). A very small percentage of participants in urban areas are Hispanic (0.9 percent) or Native American (0.6 percent) while no rural participants fall into these two race and ethnicity categories. Rural and urban participants are roughly equally likely to be married (16.5 percent compared with 15.8 percent, respectively) but urban participants are slightly more likely to have children in the household (85 percent urban, 80 percent rural).

TABLE 6: A Comparison of North Carolina IDA Participants in Rural and Urban Counties		
Characteristic	Rural	Urban
GENDER		
Female	83.5%	82.5%
Male	14.1%	14.1%
RACE		
African-American	54.1%	83.9%
White	43.5%	11.5%
Hispanic	0.0%	0.9%
Native American	0.0%	0.6%
Other	2.4%	3.2%
RACE AND GENDER		
African Am Women	49.4%	73.3%
African Am Men	4.7%	10.6%
White Women	34.1%	7.5%
White Men	9.4%	4.0%
MARITAL STATUS		
Never-Married	40.0%	56.3%
Married	16.5%	15.8%
Widowed, Divorced, Separated	43.5%	27.9%
Children in Household	80.0%	85.1%
EDUCATION		
Did not complete High School	13.5%	9.0%
High School Diploma or GED	25.7%	42.7%
Attended College but No Degree	32.4%	34.1%
Graduated College (2 or 4 year degree)	28.4%	14.2%
EMPLOYMENT STATUS		
Employed Full-time	76.0%	81.2%
Employed Part-time	12.0%	6.4%
Fulltime with Additional Job	2.7%	7.9%
Unemployed	2.7%	1.8%

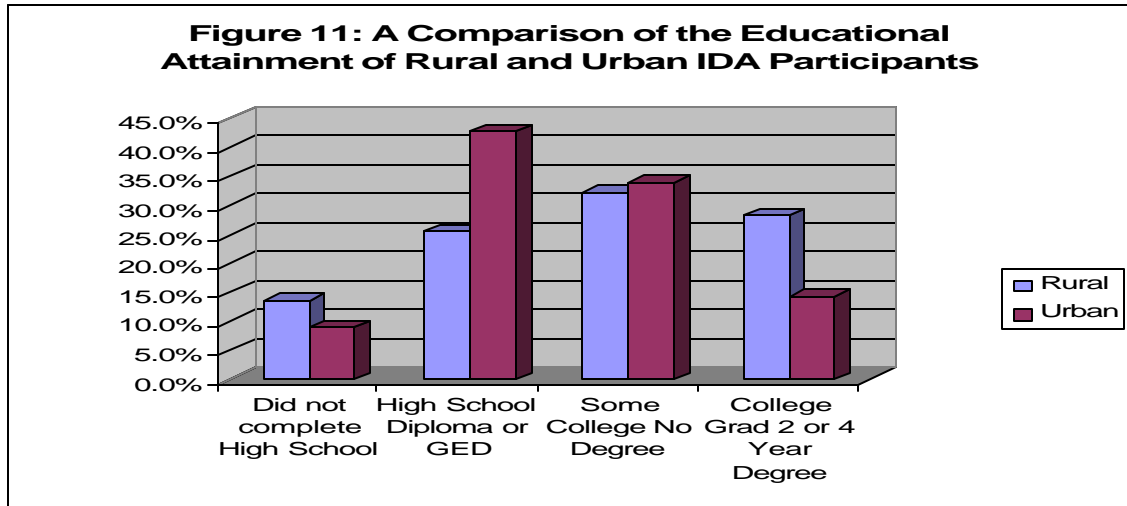


Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.

The data also reveal what could be interpreted as slightly worse labor market conditions in rural areas but we have to urge caution here because of the small sample size for rural areas (85 participants in rural counties compared with 348 in urban counties). We also have too little information to be able to draw many conclusions. As an example, rural participants were equally likely to be working as their urban counterparts (combining the figures for full-time and part-time work) but were twice as likely to be working only part-time (12 percent versus 6.4 percent) (Table 6, Figure 11). Ideally, we would like to know if those working part-time desired full-time work but were unable to find it but this information was not collected. Urban workers were also more likely to be working full-time with an additional job (7.9 percent) compared with rural workers (2.7 percent). This could be interpreted as an indication that jobs are more readily available in urban areas but it could also point to a problem with low-wage jobs in urban areas necessitating workers holding multiple jobs.

A comparison of education levels shows that fewer urban participants had less than a high school education (9 percent versus 13.5 percent) (Table 6, Figure 12). However, and somewhat surprisingly given the generally lower levels of educational attainment in rural areas on average, almost twice the percentage of rural participants had either a two year or a four year college degree (28.4 percent) as did urban participants (14.2 percent). Here again, the incidence of low-incomes among this group of rural participants with high educational attainment may point to an underlying problem of a lack of employment opportunities in rural areas. Given the lack of public transportation options, it is not surprising that a higher percentage of rural participants owned a car (76.5 percent in rural areas compared with 58 percent in urban areas). There were not

major differences in the share of those with either savings accounts or checking accounts in rural and urban counties, or in the share of those with health insurance.

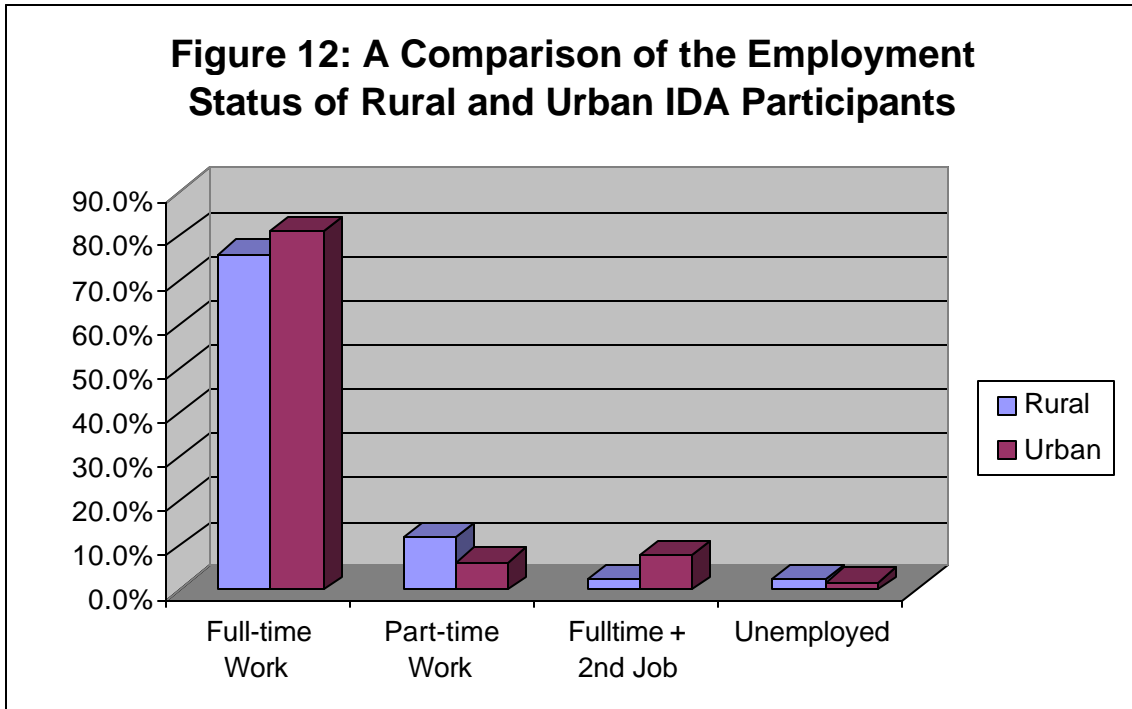


Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.

Lastly, in regard to household income levels at the time participants began the program, we expected to see slightly lower average income levels in rural counties (Table 7). In actuality, the picture appears somewhat more complex. Participants in rural counties reported an average monthly income of \$2,207, \$44 per month higher than the \$2,163 reported by participants in urban counties. When we examine the data on median income, however, the figure for rural households was \$1,361, over \$300 lower than the figure for urban households of \$1,700. Thus, the poorest half of rural households participating in IDA programs must live on significantly less monthly income than the poorest half of urban households with IDA accounts. However, because the range of rural monthly household incomes also appears to be more spread out at the high end⁴⁴, this brings the average monthly income for rural participants slightly above that for those in urban counties.

Table 7: A Comparison of Monthly Income Levels for IDA Participants in Rural and Urban Counties		
	Rural	Urban
Average Monthly Income	\$2,207	\$2,163
Median Monthly Income	\$1,361	\$1,700
Standard Deviation	\$3,945	\$2,975
% Receiving TANF or SSDI or Both*	7.1%	8.3%
* TANF is Temporary Aid to Needy Families, SSDI is Social Security Disability Income.		

⁴⁴ The greater variability in rural monthly income is reflected in a higher standard deviation for the monthly income of rural participants (\$3,945) compared with urban participants (\$2,975).



Data source: Author calculations using Management Information System for Individual Development Accounts (MIS IDA) Data received from the NC Department of Labor.

Our finding that a substantial percentage of NC IDA participants have either a two-year or four-year college degree, as do participants in the national ADD program, raises an interesting question about who participates in IDA programs. We would expect higher levels of education among IDA participants than the general low-income population because IDA participants must be working in order to contribute earned income. However, the finding that a higher percentage of North Carolina’s rural IDA participants have a two or four-year college degree than urban participants is unexpected. We are also surprised by the higher average monthly income levels reported by our sample of rural IDA participants than that reported by urban participants. This would be a fruitful area for future research, especially since it could shed light on how applicable IDA programs might be to the broader low-income population.

CHAPTER 5: ISSUES IN IDA PROGRAM IMPLEMENTATION

In this section we provide our assessment of program implementation issues in three major areas: local IDA program administration; the oversight and support provided by state-level entities; and the role of participating financial institutions. For each of these three major areas of program implementation, we provide recommendations related to best practices and future policy development that are summarized at the end.

LOCAL IDA PROGRAM ADMINISTRATION

Our exploration of local IDA program administration falls into eight areas: outreach and participant recruitment; staffing; program funding; data management; coordination of economic literacy programs; program innovations: employer and youth IDAs; what we can learn from the closure of three IDA programs; and rural issues in program implementation. Each of these areas will be discussed in turn.

Community Outreach and Participant Recruitment

“The program helped me feel confident that I could go out and actually do it. I’m just on a high horse right now. All the hard work, I just feel so good about myself now. I’m not just giving my money away to someone else. I like to see people set goals and get what they want. I’ve told everyone about it.”

~ New homeowner, Charlotte-Mecklenburg Department of Social Services IDA Program

Our review of community outreach and participant recruitment addresses six questions: how do participants learn about the program; how are participants screened and selected; what barriers have programs encountered in recruiting participants; what factors contribute to the successful completion of the program; what are the most important factors in participants leaving the program; and what role do outside community organizations play in the success of IDA programs?

How do IDA Participants Learn About the Program?

IDA programs utilize a variety of means to publicize the program’s availability and the requirements for eligibility. These means include distributing fliers, broadcasting radio spots, making public presentations, issuing press releases, and notifying other public and private organizations that worked with those that might be eligible. In both the program survey and in site visit interviews, programs cite three forms of outreach as the most effective in attracting participants:

- Word-of-mouth, especially by the program participants themselves;
- Public presentations by IDA staff; and

- Referrals from other community organizations and public agencies.

Word-of-mouth appears to be the most important means that programs have for getting program information out into the community. IDA program staff relate that, since a public program may be viewed with some skepticism, having a trusted friend or colleague recommend the IDA program helps to overcome that resistance. Many of the program participants we interviewed mentioned the value of a personal relationship in convincing potential participants that the matching funds were legitimately available and that the IDA staff were dedicated to helping them achieve their goals.

Several programs actively incorporate current participants and program graduates in their recruitment efforts. In Winston-Salem, staff invite program graduates to speak to new account holders in order to lend encouragement and support and to make the possibility of success more tangible. The Edgecombe County Department of Social Services program obtained press coverage of the successful home purchase of one of their account holders that detailed her personal story and the difference the IDA program had made in her life. Several other programs invite IDA program graduates back for special events, such as a party given for participants completing their economic literacy training. Such opportunities allow current participants to see that successful IDA graduates are not different than themselves.

Lastly, in terms of the importance that program staff ascribed to public presentations in publicizing their programs, staff reported that they made presentation to a wide variety of groups. These included groups of clients participating in other programs such as WorkFirst, those who had utilized job referral or education and training services, church groups, and other social and civic organizations. As mentioned previously in the discussion of who participates in IDA programs, adequately publicizing the program in outlying areas of an IDA program's service area continues to be a challenge for some county-wide or multi-county programs.

How are Participants Screened and Selected?

During site visits, virtually all of the IDA programs reported that they had dramatically improved their applicant screening and selection process over time. Two components of the screening process appeared to be most important in this improvement. The first is that sites instituted increasingly sophisticated screening mechanisms for reviewing applicants' financial circumstances, particularly different components of income and debt. For example, the Experiment in Self-Reliance/Forsyth County Department of Housing program in Winston-Salem developed a detailed spreadsheet that lists out each applicant's financial information and automatically calculates debt ratios for use by a review committee that considers an applicant's ability to qualify for a home mortgage.

The second component of improving the screening process for IDA participants consisted of developing staff expertise over time. Programs all reported that the first year of operating their IDA programs resulted in a steep learning curve for staff in identifying

factors that contributed to participant success. Over time, IDA staff had refined their process for interviewing applicants. While IDA staff might not be able to document exactly what it is they looked for in participants in a way that could be standardized, they agreed that they had developed a much better intuitive sense of who would make a good candidate for the program. As a result, programs almost universally reported that the dropout rate for participants declined over time from an average of 30 to 35 percent down to 20 to 25 percent.

IDA staff also offer two cautions in relying too heavily on personal referrals for recruiting participants. The first is that participants may be recruited from too narrow a subset of the eligible population. As an example, programs that operate in a wide geographic area, such as across several counties, may find that their initial group of account holders clusters in one county or city. In order to ensure broad geographic representation, the program must make an effort to recruit new participants across their entire service area. Relying on referrals from existing account holders may serve to reinforce the existing geographic concentration.

A second caution concerning personal referrals is that, while often helpful in publicizing the program, they cannot substitute for a rigorous screening process for applicants. The Charlotte Mecklenburg IDA Program reports that they prefer to have at least one additional source of reference. They find that other agencies or programs within their umbrella agency (the Department of Social Services) had proved to be invaluable sources of referral information because they often had a more complete picture of an applicant's circumstances.

What Obstacles Have Programs Encountered in Recruiting Participants?

In spite of the increasing level of sophistication and success that IDA programs demonstrated in publicizing their programs, 90 percent of programs surveyed still ranked "Making people aware of the program" as a very important barrier to recruiting participants. A second barrier rated as very important by 68 percent of surveyed programs was "Finding people who meet income guidelines and can also make monthly IDA deposits." Program administrators characterized other barriers (adequate referrals, financial incentives, paperwork requirements, required participation in financial literacy education, the high cost of housing, program too long-term) as much less important in recruiting participants.

Table 8: IDA Survey Responses to the Question: How would you rate the importance of the following barriers to recruiting participants?*				
	Very Important	Somewhat Important	Not Important	Don't Know
Making people aware of the program	89%	5%	0%	0%
Finding people who meet income guidelines and can also make monthly IDA deposits	68	26	0	0
Getting adequate referrals from other programs	53	32	11	0
Financial incentives to save are not attractive enough	21	37	32	5
Paperwork requirements are too burdensome for participants	5	21	63	5
Requirements to participate in economic literacy perceived as too burdensome	0	37	37	11
High cost of housing in your area is viewed as a disincentive	32	16	32	16
Participants perceive that the IDA is too long-term and want faster results	16	58	11	11
Other	0	0	0	0
* Because some survey respondents didn't mark an answer for each category, the percentages in each row will not always add to 100.				

The identification of these two factors – making people aware of the program and finding people who met income guidelines but could also save regularly – as the most important barriers to participant recruitment is probably at least in part a function of their being interrelated. The problem in publicizing the program is not so much one of knowing how to do general publicity, but rather one of how best to target the fairly narrow segment of the population that meets income eligibility guidelines, is also working, does not have major credit problems, and so on.

As an example, at the start of the micro-enterprise and education IDA program at Southeastern Community College, staff advertised the program through a series of radio public service announcements. The public responded well to the radio spots. However, because the radio station broadcast to a much wider geographic area than the IDA program served and because it is impossible to include complex income guidelines in a short radio spot, IDA staff were overwhelmed with inquiries from people who did not qualify for their program. The Southeastern IDA program has now refined its outreach program to take advantage of more targeted networks, such as staff in other programs in the College, the Cooperative Extension Service, and local businesses. They have also

widened the geographic area they serve from one county to four counties in order to draw from a larger pool of potential participants.

IDA programs participating in the Assets for Independence Act (AFIA) program emphasized that the program's eligibility limits were too restrictive. Several programs stated that they had decided not to participate in the AFIA program for this reason while others said that if they had known the problems that the stricter guidelines would create, they might have decided not to participate.

"It's a wonderful program and I just wish more people could participate. There were a lot of people who wanted to get into the program but couldn't because their income was just a little too high."

~ Small business owner and current IDA participant, Southeastern Community College IDA Program

To give an example of how the AFIA income guidelines differ from those used by the DOL and DCA CDBG demonstrations, we include a comparison developed by the Experiment in Self-Reliance IDA program which operates in Forsyth County (Table 9). The last row compares the difference in annual income allowed by the AFIA restrictions and those allowed by the NC DOL and DCA demonstration projects, as they would apply to Forsyth County (since Area Median Income is calculated for each county, this figure will differ some by county). Especially for smaller family sizes, the difference is significant. For example, a family of two would be allowed to earn \$12,000 less in annual income under the AFIA program; for a family of three, the difference would be over \$10,000 less. It isn't until family size gets very large that the two begin to converge somewhat.

We also mentioned earlier that income eligibility guidelines, particularly the stricter guidelines set by the Assets for Independence Act (AFIA) program, make it difficult for two-earner households to qualify for IDA programs. As a result, most IDA participants are single women heads of households. IDA staff felt this was unfortunate as it limits the numbers of people who can benefit from the program and where new housing is being built for program participants it creates neighborhoods that lack diversity in family type.

Table 9: Income Eligibility Levels Used by the Assets for Independence Act (AFIA) and NC Department of Labor and NC Division of Community Assistance IDA Demonstrations						
Effective April 2002 for Forsyth County, North Carolina						
Family Size	1	2	3	4	5	6
Poverty Level	\$8,860	\$11,940	\$15,020	\$18,100	\$21,180	\$24,260
100% of Poverty Standard Used by Assets for Independence Act (AFIA)	\$17,720	\$23,880	\$30,040	\$36,200	\$42,360	\$48,520
10% of Area Median Income Used by DOL and DCA Demonstrations	\$31,400	\$35,900	\$40,400	\$44,900	\$48,450	\$52,050
Difference Between 100% of Poverty and 10% Area Median Income	-\$13,680	-\$12,020	-\$10,360	-\$8,700	-\$6,090	-\$3,530

As an example, the Choanoke Area Development Association has built a number of low-income housing developments to increase the supply of housing in its rural counties. These well-built and low-cost homes are available to IDA participants. However, because of income guidelines, these neighborhoods are inhabited almost exclusively by families with a single head of household instead of the mix of families that CADA feels would be more beneficial to the residents of the neighborhood.

A final problem in recruiting participants is one that affects almost every aspect of IDA programs' operations: a lack of funds for program administration. In the specific area of publicity and recruitment, the dearth of administrative funding leads to programs being understaffed which in turns leaves little time for staff to concentrate on outreach as they are overwhelmed with other aspects of operating the program. Lean budgets also force program directors to minimize what they spend for outreach materials, travel, and staff overtime to make public presentations or participate in other outreach activities.

IDA staff also reported almost universally that getting the program underway and getting all the paperwork collected and processed to qualify participants took longer than anticipated. The demands on staff time during this startup period were considerably greater than had been predicted. Moreover, the time between the program start date and the enrollment of participants was extended by the lean staffing levels at most programs. As long as the administrative needs of IDA programs are chronically under-funded, this and other outreach and recruitment problems will likely persist.

What Factors Contribute to the Ability of Participants to Successfully Complete the Program?

The ability of IDA participants to complete the program successfully by saving the required amount of earned income rests squarely on four factors, each of which appears to be almost equally essential: the incentive provided by the provision of matching funds; good case management by IDA staff; effective economic literacy training; and the personal motivation of participants.

Matching funds

The availability of matching funds earned when account holders complete their savings plans provide concrete incentives for participants to enter the IDA program. The prospect of matching funds also helps participants stay enrolled in the program in spite of difficulties they may encounter along the way, such as unexpected expenses for car repairs or sudden illness. While some programs are able to offer matching funds at a ratio of as high as 8.5 to 1, a match ratio of 2 to 1 is far more standard.

Both IDA staff and participants suggested that a match rate higher than 2 to 1 would help make available a broader and higher quality range of housing options, as well as more substantial investments in education and micro-enterprises. For example, staff at IDA programs in urban areas report that participants often have a hard time locating quality housing with the smaller amount of funds available with a 2 to 1 match. Staff of the rural IDA programs also emphasized that a higher match rate would allow participants to get out of trailers and into better quality housing, which in turn would increase the supply of desperately needed quality low-cost rural housing. One suggestion is to allow lower-income families to save at a lower monthly rate but to receive a higher match rate – in effect pro-rating the savings and match rate based on household income. However, even the lower match rate of 2 to 1 provided participants with a great deal of motivation to save for home ownership, business development, or education and training.

Effective Case Management by IDA Staff

While the matching funds provided by the IDA program may draw participants to the program and help them continue towards their goal, both staff and participants agreed that the commitment and expertise of IDA staff probably played the most important role in the ability of participants to succeed. When program directors were asked to rate the importance of a number of factors to their success in administering their IDA programs, every program surveyed rated staff commitment as very important (Table 10). During site visits, IDA staff exhibited an impressive level of dedication to the success of program participants. The term “case management” doesn’t begin to convey the depth of the relationship that often develops between staff and participants. Because IDA staff must often become familiar with the intricacies of a participant’s personal and financial situation, the staff/participant relationship usually requires a significant level of trust.

Table 10: IDA Survey Responses to the Question: How would you rate the importance of the following factors to your success in administering your IDA program?*			
	Very Important	Somewhat Important	Not Important
Staff commitment	100%	0%	0%
Staff training	89	11	0
Technical assistance from the NC IDA Collaborative	63	37	0
Good relationships with participating financial institutions	79	21	0
Adequate funds for administration	79	16	0
Use of MIS IDA monitoring system	53	37	5
Technical assistance on MIS IDA	47	47	0
Supportive relationship with funders	89	11	0
Clear program guidelines from funders	68	26	5
Other	0	0	0
*Because some survey respondents did not select an answer for each category, the percent numbers in each row do not always sum to 100.			

When interviewed, participants spoke with great appreciation of the assistance they'd received from program staff. In many cases, IDA account holders have never had a bank account of any kind. Many come from families who have never had the opportunity to purchase a home or manage a major asset. Since most are single women, many also lack partners with whom to share the risks and rewards of financial decision-making. Given these circumstances, IDA staff play a pivotal role in not only opening up what is often a whole new world of possibilities, but also guiding participants through it in a way that increases their self-confidence and enables them to accomplish something that most thought would never be within their reach.

Several implications for IDA program staffing emerge from the recognition that a supportive relationship between staff and participants is such a critical element of program success. The first, discussed at length elsewhere, is that the chronic shortage of money for staff that is a consequence of the way that most IDA program funding is currently structured results in IDA staff feeling that their capacity to respond to their clients' needs is always being stretched to the breaking point. The second is that, while staff turnover has not been an issue for many programs, for some it has been extremely disruptive and has contributed to participants dropping out of the program. Undoubtedly the problems of inadequate funds for program administration, staff feeling overwhelmed by program responsibilities, and staff turnover all tend to negatively reinforce each other. Addressing the problem of inadequate administrative funds would make a major contribution to ensuring that IDA program staff can perform their jobs effectively.

Some of the most successful programs we studied utilized a team approach to working with their participants. This gave participants a variety of sources of support and advice and spread the workload of supporting participants across several persons.

Oftentimes, the team consisted of one IDA program staff person working with outside collaborators such as an economic literacy provider or the staff from referral agencies in the community. Because of funding constraints, it is unusual for IDA programs to be able to put teams in place using only their in-house staff. However, the Experiment in Self Reliance/Forsyth County Department of Housing IDA program in Winston-Salem has been able to design a support team approach within their own staff that appears to be highly effective. Each IDA account holder has a specific staff person assigned to assist them so that they have one person to go to with questions and can build a personal relationship with him or her. That caseworker then acts as a liaison to a larger team that can troubleshoot problems as they arise. Since staff have different types of expertise, each participant gets the benefit of each.

A final implication of the central role that staff play in ensuring that participants succeed is that this staff function must be built into future models of how IDAs can expand, at least if IDAs are going to continue to address the needs of people with limited incomes, limited experience in managing financial assets, and limited experience in dealing with financial institutions. Simply stated, this is a segment of the population who can benefit enormously from participation in IDA programs but who also require a great deal of personal support. Financial institutions play a vital role in making IDA programs work but they are unequivocal in stating that they are not equipped to provide this kind of counseling and support to account holders.

According to the Vice President of a participating bank in Charlotte, the biggest difference between the IDA program and other programs they have been involved in previously is the one-on-one relationship that the IDA program puts into each individual client through its high level of case management. This individual attention, including the financial literacy training, greatly improves the chances that the IDA account holder will have cleared up credit issues and be ready to get a mortgage loan when they have achieved their savings goal. It makes the IDA participants attractive clients. He said this kind of one-on-one support is difficult for the bank to provide.

Effective Economic Literacy Training

“The economic literacy classes made a great deal of difference. Through the classes on budgeting and saving, I learned all about credit. I don’t think the program could get any easier or any better. I’ve talked to many of my friends and coworkers about the program, everybody I can.”

~ New homeowner, Edgecombe County Department of Social Services IDA Program

Each IDA program requires that participants complete an economic literacy training course that consists of an average of twelve hours of class time. We discuss the content and delivery of economic literacy training in an earlier section where we outline how IDA programs work. Here, we talk about its role in assisting participants to succeed.

When we spoke with current IDA participants or graduates, they cited the economic literacy training they had received as being one of the biggest benefits of their involvement. They found that going through the exercise of tracking their expenses for a week, down to the last nickel, was an eye-opening experience and changed the way that they thought about where their money was going and their ability to save. Learning about credit issues, especially how to improve their credit-worthiness and what kinds of information was available to them, also changed the way they looked at their own financial decision-making.

By the end of the training, most IDA participants felt empowered with the knowledge they'd gained and had made considerable progress in straightening out whatever financial problems they might have. One participant related that she'd found the information so valuable that on one occasion when she couldn't make the training session, she had her seventeen-year-old daughter attend and take notes for her. Without the training, participants felt that completing the program would have been difficult. Equally important, they now knew what they needed to know to be able to stay in their new homes or pursue their education or business ideas by managing their finances successfully in the future.

IDA program staff also attested to the power of the economic literacy training in transforming the way people managed their finances. As a result, several programs had decided to incorporate an economic literacy component into other programs that they operated or to offer it as a free-standing class. Several IDA programs also encouraged potential IDA participants who had credit programs that made them ineligible for the program to take the economic literacy training as a first step towards eligibility. Now that they have more participants that have successfully completed the IDA program, several programs are also considering setting up follow-up training courses on home ownership, retirement accounts, investing, and other financial issues if they can find the resources to support such efforts.

The Personal Motivation of Participants

"In order to save for the IDA, we were down to the bare minimum. We cut back on everything that we could. We never thought about involving the kids but then they had a family night and encouraged us. Our three kids stopped getting their allowance because we told them we were saving for a house. The youngest, who is nine, would tell the older ones not to ask Mommy for money. Now that we have a house, my husband is planting flowers and redoing the grass. I'm giving out the number and telling everybody about the program."

~ New homeowner, Choanoke Area Development Association IDA Program

Even with the best support from IDA staff and the most effective economic literacy training, there is an enormous amount that IDA participants must accomplish on their own to meet their IDA savings goals. This is where personal motivation, bolstered by the support of their families, can make the difference between success and failure.

IDA participants talked about the adjustments that they and everyone in their families had to make in order to be able to save money in a disciplined way each month. Oftentimes accomplishing their goals required changing jobs, working extra hours, or adding another job to the one they already had. Children earned extra money and gave up allowances, meals out, and new clothes in order to contribute to achieving the family's dream. All felt it was well worth it and had changed the way they and their children thought about the future. As one new homeowner put it, "I feel like I'm riding high right now and could accomplish anything I set my mind to."

What Factors Contribute to Participants Leaving the Program Before Completing their Goals?

Overall, roughly thirty percent of IDA program account holders have left the program before meeting their savings goal and earning their matching funds. As mentioned earlier, this share of participants tends to drop as programs gain experience in screening applicants and in learning what kinds of support participants need. Unfortunately, incomplete IDA account records make it impossible for us to calculate an exact rate for the share of persons who opened an IDA account but left the program without receiving matching funds. However, through our program survey and site visit interviews, we know that even experienced programs cite dropout rates in the neighborhood of twenty percent which is a source of frustration for staff and participants alike.

By far the most often cited cause for participants leaving the program is job loss, a problem that has worsened in the recent economic downturn (Table 11). North Carolina has also lost tens of thousands of jobs each year for the past several years due to economic dislocation in traditional industries such as furniture, textiles and apparel, and tobacco-related manufacturing. The results are a significant increase in the amount of job turnover that workers experience as well as the loss of better-paying jobs for jobs that are less stable and more likely to be low paying.⁴⁵

⁴⁵ See Chris Estes, William Schweke, and Sara Lawrence, "Dislocated Workers in North Carolina: Aiding Their Transition to Good Jobs." Published by the North Carolina Justice and Community Development Center, June 2002.

Table 11: IDA Survey Responses to the Question: How would you rate the importance of the following factors in participants leaving the program before completing their goals?*			
	Very Important	Somewhat Important	Not Important
Job loss	74%	11%	0%
Financial emergencies	63	26	0
Illness	37	42	11
Personal problems	47	37	5
Lack of attendance at required economic literacy or other training	21	47	16
Change in family circumstances such as marriage or birth of a child	26	37	21
Moved out of the area	26	26	26
Car troubles (cost of purchase and repair)	26	53	11
Lack of motivation	58	32	0
Other	0	0	0
* Because some survey respondents did not select an answer for each category, the percent numbers in each row do not always sum to 100.			

Since IDA programs require that participants contribute earned income, the loss of a job can make continued eligibility difficult. Program staff do everything possible to help participants find new employment and are generous in allowing delayed IDA account contributions when a family’s wage earner experiences unemployment. However, since the IDA account is often the family’s only source of savings, participants often feel they have no choice but to withdraw their IDA savings in order to tie the family over until new employment is secured.

Financial emergencies were another frequently cited reason for participants leaving the program. Foremost amongst these are unexpected expenses for car repair. Especially in rural areas, a car is close to being an absolute necessity in holding down a job. Even in urban areas, public transit may run for limited hours or be of little practical use when families must negotiate work and childcare schedules. Several staff members interviewed said that they hoped to be able to figure out creative ways to address this problem. In Wake County, the Passage Home IDA program is able to refer people to discounted auto repair and this is a model other programs might wish to duplicate. Most IDA programs are limited to making available small amounts of emergency funds. Many allowed withdrawals from an IDA account for car purchase or repair without penalizing participants. However, a large withdrawal for any reason tended to discourage participants who felt that the progress they had made towards their other IDA goals had evaporated. For families coping with multiple challenges and an unstable job market, even a temporary financial emergency can throw them off balance.

The last frequently cited reason for participant dropout was a lack of personal motivation. While staff do their best to ascertain whether an applicant is sufficiently motivated to commit themselves to a one or two year time horizon, they report that it is impossible to determine at the outset those who will persevere and those who won't. Often staff are pleasantly surprised when someone they predicted would be a marginal participant in economic literacy classes turns out to be a group leader and provides a great deal of support to other class members. On the flip side, some participants who are extremely enthusiastic at the beginning can run into an unexpected obstacle and immediately decide that the program is more than they can handle. An IDA staff person pointed out that one implication of this is that, while it might make theoretical sense to try to divide IDA participants into those who will need intensive support services and those who will not in order to conserve staff resources and minimize program costs, in practice this doesn't work well.

What role do outside organizations play in the success of IDA programs?

IDA programs have found the collaboration of community partners to be invaluable in securing local financial and in-kind contributions, establishing relationships with financial institutions, getting participant referrals, locating sources of technical assistance and volunteers, and establishing local consortia or collaboratives that meet regularly to give their program advice and support. It has also been a means to coordinate with other local, county, and state programs that serve the same low-income population. When asked for their advice to others starting an IDA program, program staff often responded that IDA coordinators should establish relationships with as many organizations in their communities as early on as possible.

Typical members of such local collaboratives include churches and faith-based agencies, community colleges, financial institutions, business associations such as the Chamber of Commerce, local foundations, the public schools, the Cooperative Extension Service, housing agencies, programs such as Habitat for Humanity, and public service agencies. The web of relationships created helps to inform a broader network in the community of the purpose and benefits of the IDA program. When an IDA program needs help in approaching a new financial institution about its interest in being a participant, for example, these relationships can prove to be extremely helpful.

Another benefit of such community relationships is that they can help to avoid unnecessary competition between community organizations and between public agencies that serve the same population. If IDA programs can bring in other public agencies and local organizations as fully committed partners, then everyone benefits from the program's success. One local program stated that part of its success had depended on actively thinking about how to share credit for the program's accomplishments as broadly as possible and then taking every opportunity to put this into action.

Looking ahead in this area, several IDA programs expressed a desire to get local community colleges more involved in delivering economic literacy education as well as

supporting education/training and micro-enterprise IDA account programs. Some community colleges have been very receptive and involved, most noteworthy being Southeastern Community College in Whiteville that runs its own IDA program, while others have been less responsive. The NC DOL is working with the North Carolina Community College System to promote the potential of this collaboration.

A second type of partnership that several IDA programs expressed interest in expanding is that with churches and faith-based organizations that work with low-income families. For example, Passage Home in Wake County is working with several churches with Hispanic members in order to expand its IDA services to this growing population in the state. Churches can be a valuable source of referrals to IDA programs because they actively think about those in their congregations who might benefit.

PROGRAM STAFFING

Staffing levels between IDA programs varies depending on the resources available and ranges from one part-time coordinator to the equivalent of three fulltime staff. Unfortunately, most IDA programs are only able to fund a part-time staff member and must often borrow funds from other programs to do even this bare bones staffing. Program coordinators consistently report that it requires a minimum of one full-time person to run the program and that they could accomplish a great deal more if they could find support for additional staff members. Below is a partial list of functions performed by IDA staff:

- Organize and carry out publicity and outreach activities in order to recruit participants;
- Collect and review financial information from program applicants to determine eligibility;
- Assist participants with credit repair and maintenance;
- Provide employment counseling and referral as needed;
- Identify local partners such as a participating financial institution, economic literacy program providers, other community organizations that can make referrals, etc.
- Oversee the ongoing relationship between participating financial institutions and the program, including monitoring participant financial records on a monthly basis;
- Assess participants' needs for other support services such as childcare, health care, and transportation;
- Provide, or coordinate other partners to provide, economic literacy training to participants;
- Be available to answer questions about personal finances and credit on an ongoing basis;
- Provide follow-up to IDA account holders who miss a monthly deposit to problem-solve and encourage participants to continue in the program;

- Guide account holders through the process of home purchase, business startup, or choosing a suitable education or training program; and
- Maintain program records and fulfill all reporting requirements.

An important issue in determining the appropriate level of funding to staff IDA programs concerns the extent to which a sponsoring organization should be expected to absorb the program costs of operating an IDA program without new funds for administration. For some organizations, integrating IDA functions into staff members' other responsibilities has not been difficult. It has probably been least challenging for organizations that receive funding to carry out a broad mandate of serving low-income families. According to staff at the Choanoke Area Development Association, their being a federally funded Community Action Agency gives them a great deal of flexibility in assigning staff responsibilities as long as they help people work towards self-sufficiency goals. Even in such cases, however, staff are often already over-extended with existing responsibilities. For programs that must find administrative funding for each specific staff responsibility, absorbing IDA program costs into other programs is not an option.

Finding administrative funds has been a problem in other programs as well. According to a report evaluating the first year of the Michigan IDA Partnership (MIDAP), an ADD program,

“Many program staff report that the amount of funding provided for program operations is not enough to pay for the staff time (and non-personnel costs) needed to operate the program. Staff members spend a great deal of time getting participants through the enrollment process so the IDA account can be open. Once participants are enrolled in the program, many need extensive individual support to address their barriers to succeeding in the program. For example, some participants know very little about budgeting and need a lot of individual assistance. Because the amount of direct service funding is limited, few programs can afford to hire a full-time case manager, even though some of them would like to take this step. Since MIDAP direct service funds will not support full-time staff members in most sites, IDA case managers usually also have job responsibilities within other agency programs that support the balance of their salaries. As more participants are added to the IDA program, some programs worry that the case manager's time will be stretched too far.”⁴⁶

Given limited funds for administrative costs, a number of programs in North Carolina recruited VISTA volunteers. These volunteers proved to be vital contributors to their programs, sometimes getting programs up and running almost single-handedly. However, a number of drawbacks exist to a reliance on the VISTA program for providing core staff. First, the VISTA program assigns volunteers for only one year and, as the name volunteer implies, pays them only a small stipend for their work. The expectation of most volunteers is that this is something they are doing as a one-year experience and

⁴⁶ Institute for Social and Economic Development, “Program Evaluation of Year One of the Michigan IDA Partnership”, p. 42.

most leave at the end of their assignment. This causes problems with staff turnover and interrupts the relationship between IDA participants and staff. It also results in the loss of staff expertise and jeopardizes the continuity of the relationships that have been built up between the program and local financial institutions and community organizations. IDA program coordinators stated that, ideally, they would like to use such volunteers as an adjunct to permanent staff but that funding realities often make this impossible.

IDA program staff members have a variety of backgrounds and possess a wide range of expertise. Among the program staff members we interviewed, we found several with a social services background, several with extensive experience in housing programs, an urban planner, a psychotherapist with experience in job counseling, and several with extensive experience working in private business. More important than expertise in specific areas, an ability to relate to the experience of participants and a willingness to be creative and somewhat entrepreneurial in running the program appeared to be most important in making staff effective.

While there does not appear to be one type of background required to make an IDA staff person effective, there are certainly types of expertise that IDA staff members felt they needed to acquire on the job if they didn't possess them already. Among these were knowledge of housing finance, mortgage lending, personal credit issues, household budgeting, computer data entry and financial records management, program administration, identifying and applying for program funding, and program reporting. Many staff members had some limited training at the start of their programs but the desire for more training and assistance appeared to be universal. This was especially true in instances in which one staff person had responsibility for every aspect of the program or had been hired because of their social services background rather than for their expertise in housing or business finance. When asked to rate the importance of a variety of factors to their success in administering their IDA programs, ninety percent of those surveyed responded that staff training was very important.

Training opportunities geared towards IDA staff do exist both within North Carolina and outside the state. In-state opportunities include quarterly meetings organized by the NC Department of Labor, conferences convened by the NC IDA Collaborative (although because of lack of funding these conferences have not been held recently) and one-on-one training and support supplied by Collaborative members and staff from the Department of Labor and Division of Community Assistance. Monthly meetings of the Collaborative also provide programs with a forum for trading information and for requesting assistance from other programs or state agencies. Local training is often also available in the areas of housing and credit finance. Out-of-state training opportunities are available through the Center for Social Development at Washington University in St. Louis, which specializes in training in IDA data management using the MIS IDA system, and at national and international conferences sponsored by the Corporation for Enterprise Development.

While staff training opportunities exist, lack of funds for staff time, enrollment fees, and travel have severely hampered IDA programs from taking advantage of them.

Many of the programs we surveyed reported that, aside from some initial training during startup, they had received no additional staff training. Some reported that they were unable to travel to meetings in Raleigh or elsewhere in or out of the state because of lack of funds. The major unmet training needs appeared to be in the areas of computer data management, and identifying and applying for funding.

PROGRAM FUNDING

Most of North Carolina's IDA programs received their initial financial support from sources that provide funding for several years but which do not provide continuing support beyond an initial demonstration period. Once IDA programs are established, securing funds to continue operating becomes a major challenge. In this section, we address three questions related to program funding: the sources of funds that organizations use to support their IDA programs; the mix of funding to support program administration as opposed to funding for IDA account matching; and our estimate of what it costs to run an IDA program.

Sources of Funds

Local IDA programs have secured funding from a wide variety of sources, including federal, state, and local governments, private foundations, financial institutions, United Way, community organizations, community colleges, the Cooperative Extension Service, and local businesses. The majority of IDA program funding has come from four major sources:

- The North Carolina Department of Labor IDA Demonstration Program that received a one-time funding allocation from the North Carolina General Assembly that it distributed in two rounds of funding;
- The Department of Commerce Division of Community Assistance IDA Demonstration Program that has used Small Cities Community Development Block Grant funds to provide two separate rounds of funding;
- The federal Assets for Independence Act (AFIA) program that has funneled U.S. Department of Health and Human Services funds through the North Carolina Department of Labor in two separate rounds of funding;
- The North Carolina Housing Finance Agency that provided the state's match for the second AFIA grant and pledged an additional set of funds that can be used by local IDA programs doing homeownership IDAs (depending on the demand, not all of these funds may end up being needed).

As of June 2002, these four funding sources had contributed \$4,248,000 to North Carolina's IDA programs (Table 12).

Table 12: Major Sources of Funds for North Carolina IDA Programs	
Source of Funds	Amount
NC General Assembly	\$ 600,000
Department of Commerce Small Cities Community Development Block Grants, two separate allocations.	240,000 500,000
Federal Assets for Independence Act funds administered through NC DOL, two separate program grants.	331,785 666,215
North Carolina Housing Finance Agency:	
1. NC Housing Trust Fund	500,000
2. Mortgage Revenue Bond Program	1,400,000
Total	\$4,248,000

Funds for program administration versus account matching

Funding for IDA programs is used for two primary purposes: program administration, and matching funds for IDA accounts. Program administration funds cover staff salaries and other operating costs while account matching funds go directly to participants at the time that they have achieved their savings goal and are ready to purchase an asset, such as a home. Of the funds contributed by the four major funding sources discussed above, almost all of it has been earmarked for account matching with very little available for program administration. For example, the General Assembly funds included no money for program administration. In the first AFIA grant for \$331,785, less than \$25,000 was included for program administration and had to cover the needs of 13 programs (giving each less than \$2,000 to cover a two year period). In the second AFIA grant for \$666,215, \$86,864 was included for program administration and had to be distributed among 12 programs (giving them an average of just over \$7,000 each to cover a two year period). Funds from the Housing Finance Agency include no funds for program administration.

As a consequence of the almost exclusive preference of funders for providing only matching funds, most IDA programs have had difficulty securing adequate funds for program administration. In our program survey, only one program (6 percent of the total) responded that it had not been difficult to secure administrative funds. The remaining 94 percent responded that it had been either Very Difficult (54 percent) or Somewhat Difficult (40 percent). This appears to be as true for older, well-established, successful programs with a diversified funding base as it does for newer programs.

Again in our program survey, IDA staff identified *too few sources of administrative funding* as the most important factor in their difficulty in securing administrative funds. When asked to rate the importance of "Too few sources of administrative funds" as a barrier to bringing in administrative funds, 68 percent of programs rated it as a large barrier. Out of eight possible barriers to rate, the lack of sources for administrative funds received the highest percentage of programs rating it as a large barrier. IDA programs view the lack of adequate funds for administration as an ongoing challenge. When asked about their confidence to secure adequate funds for

administration over the next three years, no program responded by saying that it felt very confident. Sixty-six percent responded that they were somewhat confident, while the remaining thirty-three percent responded that they were not confident.

Through both our program survey and on-site interviews, IDA staff emphasized the importance of adequate funding of program administration to the success of their programs. On our program survey, the vast majority of IDA programs rated adequate funds for program administration as very important to their success: 80 percent of programs rated adequate funding for administration as very important to their success, with the remaining 20 percent rating it as somewhat important. During our site visits to eleven diverse IDA programs, program staff consistently identified the lack of financial support for program administration as the most important obstacle to their being able to run their programs effectively. Program directors also felt that the lack of support for the administrative operation of their program could jeopardize their ability to continue their program in the future.

While securing funds for the account matching component of IDA programs was also identified as an issue, it does not appear to loom as large as the dearth of funds for program administration. This appears to be a logical outgrowth of the way that much of IDA funding has been structured. We have also been struck by the fact that the largest funders of NC IDA programs (the NC Department of Labor, the NC Housing Finance Agency, the NC Department of Commerce Community Development Block Grants, and the Assets for Independence Act program) provide little if any money for program administration. We discuss this in greater detail in our discussion of the support and oversight provided to IDA programs by state agencies.

Our overall impression is that, while many IDA programs were in the early demonstration project stage, their sponsoring agencies were able to cobble together funding in creative ways to keep them afloat. Local programs had no choice but to be entrepreneurial and somehow managed to pioneer IDA programs on a shoestring. Now that IDA programs have come of age and are working with ever-increasing numbers of account holders, the need for a more realistic and consistent level of program support has emerged as a major issue in their continued growth and development, if not their survival. Programs also specifically mention that they would be able to accomplish a great deal more if they had adequate support, especially for program staff to work directly with families.

In addition, the growing number of IDA programs both within North Carolina and nationally has increased the competition for sources of administrative support, particularly since many funders have a pronounced bias towards awarding matching funds. To further exacerbate this problem, North Carolina's state budget crisis makes looking to other sources of state funds impossible. When asked what types of technical assistance they would like to see the NC IDA Collaborative provide in the future, not surprisingly 90 percent of responding programs suggested assistance with locating and securing funds for program administration as a top priority. For staff who are stretched to

the limit by the need to provide support to participants, finding time to research funding sources and write proposals for funding can prove difficult.

The preference of program funders for awarding matching funds to IDA programs reflects the tone of the current political debate about assistance to low-income families and the programs designed to help them. It is far easier politically to sell public funding guaranteed to go directly to families, especially funding that can be viewed as an investment that will contribute to the families' long-term self-sufficiency. Requesting funds to support the day-to-day staffing needs of a varied network of IDA programs is far more challenging, even if these funds are vitally important in making the investment component work.

A staff member of the North Carolina office of the Corporation for Enterprise Development (CfED) commented that while the politics of IDA funding are understandable, the result has greatly complicated the ability of local programs to raise necessary administrative funds. This staff member suggested that it would probably be much easier for IDA programs to raise match money for IDA accounts from local sources such as businesses, local foundations, and financial institutions than it is for them to try to find sources of operating support. Rather than the state supporting IDAs through matching funds, it might make more sense for the state to underwrite the administrative costs of IDAs and contribute only part of the funds needed for account matching. IDA programs could then concentrate local fundraising efforts on raising more matching funds. For example, local business contributors might be willing to sponsor a certain number of homebuyers each year by contributing matching funds.

Estimating the cost of operating an IDA program

Making an accurate estimate of the actual operating budgets of North Carolina's IDA programs proved to be difficult because of the necessity for programs to borrow staff time and other resources from other programs within their sponsoring agencies. As a result, it was rare for IDA programs to have a free-standing budget designated for their program alone. Another complicating factor is that program size varies, which affects the amount of resources needed, and that programs are in different stages of start-up.

However, through survey information and on-site interviews, we have been able to estimate an annual operating budget that we feel would adequately sustain a program for a year (Table 13). We based the budget on the IDA program providing oversight for somewhere between 25 and 60 IDA accounts. The lower range of 25 accounts reflects the fact that new IDA programs often start out with an allocation of account matching funds to cover somewhere in the neighborhood of 25 to 30 IDA accounts. The upper limit of 60 accounts is based on IDA staff assessments that one person could handle up to 60 accounts, but this number of accounts is only typical of older more established programs.

As reflected in our earlier discussions of staffing, we have included funding for a fulltime IDA coordinator as well as a half-time administrative support person. Both salary estimates are conservative. We have also included funds for staff training and participation in state and national conferences as well as in-state meetings on a regular basis. We did not include one-time expenditures for purchase of a computer and data management software, but this would add an extra \$2,500 to \$3,500 to first year start-up costs if they were needed. To the extent that participating organizations are able to donate overhead costs such as rent and utilities, the operating costs can drop significantly. Account matching funds, which are simply held by the IDA program until they are given to graduating participants, would need to be added to this budget to arrive at a total IDA program start-up cost.

Table 13: Sample Annual Operating Budget for an IDA Program Handling 30 to 50 IDA Accounts	
Budget Category	
IDA Coordinator/Full-time with benefits @20%	\$ 42,000
Administrative Support Person/Half-Time with benefits @20%	17,000
Travel to conferences and meetings	1,000
Staff training	1,000
Printing (outreach, forms, literacy)	500
Mailing costs	500
Office supplies	2,000
Overhead @ 20%	12,800
Total	\$ 76,800

Our estimate of \$76,800 to operate an IDA program for one year works out to \$1,280 per IDA account based on the upper limit of 60 accounts. For 30 accounts, the cost per account doubles to just over \$2,500. We were interested to see if these figures were consistent with the experience of other IDA programs around the country. In a report evaluating the national Downpayment on the American Dream Policy Demonstration (ADD), the Center for Social Development estimates that it cost \$840 per account per year on average to administer IDAs.⁴⁷ For 60 accounts, this works out to a budget of \$50,000 per year. Looking at our budget estimate, we could meet this \$50,000 limit by reducing the salary of the IDA coordinator to \$30,000 plus \$6,000 in benefits. This would save \$6,000 of the \$26,800 reduction needed. We would also need to reduce the administrative support to ¼ time from ½ time; this would save an additional \$8,500. If we eliminated any funds for overhead, we could get down to the \$50,000 figure.

CSD also reported that the costs of administering IDA accounts varied significantly over time. In the first two years of a program’s operation it cost \$118 per account per month or \$1,416 per year. For 60 accounts this works out to \$85,000 per

⁴⁷ Center for Social Development, “Savings and Asset Accumulation in Individual Development Accounts”, p. 170.

year that is actually greater than our budget estimate. However, by the third year of operation CSD reports that administrative costs had dropped to \$176 per account per year. This dramatic reduction in average operating costs per account is attributable to the greater efficiencies possible once a program is up and running, as well as the fact that the ADD demonstration sites were handling large numbers of accounts: 170 on average compared with an average of 50 accounts in North Carolina's IDA programs. Even with economies of scale, however, it is hard to imagine that an IDA program working with 170 participants could manage in the long run with only \$26,000 per year in administrative funds without being heavily subsidized from the sponsoring organization.

Based on the information we received in our survey of IDA program directors and in on-site interviews, few if any of the programs that supplied annual budget information receives anywhere close to this level of operating support from external sources. The director of one very successful program stated that its current budget of \$52,000 needs an additional \$35,000 in staff support to remain viable. Another successful program that is currently getting by with funding for one quarter-time staff person stated that it would like an additional \$70,000 to allow the program to accomplish what is really possible.

At issue may be competing models of how IDA programs should be able to operate that are partially but not wholly inconsistent with one another. The first model posits that as IDA programs mature and handle larger numbers of accounts, they should be able to take advantage of economies of scale and substantially reduce their costs per account. This model also reflects the assumption that once IDA programs are underway, it costs little to maintain IDA accounts on an ongoing basis and most of these costs can be absorbed under existing organizational budgets. Under this model, the net new cost of an IDA program to an established organization is not large and administrative funding needs are minimal.

A second, alternative model assumes that total IDA program staffing needs and program administration costs will remain the same or even grow over time. In the start-up phase, IDA programs are staff-intensive because community partners need to be enlisted, financial literacy programs established, and participants recruited, screened, and counseled. As IDA account numbers grow, the share of staff devoted to supporting participants grows while the share devoted to start-up activities declines. However, while the mix of staff activities may change and the administrative costs per account may decline, the total amount of staff time and other administrative costs needed does not decline over time and may grow as successive waves of participants enter the program.

Of these two models, the second model that assumes a constant or growing level of administrative funding needs for IDA programs better reflects the experience of North Carolina's IDA programs. Based on the evaluation report of the Michigan IDA Partnership cited earlier where they reported frustration with inadequate administrative funds and not being able to hire a full-time IDA coordinator, we suspect that the experience of North Carolina's IDA programs is not unique. Again, while existing IDA programs in North Carolina have been willing to borrow from other sources within their organizations to launch their programs, this strategy is not sustainable in the long run.

IDA administrators now have a more realistic assessment of the amount of staff time that IDA programs require if they are to be run well and provide the maximum amount of benefits to participants. North Carolina will soon lose two IDA programs because of the lack of funding support for program operations. More programs may be lost if this problem is not addressed.

DATA COLLECTION AND MANAGEMENT

Operating an IDA program requires a considerable amount of data collection, data entry, and data management. For each potential participant who applies, the program must collect detailed financial information to determine eligibility. At the time of enrollment, this financial information as well as demographic information must be entered into a data management system so that each participant's progress can be tracked. When monthly account statements arrive from the bank, IDA staff must also enter this information and keep account totals updated. Program funders require regular reports detailing the number of participants, account totals, demographic information, and the like.

The Center for Social Development at Washington University in St. Louis developed a data management system specifically geared to IDAs: the Management Information System for IDAs (MIS IDA) which is widely used by IDA programs around the country. Most IDA programs in North Carolina use MIS IDA but with varied levels of success. While the majority of IDA programs we visited reported that they liked the MIS IDA program and had found it easy to use, a significant minority had found it to be extremely challenging. The IDA programs that found MIS IDA easy to use generally had program staff that already possessed some expertise in using computer spreadsheet programs. If MIS IDA had some minor problem that gave them trouble, they could usually fix it. IDA programs housed within larger organizations also seemed to have fewer frustrations with MIS IDA because they could generally find an in-house source of technical assistance.

For the minority of programs that expressed frustration with MIS IDA, the following were the most common complaints:

- MIS IDA is expensive to purchase: roughly \$1,500 for the basic software plus additional funds for program upgrades. For programs with limited sources of funds for program administration, this is a significant cost.
- In order to operate smoothly, the program requires a fairly up-to-date computer with some capacity. Not all IDA programs possess one or can afford to purchase one.
- The program is difficult to get operating smoothly initially. Even programs that eventually liked MIS IDA said this had been an issue early on. Without a source of technical assistance, some IDA programs gave up.

- Using MIS IDA requires ongoing technical assistance. Some programs either couldn't locate the assistance they needed or couldn't afford the staff training to develop it in-house.
- The program could be better designed to produce useful information for program reporting. Even IDA programs that generally liked MIS IDA mentioned this problem when asked how it might be improved.
- Ideally, the program should be designed to transfer IDA account information from the bank electronically, rather than requiring IDA staff to hand-enter data from each account on a monthly basis. This system will lose its viability very quickly when programs get larger.

Two additional factors arising out of the implementation of IDA programs in the state have also contributed to the problems that IDA programs have had with utilizing MIS IDA. The first is that financial support for staffing for IDA programs at the state level, both for the NC IDA Collaborative and the NC Department of Labor, has not been consistent. This has resulted in turnover and vacancy. Both Department of Labor and IDA Collaborative staff have been invaluable sources of support and technical assistance to local IDA programs. However, in both cases significant lapses have existed when staff to support the IDA program were not in place. Especially for new programs, these periods with limited availability of statewide technical assistance have been detrimental to their smooth implementation of MIS IDA.

Most recently, the Department of Labor had put a more effective system in place to monitor local IDA programs and to collect account data from the 20 IDA sites it helps to oversee. In addition to the IDA and TANF Coordinator position held by Charlotte Gardner, DOL had hired an additional staff person to collect MIS IDA data and to deliver technical assistance to local sites. After a significant lapse of time caused by earlier staffing constraints, the Department was making considerable progress in updating the MIS IDA records for each site and in helping all sites implement MIS IDA. Unfortunately, the technical assistance position became vacant as of June 2002 and the IDA TANF Coordinator position was eliminated due to budget cuts as of August 1, 2002. While the technical assistance position has been filled from within the Department and another staff person has been assigned the job of overseeing the IDA demonstration, staff expertise has been lost that it will take time to rebuild, including expertise in using MIS IDA. On a more hopeful note, the NC IDA Collaborative recently received funding from the Z. Smith Reynolds Foundation. This support will allow the Collaborative to hire a staff person for the next two years who will, among other tasks, deliver technical assistance to local IDA programs.

The second factor contributing to a difficulty in getting all IDA programs to make effective use of MIS IDA is that, unlike the national Downpayment on the American Dream (ADD) demonstration project or the Michigan IDA demonstration, North Carolina's IDA programs have started up over several years and with a variety of funding

sources rather than all at once with one central source of funding and program coordination. The advantage of having IDA programs start all at one time is that state level coordinators can take advantage of scale efficiencies in delivering technical assistance. In the case of the ADD demonstration, the Center for Social Development, which developed MIS IDA, was one of the project's major partners. ADD coordinators built the use of MIS IDA into its program design and provided adequate technical assistance for its implementation.

The difficulties in implementing MIS IDA consistently have had the result of leaving North Carolina with a fragmented and incomplete record of its IDA program information. Currently, the most up-to-date information resides with the Department of Labor, which is the central repository for IDA account information for all IDA programs overseen by the state (this includes those funded by the Department of Labor, Department of Commerce, and the Assets for Independence Act programs). However, some IDA programs have submitted complete records of participants and accounts that go back to the beginning of their programs while others have submitted only very limited information. Recognizing the importance of this data collection, the DOL was in the process of completing these records. However, the current funding cutback and resulting lack of continuity in staff may jeopardize the progress that has been made.

ECONOMIC LITERACY TRAINING

"It's wonderful to see how effective it is to put away money each month. It's very good practice. I've learned that I can save more than I thought I could and I'm continuing to save."

~ Small business owner, Mountain Microenterprise IDA Program

Each IDA program requires participants to complete an economic literacy training program that includes approximately twelve hours of instruction. We provide a description of these programs in an earlier section. In addition, we refer those interested to a publication of the Corporation for Enterprise Development that reviews key program design features of economic literacy programs: "Financial Literacy for Individual Development Account Programs: A Guide for North Carolina IDA Programs."

Few problems emerged in our evaluation concerning the administration of literacy programs by local IDA programs. However, IDA staff and literacy providers did make several suggestions for best practices and how literacy training might be improved:

- Ensure that those delivering the training can relate to the experience of those in the class and can present the information in an engaging way. Also, vary the format and bring in a variety of presenters;
- Keep each class focused on one major topic and limit the time spent in each class often participants have been at work and away from their families during the day.

- Provide some means for class participants to continue to support each other on a regular basis once the class is over, such as through a support group;
- Create a follow-up series of classes once participants have invested in their asset, such as classes on home repair and maintenance;
- Programs expressed an interest in having a standard curriculum for literacy classes. However, they also felt that they needed flexibility in tailoring their approach to their own participants;
- Involve the whole family in financial literacy education, including the children. Participants found that when their children were involved, saving for their IDA account became a family project and increased everyone's motivation.

PROGRAM INNOVATIONS: EMPLOYER AND YOUTH IDAS

The national discussion about the direction that asset acquisition programs might take includes questions about how IDAs can be made available to a broader population. One issue concerns how programs can be financed, and another concerns how IDAs can serve new groups. An innovation that addresses both issues is employer-based IDAs. The principle of an employer-based IDA is the same as the programs we have already discussed, except that the IDA account matching funds are provided for employees by their employer as a workplace benefit. Oftentimes a community organization provides an economic literacy training component and related financial counseling to the participants.

North Carolina has its first employer-sponsored IDA program at Mission St. Joseph Hospital in Asheville that is being operated in conjunction with the Asheville Affordable Housing Coalition's IDA program. With assistance from the Fannie Mae Foundation, the Housing Coalition approached a number of large employers in the area to convince them of the potential benefits to their employees. They worked with the marketing department of the hospital that was spending over 2 million dollars a year on employee recruitment. One of the problems the hospital faces in recruitment is the high cost of housing in Asheville. The hospital views the IDA program as an employee retention strategy and also as a means to house employees within a reasonable distance of the hospital in case of emergencies. It hopes to be able to enroll 120 participants.

In addition to the benefits to hospital employees, the relationship between the hospital and the Housing Coalition also provides a private source of administrative funds for the Coalition's IDA program. The Housing Coalition also reports that two other large employers in the area have expressed interest. If enough such partnerships could be developed, the IDA program would have an ongoing means of support. Passage Home in Wake County is also exploring the possibility of partnering with an employer to start an employer-based program. Once several models are in place and the benefits to employers

are clear, we expect that this innovation will become more common. If an IDA tax credit for financial institutions becomes available as has been proposed in Congress, including employers as an additional qualified group could speed this process.⁴⁸

A second type of IDA that is often discussed in the context of broadening the reach of asset-acquisition programs is IDA programs for youth. There are many versions of how such programs might be structured and what they might be used for (college tuition, training, housing, small business, health care to name a few). North Carolina has one youth IDA program run by the Charlotte-Mecklenburg Department of Social Services. It was created for young adults who were aging out of the foster care system at age 18 and would soon be on their own. The IDA accounts were set up to provide these young adults with a structured way to save for further education or for other expenses such as a rental deposit for a place to live. The participating youth worked at least part-time so that they had earned income to make deposits. According to the staff at the Charlotte-Mecklenburg IDA program, the youth program had met with some success and they were in the process of reviewing their experience with it. They had also found that this age group was challenging to work with because of its orientation to the present.

A recent publication by the Corporation for Enterprise Development identifies 21 Youth IDA programs around the country, almost all of which are urban.⁴⁹ While none of them are in North Carolina, this is a rapidly growing field and we expect that the example in Charlotte discussed above is the type of program that will become increasingly available around the state.

WHAT WE CAN LEARN FROM THE CLOSURE OF THREE IDA PROGRAMS

Over the past year, two out of the twenty-four IDA programs that we originally identified have closed and a third is in the process of closing after the existing participants have completed the program. These are the IDA programs run by Community Developers of Beaufort-Hyde (CDBH), East Carolina Community Development, Inc. (ECCDI), and the Northwest Regional Housing Authority (NWRHA). All three operated in rural counties, CDBH and ECCDI in the eastern part of the state and NWRHA in the northwest.

The reason for ECCDI's decision not to enroll new IDA participants is the most straightforward. According to the program director, they were simply unable to find the funds to continue operating the program. When their existing funds ran out, they had no choice but to close. The IDA program director left ECCDI because there was no money for his position. The current staff member is simply helping the current participants to finish and then will phase the program out. ECCDI also could not find enough administrative funds to hire a fulltime person, which they felt was needed to provide

⁴⁸ For more discussion of this and other policy issues related to the expansion of IDAs, go to the IDA Network website at www.idanetwork.org.

⁴⁹ Giuffrida, Inger. Corporation for Enterprise Development, "Individual Development Accounts For Youth: Lessons from an Emerging Field," December, 2002. Programs are listed in Appendix B. Nineteen programs are clearly identifiable as urban, one as rural, and one we could not discern.

participants with the kind of support and counseling they needed. Without the staff to give the program the attention it need, they reported that their results were somewhat mixed and they weren't able to use all of their 30 IDA slots. However, they did report that they had 13 IDA program graduates that had received matching funds for homeownership, microenterprise, and education.

For the Northwest Regional Housing Authority, inadequate funding for program administration was also at the heart of their reasons for closing the IDA program. Inadequate resources for staffing left them feeling that they couldn't allocate enough time to the needs of participants. The NWRHA is in the midst of several low-income housing development projects that place a lot of demands on staff time. NWRHA also confronted several challenges stemming from the need to cover a large geographic area. Their IDA program spans seven large, rural counties. Participants often lived 30 to 45 minutes away from their IDA staff person and had difficulty with traveling to see them and attend classes. This problem was exacerbated by staff turnover in their field offices. When a staff member left, this broke the tie that had developed between the staff and the participants and resulted in people leaving the program.

The success that NWRHA did have with the IDA program they attributed largely to its integration with their Family Self-Sufficiency (FSS) program. Through FSS, they are operating an escrow account program that also allows participants to save for homeownership. Rather than continuing the IDA program, they have chosen to place their emphasis on the FSS escrow account program that currently has over 250 participants.

The reasons for Community Developers of Beaufort-Hyde closing their IDA program are the most complex because they involve management issues at the CDC that weren't directly related to the IDA program. According to the current executive director, prior staff had made some poor decisions that had put the organization in severe financial difficulty. The CDC had undertaken some aggressive projects to try to bring in revenue but instead had ended up committing a great deal of money and staff time to activities that weren't paying their way. The IDA was one of these projects but was a very small piece of the total picture. Eighteen months ago, he was asked to come in on a consultant basis to see if the CDC could survive or whether they needed an exit strategy. He has put his time into getting the CDC out of debt and repairing its lost goodwill in the community.

CDBH remains enthusiastic about the IDA concept and would like to be able to set up another program eventually. However, they also ran into several challenges with running the program previously. The first was the lack of funds for program administration. Their funding from the NC DOL had no administrative funds while they weren't able to use their DCA funds because they couldn't come up with the local matching money. They suggested that it might be easier to raise match funds locally than to raise administrative money. According to staff at DCA, Beaufort County asked to have the CDBG funds deobligated about two months ago. No matching funds were ever granted to participants, even though they had a number of accounts up and running.

Second, CDBH felt that finding and retaining talented staff to work at the CDC was difficult. Third, the CDC reported that finding participants that met income guidelines but could still manage to make savings deposit each month was challenging.

Looking at these three cases together, the common themes that emerge are the importance of funds for program administration, the problems of staff turnover and retaining high quality staff in programs in more remote locations, and the additional challenges that rural programs appear to face in recruiting participants. In the next section, we discuss the challenges faced by rural programs in greater detail.

RURAL ISSUES IN PROGRAM IMPLEMENTATION

Successful IDA programs can be found in both rural and urban counties in the state. The types of challenges that IDA programs face are similar in rural and urban areas, although their impact is often greater in rural areas. These challenges are of two kinds: those that affect recruitment; and those related to the weakness of the economy in many rural areas.

First, rural programs often confront greater obstacles in identifying and recruiting families to participate in IDA programs. Because their populations are more dispersed, program publicity is more of a challenge. Public transportation is also limited or nonexistent so that travel to economic literacy classes or to financial institutions is more difficult, and childcare and other supportive social services are fewer. In addition, several IDA program staff raised the issue of cultural barriers to recruiting participants. They felt that rural families were sometimes more reluctant to share financial information in a public setting and tended to be more distrustful of public programs that promised benefits that might be perceived as too good to be true. An economy literacy provider working with a rural IDA program suggested that providing the program with the means to conduct home visits, such as the availability of a laptop computer, could help in recruitment.

Five factors appear to be particularly important contributors to the success of rural IDA programs in overcoming these start-up and recruitment challenges:

- IDA programs have a major advantage if they are already working with a clearly-identifiable clientele that could also qualify for the IDA program or if they are partnering with a local agency that can be a good source of referrals;
- The geographic area that the program operates in must be large enough to provide a critical mass of people that would qualify for an IDA. At the same time, program staff must be close enough to where participants live that meeting on a regular basis is possible;
- IDA programs that have a stable source of funds outside of their IDA program funding have an easier time providing the stability in staffing that

makes it possible for staff and participants to develop an ongoing relationship;

- Some experience with housing or microenterprise programs enhances the ability of IDA staff to forge relationships with lending institutions and to get the program up and running in a timely way; and
- Programs need to have an ability to handle the staffing and technical requirements of the Management Information Systems for IDAs. (MIS IDA). IDA program funders should keep these factors in mind when considering which organizations have the best capacity to support an IDA program.

A second kind of challenge that rural programs face is that rural economies generally offer fewer and lower quality job opportunities. When job loss occurs, jobs are often harder to replace. The weaker economies often found in rural counties also limit the opportunities for programs to raise funds from local sources, whether public or private. As a consequence of these factors combined, rural IDA programs responding to our program survey reported that they had half the number of current participants on average as the number reported by urban IDA programs (13.5 versus 30.5). In addition, the three IDA programs that have closed over the past year have all served rural counties. At the same time, rural areas have a more urgent need for low-cost, decent housing, educational opportunities, and economic development compared to many urban areas.

The combination of the compelling need for housing and development in rural areas and their greater challenges in meeting those needs calls for greater attention to the funding and technical assistance needs of programs operating in rural counties. IDA programs generally require a substantial lead time between the point at which they receive initial funding and when they are ready to enroll participants. This is often the most challenging period for IDA programs and is when more intensive and consistent funding and technical assistance would be extremely helpful. The staff we spoke with at several new IDAs operating in rural counties were hopeful about the promise of IDAs but also expressed some feelings of isolation and a desire to have more opportunities to share information. Current funding constraints limit the extent to which IDA staff in remote areas can travel to state-wide meetings or, in some cases, talk with other program staff by telephone. One option that program funders and the Collaborative might consider is the regional model being used by Michigan's IDA programs. In this approach, a regional entity provides technical assistance to a number of IDA programs in their sub-state region. As new IDA programs open in rural counties, special care needs to be taken by the state's oversight agencies, the Collaborative, and other sources of technical assistance to see that their support needs are met.

OVERSIGHT AND SUPPORT PROVIDED BY STATE-LEVEL ENTITIES

Oversight and support of North Carolina’s IDA programs has come from two primary sources: state agencies that oversee funding and implementation of local IDA programs, and the North Carolina IDA Collaborative. Both sources have been instrumental in moving IDAs forward in the state. We begin with a review of the role of state agencies in overseeing and implementing the IDA program.

The Role of State Agencies

Four state agencies in North Carolina participate in the oversight and implementation of IDA programs across the state: the Department of Labor (DOL), the Division of Community Assistance in the Department of Commerce (DCA), the Department of Health and Human Services (DHHS), and the North Carolina Housing Finance Agency (NCHFA). In an earlier section on the history of IDA programs in North Carolina, we described the specific role of each. Here, we address three questions concerning the broader issues of coordination and support on the state level: has the state provided an adequate level of financial support for IDA programs; has the state provided an adequate level of technical assistance to IDA programs; and how well have state agencies coordinated efforts to provide support to IDA programs?

North Carolina's Financial Support of IDA Programs

North Carolina has provided the state's IDA programs with a significant level of financial support. If one includes the state's receipt of two Assets for Independence Act grants from the U.S. Department of Health and Human Services that were applied for by the NC Department of Labor, the funding for IDA programs totals well over four million dollars. This four million dollar investment in IDA programs represents a significant level of commitment to an asset-building strategy by state government. In Table 14, we include again the sources and amounts of state IDA program funding (formerly presented as Table 12).

Table 14: State of North Carolina Funding for IDA Programs*	
Source of Funds	Amount
NC General Assembly	\$ 600,000
Department of Commerce Small Cities Community Development Block Grants, two separate allocations.	250,000 500,000
Federal Assets for Independence Act funds administered through NC DOL, two separate program grants.	331,785 666,215
North Carolina Housing Finance Agency:	
1. NC Housing Trust Fund	500,000
2. Mortgage Revenue Bond Program	1,400,000
Total	\$4,248,000
* This table is the same as Table 12 above.	

In the previous section on local program administration, we discussed the important issue of the need for more funding for administering IDA programs. Since we discussed the issue of adequate administrative funding at some length, we won't discuss it here except to call attention to it again as a central concern in the future development of IDA programs across the state. Instead we turn our attention to several additional issues that emerged in the course of our evaluation concerning state funding for IDA programs:

- IDA supporters would like the state to continue its commitment to IDAs by passing legislation that would allocate new funds to IDA programs, including funds for program administration as well as account matching funds. Included in this funding allocation should be support for at least one staff person to oversee the IDA program in state government, most logically in the Department of Labor.
- The NC Department of Health and Social Services (DHHS) had earmarked \$180,000 in Temporary Aid to Needy Families (TANF) funds for IDA programs. However, these funds were frozen in the spring of 2002 because of concerns that the money would be needed for emergency family assistance. The present TANF program will expire in September of 2002 and Congress is expected to reauthorize it this fall. Participating states will be submitting new TANF plans and IDA supporters hope that DHHS will include funding for IDAs in North Carolina's state plan.
- Several County Departments of Social Services either administer or participate in IDA programs around the state. These include these programs: Mecklenburg County, Forsyth County, Edgecombe County, Cabarrus County, Lexington (Davidson County), and the counties served by the Western Piedmont Council of Governments, along with some newer programs. Several IDA supporters hoped that DHHS would expand its role in getting more county DSS offices involved in supporting IDAs since this has the potential of providing at least part of a stable funding base.
- Through its Division of Community Assistance, the NC Department of Commerce has awarded Small Cities Community Development Block Grant (CDBG) funds to local governments to support 14 IDA programs (four in the original round of block grant funding and 10 more in the round that is currently open). CDBG funds require that recipient local governments raise local matching funds at a one to one ratio. For programs operating in poor counties, finding matching funds can be extremely challenging.

Technical Assistance to IDA Programs

Technical assistance to local IDA program sites from the state has tended to follow the flow of funding. Over the life of the IDA demonstration programs, the

Division of Community Assistance in the Department of Commerce and the Department of Labor have both been instrumental in providing technical support to IDAs. Most recently, among state agencies the Department of Labor has played the lead in supporting and promoting IDAs due its role in securing and administering the two Assets for Independence Act grants to the state. The Department of Labor is also the central repository for IDA account data collection for twenty sites that have received DOL (North Carolina General Assembly), CDBG, or AFIA funds.

Over the past year, the Department of Labor provided the following types of technical assistance to local sites:

- Organized quarterly meetings in different areas of the state so that IDA programs could share expertise and hear presentations on topics of general interest;
- Sent DOL staff that had received training in operating MIS IDA out to sites to help them get the program operating smoothly;
- Advised programs on types and availability of grant funding;
- Helped sites to develop relationships with local financial institutions if needed;
- Instituted a mentoring system so that new IDA programs could benefit from the expertise of a more experienced program;
- Submitted a second proposal to the AFIA program and administered the grant when received;
- Administered both AFIA grants as well as the original General Assembly funding for IDAs;
- Participated in the NC IDA Collaborative's successful efforts to secure funding from the Z. Smith Reynolds Foundation;
- Provided sites with information on best practices and advice on common issues, especially for new programs;
- Participated in all monthly meetings of the NC IDA Collaborative;
- Completely revamped the state's data collection system for IDA accounts;
- Provided leadership to promote the IDA concept by making regular presentations at conferences and other meetings;
- Met with financial institutions in the state to encourage their support and participation in IDA programs; and
- Handled the reporting requirements for the two AFIA grants the state has received on behalf of local sites.

The information we received from our program survey and during local IDA program site visits reflected a very positive view of the efforts of the Department of Labor. The one suggestion we heard consistently was that programs needed more help in identifying and securing money for program administration, as opposed to account matching funds, as was already discussed. An additional recommendation would be to have a small pot of money for technical assistance to IDA programs that either the Department of Labor or the NC IDA Collaborative would administer. This money could be used to bring in outside expertise, for example to bring in someone to make a presentation at a regional IDA conference, or to pay for one-on-one consulting in areas like data management. Often staff from a more established IDA program could provide

valuable technical assistance to a newly-established program but no funds exist to pay for travel and staff time.

The Division of Community Assistance (DCA) in the NC Department of Commerce has also been active in providing technical assistance to the sites that it funds with CDBG money. DCA actively participates in the NC IDA Collaborative and has been a willing partner in coordinating support to IDA programs with the Department of Labor. With DCA's new allocation of CDBG funding for ten IDA programs, DCA staff reported that they expect to increase their level of technical assistance to IDA sites. Local IDA sites expressed appreciation for the DCA assistance they had received to date.

The North Carolina Housing Finance Agency (NCHFA) is the newest state agency participating in IDA programs. NCHFA made available Housing Trust Fund monies to be used to underwrite home mortgages purchased with IDA accounts. This Housing Trust Fund money provided the state match required for the second AFIA grant received in 2001. The technical assistance that the NCHFA provides to local programs consists primarily of answering questions from IDA program staff members who are working with NCHFA funds. As part of that technical assistance, NCHFA published a training guide entitled "Financing Resources for Individual Development Accounts (IDAs)." At a recent meeting of the IDA Collaborative, the NCHFA presented the idea of giving incentives to developers of low-income housing to include IDA programs in their proposals to provide housing for persons with special needs. The Collaborative expressed enthusiasm for the concept and gave suggestions for how it might be structured. If NCHFA does adopt this approach, we anticipate that it will be providing those IDA programs that choose to participate with technical assistance. Lastly, the Department of Health and Human Services does not appear to play an active role in delivering technical assistance to IDA programs at this time.

Coordination Among State Agencies

While state agencies have made significant contributions to the growth and implementation of IDA programs, they have not been able to provide as high a level of coordinated oversight and technical assistance to local IDA programs as is needed. This problem stems from several sources:

- The lack of administrative funding for state agencies to oversee IDA programs:

When the General Assembly allocated funding for an IDA demonstration project, the NC Department of Labor was directed to administer the program in conjunction with the NC Department of Health and Human Services. However, the General Assembly provided no funding to either agency for this purpose. In addition, the DOL receives no money to cover its administrative oversight of the state's two Assets for Independence Act grants from the federal Department of Health and Human Services. The Division of Community Assistance is able to fold its IDA activities into the regular administration of the Community

Development Block Grant program, for which it receives ongoing funds from the federal Department of Housing and Urban Development.

- A lack of consistent IDA program staffing in the NC Department of Labor, which has been designated as the lead agency for IDA program oversight:

Partly as a consequence of the lack of administrative money to the Department of Labor discussed above, IDA staffing at the agency has been subject to turnover and budget cuts. The effects of the recent loss of the IDA/TANF Coordinator position at DOL are not immediately clear but we would expect that it will have a negative impact on the agency's ability to deliver effective assistance to local IDA programs. A second possible unfortunate consequence is that essential data collection on the clients served by local IDA programs may remain incomplete.

- The lack of a more substantial commitment to IDA program development in the Division of Social Services (DSS) within the NC Department of Health and Human Services.

Following the allocation of the IDA demonstration funds from the North Carolina General Assembly in 1997, the NC Department of Labor and the NC Department of Health and Human Services were directed to coordinate the administration of the program. The Department of Labor took the lead in the oversight of the IDA program but, according to interviews with DOL staff, early on there were also coordinating meetings between the two departments as well as with the Division of Community Assistance. The hope was that, because of its role in overseeing the Temporary Aid to Needy Families (TANF) program and other assistance to low-income families through county departments of social services, DHHS would play a pivotal role in encouraging local DSS offices to get involved in promoting IDAs. Over time, these state agency coordinating meetings were no longer held and the Department of Health and Human Services became inactive in participating in the oversight of IDA programs. In 2001, DHHS allocated \$180,000 in TANF funds to IDA programs and it was expected that this commitment would get DHHS more involved. However, these funds were eventually frozen because of a higher-than-expected demand for DHHS-administered funds for emergency family support. The state will be submitting a new TANF plan when Congress reauthorizes the program in the fall of 2002. IDA supporters are hopeful that support for IDAs will be a part of this new state plan.

THE ROLE OF THE IDA AND ASSET-BUILDING COLLABORATIVE OF NORTH CAROLINA

It would be difficult to underestimate the tremendous impact that the IDA and Asset-Building Collaborative has had in influencing the growth and direction of IDAs in the state. Perhaps what is most striking is that, in spite of ups and downs in funding and staffing over a six-year period from 1996 to the present, the Collaborative has remained

such a stable and cohesive group. When asked what had contributed to the success of the Collaborative, members responded that both strong commitment from member organizations and leadership from individuals along the way had played important roles. In addition, the leadership provided by staff in local IDA programs and their success in creating strong local demonstration projects had provided a lot of motivation to the group.

Based on our program survey and site visit interviews, the support expressed by local IDA programs for the work of the Collaborative appears universal. When asked in our survey to rate the importance of technical assistance from the Collaborative to their success in administering their IDA program, all responding programs rated it as either very or somewhat important, with close to two-thirds of programs rating it as very important. A second question asked IDA programs to rate the importance of the Collaborative's contribution to their program in a range of technical assistance areas. On average, IDA programs identified five different areas where they felt the Collaborative's assistance had been very helpful. In keeping with its current role as an umbrella for the state's IDA activities, the two areas of assistance that the highest share of programs rated as "Very Helpful" were providing a forum for trading information with other IDA programs; and Being an advocate for IDA programs (Table 14). A final question asked programs to list what type of technical assistance it would like to see the Collaborative provide more of. Not surprisingly, roughly 90 percent of those programs that had suggestions included help with administrative funding as a priority. Programs listed on-site training in various areas of program management as another priority area.

Looking ahead, the recent receipt of funds from the Z. Smith Reynolds Foundation will allow the Collaborative to hire a staff person again. The Collaborative will use Passage Home as its fiscal agent but its intention is to evolve into an independent non-profit over the next year or two. In its proposal to the Foundation, the Collaborative lists the following as the focus of its efforts over the next two years:

- Raising matching funds and administrative support;
- Policy and legislation;
- Public awareness;
- Technical support; and
- Evaluation and accountability.

Table 15: Responses to the Survey Question: How would you rate the contribution of the following assistance from the Collaborative to your program?				
	Very Helpful	Somewhat Helpful	Not Helpful	Did Not Receive
Identifying sources of funding	63%	16%	5%	16%
Writing and submitting applications for funding	63	16	0	21
Providing information on how to set up an IDA program	53	26	5	16
Providing standardized forms for IDA program operations	42	42	0	11
Locating technical assistance	53	32	0	11
Helping with community outreach	21	37	16	16
Helping with outreach to financial institutions	16	37	16	32
Giving technical assistance for the MIS IDA system	42	26	5	26
Providing a forum for trading information with other IDA programs	79	16	0	5
Being an advocate for IDA programs	89	5	0	5
Assisting with funder reporting requirements	42	32	0	26

Given the uncertain effects of staffing changes at the NC Department of Labor, the Collaborative will have a critical role to fill in helping to coordinate support to local IDA programs at the state level. Since the Collaborative will not be able to replace the work of DOL staff as well as accomplish the other tasks it has laid out for itself, it will need to set priorities and pull in as many resources as possible from other agencies and organizations. One important role the Collaborative could play would be to expand and standardize the implementation of effective practices across sites. In addition to playing this larger coordinating role, a top priority should be to secure ongoing funding for its own work as well as the work of local IDA programs.

THE ROLE OF FINANCIAL INSTITUTIONS

Financial institutions play a critical role in IDA programs by providing participants with interest-bearing savings deposit accounts for their monthly contributions. They also track the deposit history for each account and provide monthly statements to participants and to IDA program staff. IDA programs have developed banking relationships with a range of types of financial institutions: credit unions, banks, and savings and loans. Some programs work with several participating financial institutions while others work with just one. As part of their participation, financial

institutions have been willing to waive the usual fees that might otherwise apply to small saver accounts. Participating savings institutions handled anywhere from a couple of dozen to a couple of hundred IDA accounts at any one time. Many financial institutions also actively participate in IDA financial literacy and home buyer programs, for which they donate staff time. In our survey of IDA program directors, all IDA programs rated having a good relationship with participating financial institutions as either very important (80 percent) or somewhat important (20 percent) to their success in administering their IDA programs.

In talking with IDA program directors and personnel from participating savings institutions, we found that the relationships that had developed between the two usually originated locally rather than being initiated at the financial institution's regional or state-wide offices. The fact that a particular bank worked with the IDA program in one community didn't necessarily mean that it would be working with the IDA program in another community. The commitment of the local branch manager to community development goals appeared to be an important determinant of whether the financial institution chose to participate. Other factors that contributed to the likelihood that a local financial institution would participate were the personal relationships between IDA program staff and bank staff and whether the bank had some kind of small saver account that could easily be adapted to the purposes of an IDA, or what financial institutions refer to as a suitable product.

At each of the eleven IDA program sites where we conducted in-depth interviews, we found that the relationship between IDA programs and participating financial institutions reflected trust and mutual support. Each IDA program reported that it had a strong relationship with financial institution staff, and vice versa. In general, the bank would appoint one staff person to be in charge of the IDA accounts and to be a liaison with both IDA staff and with the staff at nearby participating branches. If problems arose, everyone appeared to know the right person to call, thus keeping the demands on staff time to a minimum when troubleshooting was needed. Oftentimes financial institutions had one designated branch where IDA participants opened their accounts, following which deposits could be made at a larger number of local branches.

The financial institution personnel we spoke with were universally enthusiastic about the IDA program. They cited the following reasons for their support:

- IDAs provided a wonderful community service that benefited many people and could potentially benefit many more. Financial institution staff emphasized that their primary interest, given the limited short-term profitability of IDA accounts, lay in providing a community service.
- The financial literacy training that participants received made them well-informed and responsible account holders.
- The financial institution hoped to develop a long-term relationship with these families, many of whom had not been well-served by financial institutions in the past, and viewed this relationship as potentially profitable.

- The one-on-one relationship between IDA staff and participants was a major asset and was not something the bank could easily provide itself, if at all. An example of this is that the Rowan-Iredell Credit Union had initially started an independent IDA program but has now chosen to work with the Cabarrus County CDC's IDA program as a community partner. The CDC is actually a branch of the Credit Union, an arrangement the CDC reports works well and gives them extra flexibility in providing financing for their homeowners.
- In many cases, though not all, IDA account holders chose the financial institution to be their mortgage lender, another source of profitability for the bank.

In addition to the dimensions of community service and potential profitability, financial institutions also receive Community Reinvestment Act (CRA) credit for their participation in IDA programs. The CRA is a federal law that requires financial institutions to make a certain level of investment in under-served communities. At Waccamaw Bank in Whiteville that participates in the Southeastern Community College IDA program, a staff member with experience in CRA compliance played an important role in pushing the bank's involvement forward by making the bank aware of this added benefit. Also according to one local banker, finding CRA-qualified investment opportunities that do not expose the bank to a lot of risk can be challenging, especially in small communities. IDA accounts, because they are savings accounts with limited withdrawal options rather than checking accounts, are ideal. As mentioned above, they also come with the backup support of IDA program staff and this further reduces the risk to the bank. The one area for improvement mentioned by both IDA staff and financial institutions was the desirability of moving to a system of direct deposit to ensure that monthly IDA deposits receive priority in family budgeting. It is likely that IDA programs and banks will institute this option in the future.

Given the broad-based enthusiasm for the IDA approach voiced by participating local branches of financial institutions, we were surprised to hear some frustration expressed by those working in IDA programs at both the local and state level that banks were not quicker to get involved. This frustration appears to reflect two different issues. The first is that financial institutions that are not familiar with IDAs may worry that the accounts will be high maintenance and a drain on staff resources. Others that don't have a suitable product are unwilling to design a new type of account for the limited number of participants. As IDA programs build more of a track record, this problem should diminish over time. For some IDA programs, especially those in smaller communities with fewer financial institutions, it continues to be an obstacle to getting new programs up and running quickly.

The second issue is that while IDA programs have excellent relations with local banks that have chosen to participate, getting a similar commitment from the bank's regional or state-level offices has been difficult. While local banks see the actual people involved and experience the benefits first-hand, corporate offices may be more concerned with large numbers of accounts and view IDA programs as too small to claim their attention. With the exception of one local branch bank in Wake County, no bank in North Carolina has made a significant financial commitment to IDAs by providing

matching funds or program support. Neither has any financial institution strongly promoted the IDA concept from its central offices to its branch banks. The state's IDA programs were hopeful that this situation had changed when, as part of the conditions for its merger approval, Wachovia Bank made a substantial financial commitment to funding affordable home ownership, including IDA programs, in several states that included North Carolina. However, at present this commitment appears to be a low priority since no money for North Carolina has been forthcoming. Increasing the participation of financial institutions continues to be a priority for the N.C. IDA Collaborative.

CHAPTER 6: PRINCIPAL FINDINGS AND RECOMMENDATIONS

We have divided our findings into two sections: Achievements, and Challenges. Following this, we present our principal recommendations and divide these also into two sections: recommendations for statewide coordination, oversight, and funding; and recommendations for local program implementation.

PRINCIPAL FINDINGS

Achievements:

IDA programs have attracted \$4,248,000 in state and federal resources, including one million dollars in federal funding that represents new monies for the state.

North Carolina currently has 22 operating IDA programs with several more slated to open in late 2002 or early 2003. Thanks largely to the efforts of the NC IDA and Asset-Building Collaborative (including the NC Department of Labor and the NC Division of Community Assistance in the Department of Commerce), IDA programs currently serve 33 rural counties and 10 urban counties.

According to the North Carolina Department of Labor, since IDA programs began in 1999 the first 170 people completing an IDA program had purchased 136 homes, started or expanded 30 small businesses, and made four educational investments. These 170 IDA program graduates had saved an aggregate \$239,750 and received over \$668,000 in matching funds. The value of homes purchased by these IDA participants approached 8 million dollars.⁵⁰

While exact numbers of participants are difficult to ascertain as new accountholders constantly enter the program while others graduate, our research shows that as of September 2002, North Carolina's IDA programs had approximately 540 active participants and the number of graduates had risen to 220.

For hundreds of working low-income families, participation in IDA programs has enabled them to acquire a major asset and has provided a life-changing experience. Though admittedly on a small scale, IDAs have made asset ownership available to a broader group of working families. The vast majority of IDA participants are women (84 percent) are African-American (78 percent) are single (84 percent) and have children (84 percent).

⁵⁰ From correspondence from Charlotte Gardner, former IDA, TANF, and Special Projects Coordinator at the NC Department of Labor to Pheon Beale, Director of Social Services in the NC Department of Health and Human Services dated May 7, 2002.

IDA programs have increased the quality and supply of low-income housing, especially in rural areas where it is desperately needed. For example, both the Lexington and Choanoke Area Development Association (CADA) IDA programs have helped to provide new housing for IDA families, either alone or in conjunction with other community partners. IDA programs have also fostered economic development and employment through micro-enterprise development.

The North Carolina IDA and Asset-Building Collaborative continues to provide effective leadership to the IDA movement within the state and is viewed as a national leader in this regard. Despite changes in funding levels and personnel, the Collaborative has remained a stable and cohesive group with a clear vision for expanding the number of IDA program in the state and supporting the existing programs. It has actively involved the growing number of local IDA programs in its decision-making and information-sharing activities. Recent receipt of an award for organizational support from the Z. Smith Reynolds Foundation should help the Collaborative expand its role further.

On the local level, IDA programs have provided a means for a growing number of North Carolina's financial institutions to get involved in providing new services to a traditionally under-served population. At the local branch level, financial institutions have also provided some financial support to IDA programs. In the case of First Citizens Bank's support of the Passage Home IDA program in Wake County, the financial contribution has been significant.

IDA programs have provided economic literacy education to over seven hundred IDA participants. Several IDA programs have also started offering financial literacy as part of other programs they run or to low-income families in general.

Local IDA programs have assembled an impressive group of dedicated and professional staff who have put together successful programs in spite of multiple challenges. These staff have been effective in delivering the high level of case management services for participating families that IDA programs require.

Through the collaboration of Mission St. Joseph Hospital and the Asheville Affordable Housing Coalition, North Carolina has its first employer-funded IDA program that hopes to provide housing assistance to 120 participants. Several additional IDA programs are exploring the option of employer-based IDAs with local businesses.

The IDA movement has expanded the focus of public policy within the state to include asset building rather than purely income support as a means to alleviate poverty.

Challenges:

The level of administrative funding available to operate most local IDA programs is clearly inadequate. Because IDA programs require high levels of case management, they cannot be operated successfully without adequate levels of staffing. The inadequate funds available for program administration is primarily the result of program funders restricting the use of their grants to IDA account matching and allowing only minimal, if any, funds to be used for program administration. More funds for program administration, particularly multi-year funding, would allow adequate levels of staffing – a minimum of one fulltime person per program -- and thus expand the support available for participating families. Local programs also expressed the need for more assistance in raising funds. A centralized clearinghouse of funding information, perhaps sustained by the Collaborative, is needed.

While state agencies have made significant contributions to the growth and implementation of IDA programs, they have not been able to provide as high a level of coordinated oversight and technical assistance to local IDA programs as is needed. This problem stems from several sources: the lack of administrative funding for state agencies to oversee IDA programs; a lack of consistent IDA program staffing in the NC Department of Labor which has been designated as the lead agency for IDA program oversight; and the lack of a more substantial commitment to IDA program development within the Division of Social Services, NC Department of Health and Human Services. One unfortunate result is that essential data collection on the clients served by local IDA programs remains incomplete.

Corporate offices of North Carolina's financial institutions at the state and regional level have yet to get involved as statewide partners and advocates nor have they provided any significant level of funding to support IDA programs. However, many of North Carolina's financial institutions have developed important partnerships with local IDA programs and have provided some financial support to IDA programs at the local branch level.

IDA program income guidelines restrict the numbers and types of families who can participate. Moreover, they are inconsistent across funding sources. First, income eligibility thresholds limit the participation of two-earner families. Second, the more restrictive eligibility thresholds stipulated by the Assets for Independence Act make it impossible for many families to qualify who could otherwise participate under the less stringent guidelines set by the NC Department of Labor and the NC Department of Commerce demonstrations. Local IDA program staff have stated that it is difficult to find families that have low enough incomes to make them eligible for AFIA funds but that can still save on a consistent basis.

The North Carolina IDA and Asset-Building Collaborative needs to secure ongoing financial support in order to maintain its role as an effective advocate and source of technical assistance and coordination for IDA programs around

the state. Recent funding from the Z. Smith Reynolds Foundation will support a staff person for the Collaborative and will help move it towards full non-profit status.

The success that IDA programs have had in recruiting participants remains uneven. Because the IDA concept is still not well known, generating appropriate publicity and locating appropriate community partners and eligible families takes time and is very staff-intensive. This seems to be particularly true for new programs in rural counties. IDA programs generally require a substantial lead time between the point at which they receive initial funding and when they are ready to enroll participants. This is often the most challenging period for IDA programs and is when more intensive and consistent technical assistance would be extremely helpful.

The challenges that IDA programs face are often the same in rural and urban areas, although the challenges in rural areas tend to be more severe. Successful IDA programs can be found in both rural and urban counties in the state. These challenges are of two kinds:

- **Rural programs often confront greater obstacles in identifying and recruiting families to participate in IDA programs.** Because their populations are more dispersed, program publicity is more of a challenge. In addition, public transportation is limited or nonexistent so that travel to economic literacy classes or to financial institutions is more difficult, and child care and other supportive social services are fewer.
- **Rural economies generally offer fewer and lower quality job opportunities.** When job loss occurs, jobs are also harder to replace. The weaker economies often found in rural counties also limit the opportunities for programs to raise funds from local sources, whether public or private.

As a consequence of these factors, rural IDA programs reported that they had half the number of current participants on average as urban IDA programs (13.5 versus 30.5). In addition, the three IDA programs that have closed over the past year have all served rural counties. At the same time, rural areas have a more urgent need for low-cost, decent housing, educational opportunities, and economic development compared to many urban areas.

Five factors appear to be particularly important contributors to the success of rural IDA programs in overcoming these start-up and recruitment challenges:

- ***Clearly-identified clientele:*** IDA programs have a major advantage if they are already working with a clearly-identifiable clientele that could also qualify for the IDA program or if they are partnering with a local agency that can be a good source of referrals;
- ***Large enough geographic area:*** The geographic area that the program operates in must be large enough to provide a critical mass of people that would qualify for an IDA. At the same time, program staff must be close enough to where participants live that meeting on a regular basis is possible;

- ***Stable source of program funding:*** IDA programs that have a stable source of funds outside of their IDA program funding have an easier time providing the stability in staffing that makes it possible for staff and participants to develop an ongoing relationship;
- ***Experience with housing and/or microenterprise:*** Some experience with housing or microenterprise programs enhances the ability of IDA staff to forge relationships with lending institutions and to get the program up and running in a timely way; and
- ***Ability to handle data requirements:*** Programs need to have an ability to handle the staffing and technical requirements of the Management Information Systems for IDAs. (MIS IDA).

IDA program funders should keep these five factors in mind when considering which organizations currently have the necessary capacity to support an IDA program, as well as how to assist other organizations to develop the required capacity.

Three IDA programs have closed or are in the process of closing that served 11 rural counties. While the reasons for each program closing are slightly different, a consistent problem that each confronted was the lack of funding for program administration. The additional difficulty faced by rural programs in recruiting participants and the additional lead time they often require to get underway made the lack of funding for program administration more severe.

More consistent documentation of post-program outcomes is needed. For example, little data exists on the survival and job creation rates of IDA-funded microenterprises beyond anecdotal accounts from IDA staff. As more participants purchase homes and start or expand businesses, it will also be important to document their experiences.

Based purely on income eligibility guidelines, many more families qualify to participate in IDA programs than are currently being served or could be served with existing capacity. According to the Corporation for Enterprise Development, over 1.8 million North Carolina taxpayers would qualify to participate in a modest federal tax credit program that uses income restrictions very similar to those used by the Assets for Independence Act.⁵¹ The current IDA program model that relies on intensive case management services seems to work well for the group of low-income families that participate. In addition, financial institutions are unequivocal about their lack of capacity to provide this kind of support. Thus, it is not clear that the current

⁵¹ This estimate from CFED is based on the provisions of HR 7, a substitute to S. 1924: the Charity, Aid, Recovery and Empowerment (CARE) Act sponsored by Senators Lieberman and Santorum. The estimate uses Tax Year 1999 data, Individual Tax Returns, Publication 1304 (Rev. 10-2001), Internal Revenue Service. Income eligibility guidelines are that single taxpayers must have adjusted gross income below \$18,000, heads of households below \$30,000, and joint filers below \$36,000 (see www.idanetwork.org). These income levels are very close to the more restrictive levels stipulated by the Assets for Independence Act (AFIA) that use 200% of the poverty level. However, since AFIA has more income categories based on family size, the two are not directly comparable.

case management model is compatible with the goal of serving large numbers of families without significant increases in program staff.

Due to data limitations, we were unable to address several questions that should be explored in future research. First, the incomplete records for IDA accountholders made it impossible to calculate a reliable dropout rate or to make comparisons in savings rates between programs, including a comparison of programs operating in rural and urban counties. Second, the demographic data we do have indicates that IDA participants both in North Carolina and in the national ADD demonstration differ in significant ways from the general low-income population, particularly in their high levels of education and work effort. This raises the question of how applicable IDA programs might be to the broader low-income population. Finally, conducting focus groups of IDA participants would enable researchers to find out more about the experience of IDA participants and how the programs have impacted their lives.

PRINCIPAL RECOMMENDATIONS:

State-Level Coordination, Oversight and Funding

- The NC General Assembly should renew state support of IDA programs through a new allocation of funding. In addition, the structure of state financial support to IDAs should be revised to include more funds for program administration while encouraging local programs to raise a greater share of account matching funds.
- State agencies involved in IDA oversight and funding should increase their level of coordination and should work closely with the NC IDA and Asset-Building Collaborative. Quarterly meetings between the NC Departments of Labor, Commerce, Health and Human Services, and the NC Housing Finance Agency are called for. The consistent participation in monthly meetings of the NC IDA Collaborative by the Departments of Labor and Commerce have been of benefit and we recommend that staff from the Department of Health and Human Services and from the NC Housing Finance Agency also attend. Given recent staffing changes in the Department of Labor and the new capacity of the Collaborative due to the receipt of grant funding, we recommend that state agencies and the Collaborative meet to discuss roles and responsibilities to ensure adequate assistance to local IDA programs.
- State-level agencies such as the NC Department of Labor and the NC Division of Community Assistance and the NC IDA and Asset-Building Collaborative need to secure adequate funds and staffing to provide more consistent oversight of and technical assistance to local IDA programs. One model to consider is that used in the Michigan IDA program where regional entities provide technical assistance to the IDAs in their sub-state region.

- The General Assembly or the responsible state agencies should revise the state-defined income eligibility requirements to allow more two-income households to qualify for IDA accounts. In the case of eligibility standards set by the federal Assets for Independence Act, state officials must convey to the U.S. Department of Health and Human Services the desirability of changing the income standard to the 80 percent of area median income standard used by state programs, rather than the more stringent 200% of poverty standard set by AFIA. This has been an issue for both urban and rural programs, but especially in urban areas where housing costs are high, the AFIA income guidelines don't allow families enough income to afford to buy a home. In North Carolina, one urban IDA program opted not to participate in AFIA for this reason.
- Program funders should increase the IDA match rate from 2/1 to 3/1 or 4/1 to allow the purchase of better quality housing or more substantial investments in microenterprise or education and training.
- State oversight agencies must ensure that each local IDA program reports its IDA account data to a central clearinghouse, currently the Department of Labor, in a timely manner. Prompt reporting of program data should be a required condition of funding, including new block grant funding from the Division of Community Assistance. To ensure that these requirements can be met, each program must have a fully functioning data collection and management system in place. For some programs, this may require additional funding for updated computers as well as more technical assistance.
- State agencies, the Collaborative, or both should provide additional technical assistance to IDA sites through three means: establishing a state-wide clearinghouse for information on potential sources of funding for local IDA programs; distributing a regular newsletter or the establishing an information exchange website; and organizing an annual conference on local IDA program implementation.
- The NC Department of Health and Human Services should become more involved in supporting IDAs and should encourage county Departments of Social Services offices to participate. In addition, DHHS should include IDAs in the state's new Temporary Aid to Needy Families (TANF) plan.
- IDA program funders should provide additional grants to be administered by the NC Department of Labor or the NC IDA Collaborative to increase technical assistance to local IDA sites from a variety of sources, including outside training, attendance at IDA conferences, and site-to-site mentoring.
- The NC DOL, the Division of Community Assistance, and the Collaborative should work together to establish an effective means for experienced IDA programs to mentor new programs. The NC DOL had started to put such a

program in place but some new programs lack this valuable program-to-program support.

- North Carolina’s financial institutions need to be more active leaders and supporters of the state’s IDA programs at the statewide or regional corporate level. The NC IDA Collaborative has worked consistently to encourage state and regional financial institutions to get more involved in supporting IDAs but with limited success. It may require more involvement from state officials at the level of the Congressional delegation, the Governor’s Office, the General Assembly or department heads to move this forward.
- If technically feasible, the Center for Social Development (CSD) at Washington University in St. Louis should revise its Management Information System for IDAs (MIS IDA) to be able to download account data from financial institutions electronically. In addition, CSD should consider ways to lower the price of MIS IDA software as well as subsequent upgrades to make it more affordable for local IDA programs. Without these changes, local sites are likely to continue to have difficulty collecting important information such as dropout and savings rates.

Local Program Implementation

The following recommendations flow out of our findings on practices that appear to support the growth of strong local IDA programs.

- Incorporate IDA program graduates in the recruitment of new participants;
- Provide a means for IDA programs that have developed an effective process for screening new applicants to share this and other advice for program implementation with less-experienced programs;
- Use a broad network of community organizations and other public agencies as sources for referrals;
- When possible, put together a team approach to supporting participants both within the program and by utilizing outside resources;
- Provide follow-up economic literacy training in areas such as home maintenance, saving for retirement, investment, and college planning;
- Consider ways to address transportation issues, such as a program that provides discounted auto repairs;
- Establish local collaboratives of community businesses, agencies, and organizations to support the work of the IDA programs;

- Utilize every opportunity to share credit for the success of the IDA program with community partners;
- Whenever possible, utilize VISTA volunteers as adjunct staff rather than as a substitute for permanent IDA staff;
- Secure adequate funds for IDA staff training, including travel to statewide meetings and conferences;
- To avoid problems caused by participants dropping out of the program and leaving empty slots, over-enroll participants initially to account for expected attrition;
- Explore mechanisms for direct deposits to IDA accounts to ensure that IDAs receive a high priority in family budgeting; and
- Explore the potential for rural program staff to conduct home visits to potential participants, as well as enrolled participants, to reduce the effects of lack of transportation and cultural barriers, such as the reluctance to share information about family finances in a public setting.

Directions for Future Research

- Once better IDA program data are available, a cost-benefit analysis should be performed that can compare the IDA approach with more traditional anti-poverty programs as well as other asset-based approaches. For example, the Family Self-Sufficiency Program has an innovative escrow account program for residents of public housing. This escrow account allows low-income families to save for future goals, such as purchase of a home, in a similar way to an IDA program. It would be extremely useful to compare these two low-income homeownership savings programs in terms of costs and outcomes, especially in terms of their applicability in rural and urban areas.
- As they are presently structured, IDA programs primarily benefit the working poor, as opposed to the broader low-income population. However, there may be ways to broaden their applicability to groups that are only participating in a limited way at present, if at all, such as the very low-income, the state's growing Hispanic population, and persons with disabilities. For example, making public assistance benefits eligible as a source of IDA account savings could make IDAs a useful tool for those with disabilities who receive a steady stream of income through Social Security Disability Insurance that could be combined with any income they receive through earnings. In addition to research to explore these questions, a statewide summit of those involved in IDA programs and other asset-building strategies to ascertain the future direction of asset-based policies in the state would be timely.

- A longitudinal study that followed IDA participants over time would provide valuable information about the experience of participating families, characteristics that were associated with successful completion of the program, and outcomes such as whether families were able to continue to meet mortgage obligations, save, and operate small businesses. Focus groups of program participants would be a valuable component of such a study.
- Of the 170 IDA participants who had used their IDA accounts to make an investment, only four had used their savings for education. Several logical explanations to account for the limited number of education IDAs were discussed earlier. However, the question remains open whether education IDAs hold potential with some restructuring and this needs to be investigated.

CONCLUSION

North Carolina has a strong and growing network of Individual Development Account programs. Effective leadership from the North Carolina IDA and Asset-Building Collaborative and from the North Carolina Departments of Labor and Commerce, as well as from local IDA program staff, has helped this network expand rapidly. However, the state's IDA movement is at a critical juncture. In order to continue to thrive, IDA programs need more consistent funding and technical assistance, with a particular need for funding that will support program administration and adequate staffing levels. This is particularly true for IDA programs that operate in the more challenging environment of the state's rural counties.

The challenges faced by North Carolina's IDA programs are similar to those confronted by IDA programs across the country. Moving IDA programs from the demonstration program stage to an institutionalized asset-building infrastructure will require the necessary investments to reach "scale" and to continue to meet high standards of service delivery and performance. The current IDA program model that relies on intensive case management services seems to work well for the group of low-income families that participate. In addition, financial institutions are unequivocal about their lack of capacity to provide this kind of support. However, it is not clear whether this model is compatible with the goal of serving much larger numbers of families. Creative thinking is needed to reconcile this dilemma. While IDAs hold great promise, they need continuing evaluation to judge how they can best serve the larger low-income population and to assess where they fit into the larger universe of strategies to alleviate poverty.

APPENDIX A: PROFILES OF NORTH CAROLINA IDA PROGRAMS

The Affordable Housing Coalition of Asheville and Buncombe County operates its own IDA program and is also the umbrella organization for IDA programs operated by Eagle Market Streets Development Corporation and the Mountain Microenterprise Fund:

Sponsoring Organization	Affordable Housing Coalition of Asheville and Buncombe County
Start Date	April 1998
Type of Organization	Affordable Housing Coalition
Demonstration Project	NC Department of Labor / NC Department of Commerce
Counties Served	Asheville City, Buncombe
Rural or Urban	Urban
Region within North Carolina	West
Current Number of IDA Participants	12
Total Funded IDA Slots (current + unfilled + graduates)	37
Number of Program Graduates	10
Program Focus	Homeownership, Microenterprise, Education
Partner Financial Institutions	Clyde Savings Bank
Program Status	Ongoing
Contact Information	Charmayne Morrison Charmaynem@ahcebc.org Affordable Housing Coalition 34 Wall Street, Suite 607 Asheville, NC 28807 (828) 259-9216 or 259-9518

Sponsoring Organization	Eagle Market Streets Development Corporation
Start Date	November 1999
Type of Organization	Under the umbrella of the Affordable Housing Coalition of Asheville/Buncombe (above)
Demonstration Project	NC Department of Labor/Assets for Independence Act (AFIA)
Counties Served	Asheville City, Buncombe
Rural or Urban	Urban
Region within North Carolina	West
Current Number of IDA Participants	24
Total Funded IDA Slots (current + unfilled + graduates)	24
Number of Program Graduates	0
Program Focus	Education
Partner Financial Institutions	Clyde Savings Bank
Program Status	Ongoing
Contact Information	Karen Dyer kdyer@eaglemarketstreets.com Eagle Market Streets PO Box 3015 Asheville, NC 28802 (828) 281-1227

Sponsoring Organization	Mountain Microenterprise
Start Date	October 1999
Type of Organization	Under the umbrella of the Affordable Housing Coalition of Asheville/Buncombe (above)
Demonstration Project	NC Department of Labor / NC Department of Commerce / Assets for Independence Act (AFIA)
Counties Served	Buncombe, Henderson, Madison, Transylvania, Haywood, Swain, Graham, Jackson, Clay, Macon, Cherokee, Polk
Rural or Urban	11 Rural, 1 Urban
Region within North Carolina	West
Current Number of IDA Participants	23
Total Funded IDA Slots (current + unfilled + graduates)	36
Number of Program Graduates	13
Program Focus	Microenterprise
Partner Financial Institutions	Clyde Savings Bank
Program Status	Ongoing
Contact Information	Ellen Baker ellen@mtnmicro.org Mt. Microenterprise Fund 29 ½ Page Avenue Asheville, NC 28801 (828) 253-2834 ext. 15

Sponsoring Organization	Community Developers of Beaufort-Hyde, Inc.
Start Date	January 1998
Type of Organization	Community Development Corporation
Demonstration Project	NC Department of Labor / NC Department of Commerce
Counties Served	Beaufort, Hyde
Rural or Urban	Rural
Region within North Carolina	East
Current Number of IDA Participants	0
Total Funded IDA Slots (current + unfilled + graduates)	0
Number of Program Graduates	0
Program Focus	Homeownership, Education
Partner Financial Institutions	Wachovia Bank
Program Status	Closed
Contact Information	Wade Home wadehome@msn.com PO Box 115 Bellhaven, NC 27810 (252) 943-3058

Sponsoring Organization	Cabarrus County CDC
Start Date	September 1999
Type of Organization	Community Development Corporation
Demonstration Project	NC Department of Labor
Counties Served	Cabarrus
Rural or Urban	Urban
Region within North Carolina	South Central
Current Number of IDA Participants	20
Total Funded IDA Slots (current + unfilled + graduates)	43
Number of Program Graduates	23
Program Focus	Homeownership, Education
Partner Financial Institutions	Rowan – Iredell Credit Union
Program Status	Ongoing
Contact Information	Louise Mack Lmack@prodigy.net Cabarrus County CDC PO Box 1095 Concord, NC 28206 (704) 786-7405

Sponsoring Organization	Charlotte-Mecklenburg IDA Consortium
Start Date	June 1998
Type of Organization	Department of Social Services
Demonstration Project	NC Department of Labor
Counties Served	Mecklenburg
Rural or Urban	Urban
Region within North Carolina	South Central
Current Number of IDA Participants	79 in January 2002 (survey data)
Total Funded IDA Slots (current + unfilled + graduates)	Information not provided.
Number of Program Graduates	29 as of January 2002 (survey data)
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	Bank of America, Charlotte Metro Credit Union
Program Status	Ongoing
Contact Information	Sharon Lewis lewissf@co.mecklenburg.nc.us Charlotte Mecklenburg IDA 201 Billingsley Rd. Charlotte, NC 28211 (704) 336-7972

Sponsoring Organization	Choanoke Area Development Association (CADA)
Start Date	June 1999
Type of Organization	Community Action Agency
Demonstration Project	NC Department of Labor/Assets for Independence Act
Counties Served	Halifax, Northampton, Bertie, Hertford
Rural or Urban	Rural
Region within North Carolina	North East
Current Number of IDA Participants	62
Total Funded IDA Slots (current + unfilled + graduates)	101
Number of Program Graduates	6
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	Centura Bank
Program Status	Ongoing
Contact Information	Sallie Surface ssurface@nc-cada.org CADA PO Box 530 Rich Square, NC 27869 (252) 539-4155

Sponsoring Organization	Davie County Department of Social Services
Start Date	January 2002
Type of Organization	Department of Social Services
Demonstration Project	Assets for Independence Act
Counties Served	Davie
Rural or Urban	Rural
Region within North Carolina	Central
Current Number of IDA Participants	0
Total Funded IDA Slots (current + unfilled + graduates)	20
Number of Program Graduates	0 (new program)
Program Focus	Housing
Partner Financial Institutions	Central Carolina Bank (CCB), Bank of the Carolinas
Program Status	Ongoing
Contact Information	Karen Smith Karen.smith@co.davie.nc.us Davie County DSS PO Box 517 Mocksville, NC 27028 (336) 751-8805

Sponsoring Organization	Durham Regional Financial Center
Start Date	1997
Type of Organization	Community Development Corporation
Demonstration Project	City of Durham
Counties Served	Durham
Rural or Urban	Urban
Region within North Carolina	North Central
Current Number of IDA Participants	Information not provided.
Total Funded IDA Slots (current + unfilled + graduates)	Information not provided.
Number of Program Graduates	Information not provided.
Program Focus	Homeownership
Partner Financial Institutions	Self Help Credit Union
Program Status	Ongoing
Contact Information	Michelle Reavis cccsfssmr@hotmail.com Durham Regional Financial Center 413 E. Chapel Hill St. Durham, NC 27701 (919) 688-3381

Sponsoring Organization	East Carolina Community Development, Inc. (ECCDI)
Start Date	July 1997
Type of Organization	Community Development Corporation
Demonstration Project	NC Department of Labor / Assets for Independence Act (AFIA)
Counties Served	Craven, Carteret
Rural or Urban	Rural
Region within North Carolina	East
Current Number of IDA Participants	25 in January 2002 (survey data)
Total Funded IDA Slots (current + unfilled + graduates)	30
Number of Program Graduates	13 as of January 2002 (survey data)
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	First Citizens Bank
Program Status	After current accountholders finish, the program is set to close due to lack of operating funds
Contact Information	Christy Montanye East Carolina Community Development, Inc. 315 Turner St. Beaufort, NC 28516 (252) 504-3996

Sponsoring Organization	Edgecombe County Department of Social Services
Start Date	July 1998
Type of Organization	Department of Social Services
Demonstration Project	NC Department of Labor / Assets for Independence Act (AFIA)
Counties Served	Edgecombe
Rural or Urban	Rural
Region within North Carolina	North East
Current Number of IDA Participants	28
Total Funded IDA Slots (current + unfilled + graduates)	66
Number of Program Graduates	8
Program Focus	Homeownership
Partner Financial Institutions	Centura Bank, Wachovia Bank
Program Status	Ongoing
Contact Information	Latasha Williams Latasha_williams2000@yahoo.com Edgecombe County DSS 301 S. Fairview Rd. Rocky Mount, NC 27801 (252) 985-5086

Sponsoring Organization	Experiment in Self-Reliance/Forsyth County Department of Housing	
Start Date	March 1999	
Type of Organization	Community Action Agency / County Housing Department	
Demonstration Project	NC Department of Labor / NC Department of Commerce Division of Community Assistance / Assets for Independence Act (AFIA)	
Counties Served	City of Winston-Salem, Forsyth County	
Rural or Urban	Urban	
Region within North Carolina	North Central	
Current Number of IDA Participants	116 (over-enrolled in anticipation of future funding and to allow for some program dropouts).	
Total Funded IDA Slots (current + unfilled + graduates)	98	
Number of Program Graduates	43	
Program Focus	Homeownership, Education, Microenterprise	
Partner Financial Institutions	Bank of America	
Program Status	Ongoing	
Contact Information	Dan Kornelis 1dwk38@earthlink.net Forsyth Co. Dept of Housing 660 W. Fifth St. Winston-Salem, NC 27101 (336) 727-2540	Danny Haire dhaire@eistr.org Experiment in Self-Reliance, Inc. PO Box 135 Winston-Salem, NC 27102 (336) 722-9400 ext 404

Sponsoring Organization	Gaston Community Action	
Start Date	January 2002	
Type of Organization	Community Action Agency	
Demonstration Project	Assets for Independence Act	
Counties Served	Lincoln	
Rural or Urban	Rural	
Region within North Carolina	South Central	
Current Number of IDA Participants	1	
Total Funded IDA Slots (current + unfilled + graduates)	10	
Number of Program Graduates	0 (new program)	
Program Focus	Homeownership	
Partner Financial Institutions	First Citizens Bank	
Program Status	Ongoing	
Contact Information	Cynthia Vinson Crv1123@prodigy.net Gaston Community Action 204 E. Main Street, Suite D Lincolnton, NC 28092 (704) 748-9744	

Sponsoring Organization	Johnston-Lee-Harnett Community Action
Start Date	September 1999
Type of Organization	Private Non-Profit
Demonstration Project	Foundations
Counties Served	Harnett, Johnston, Lee
Rural or Urban	Rural
Region within North Carolina	North Central
Current Number of IDA Participants	0
Total Funded IDA Slots (current + unfilled + graduates)	5
Number of Program Graduates	1
Program Focus	Homeownership, Education, Micro
Partner Financial Institutions	Bank of Four Oaks
Program Status	Ongoing
Contact Information	Marie Watson jlhca@earthlink.net Johnston-Lee-Harnett Community Action PO Drawer 711 Smithfield, NC 27577 (919) 934-2145

Sponsoring Organization	Lexington Housing Development Corporation
Start Date	January 1999
Type of Organization	Community Development Corporation
Demonstration Project	ND Department of Labor /Assets for Independence Act (AFIA)
Counties Served	Davidson
Rural or Urban	Urban
Region within North Carolina	Central
Current Number of IDA Participants	16 in January 2002 (survey data)
Total Funded IDA Slots (current + unfilled + graduates)	Information not provided.
Number of Program Graduates	6 as of January 2002 (survey data)
Program Focus	Homeownership
Partner Financial Institutions	Lexington State Bank
Program Status	Ongoing
Contact Information	T.J. Slaughter lexhousing@lexcominc.net Lexington Housing Development Corp. PO Box 518 Lexington, NC 27293 (336) 236-1675

Sponsoring Organization	Monroe-Union Community Development Corporation
Start Date	January 2002
Type of Organization	Community Development Corporation
Demonstration Project	NC Dept of Labor /Assets for Independence Act (AFIA)
Counties Served	Union
Rural or Urban	Rural
Region within North Carolina	South Central
Current Number of IDA Participants	12
Total Funded IDA Slots (current + unfilled + graduates)	20
Number of Program Graduates	0
Program Focus	Homeownership
Partner Financial Institutions	First Citizens Bank
Program Status	Ongoing
Contact Information	Sadie Jenkins cmonroeuni@aol.com Monroe-Union CDC 349 E. Franklin St. Monroe, NC 28112 (704) 283-8804

Sponsoring Organization	Northwestern Regional Housing Authority
Start Date	December 1998
Type of Organization	Public Housing Authority
Demonstration Project	NC Department of Labor
Counties Served	Yancey, Mitchell, Avery, Watauga, Alleghany, Wilkes, Ashe
Rural or Urban	Rural
Region within North Carolina	North West
Current Number of IDA Participants	0
Total Funded IDA Slots (current + unfilled + graduates)	25
Number of Program Graduates	11
Program Focus	Homeownership, Education
Partner Financial Institutions	RBC Centura
Program Status	Closed 6/2002.
Contact Information	Wilma McDaniel wmcd@nwrha.com Northwest Regional Housing Authority PO Box 2510 Boone, NC 28607 (828) 264-6683

Sponsoring Organization	Office of Economic Opportunity
Start Date	January 2001
Type of Organization	Private Non-Profit
Demonstration Project	Assets for Independence Act
Counties Served	Cherokee, Clay, Graham, Swain
Rural or Urban	Rural
Region within North Carolina	West
Current Number of IDA Participants	9
Total Funded IDA Slots (current + unfilled + graduates)	35
Number of Program Graduates	3
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	United Community Bank
Program Status	Ongoing
Contact Information	Joan Furst oeomurphy@webworkz.com Office of Economic Opportunity 27 Hatchett St. Murphy, NC 28906 (828) 835-3535

Sponsoring Organization	Passage Home, Inc.
Start Date	March 1999
Type of Organization	Private Non-Profit
Demonstration Project	NC Department of Labor
Counties Served	Wake
Rural or Urban	Urban
Region within North Carolina	North Central
Current Number of IDA Participants	43
Total Funded IDA Slots (current + unfilled + graduates)	No limit due to local bank provision of matching funds.
Number of Program Graduates	21
Program Focus	Homeownership
Partner Financial Institutions	First Citizens Bank
Program Status	Ongoing
Contact Information	Virginia Payne vpayne@passagehome.org Passage Home, Inc. PO Box 17588 Raleigh, NC 27619 (919) 834-0666 ext. 227

Sponsoring Organization	Rowan-Iredell Credit Union
Start Date	November 1999
Type of Organization	Credit Union
Demonstration Project	Private
Counties Served	Rowan, Iredell
Rural or Urban	1 Urban, 1 Rural
Region within North Carolina	Central
Current Number of IDA Participants	19 as of January 2002 (survey data)
Total Funded IDA Slots (current + unfilled + graduates)	Information not provided
Number of Program Graduates	1 as of January 2002 (survey data)
Program Focus	Housing/Microenterprise/Education
Partner Financial Institutions	Rowan – Iredell Credit Union
Program Status	Ongoing
Contact Information	Sarah Lightner Rowan-Iredell Credit Union PO Box 456 Salisbury, NC 28145 (704) 637-6528

Sponsoring Organization	Southeastern Community College
Start Date	March 1999
Type of Organization	Community College
Demonstration Project	NC Dept of Labor /Assets for Independence Act (AFIA)
Counties Served	Columbus, Bladen, Brunswick, Robeson
Rural or Urban	Rural
Region within North Carolina	South East
Current Number of IDA Participants	6 as of January 2002 (survey data)
Total Funded IDA Slots (current + unfilled + graduates)	Information not provided
Number of Program Graduates	0 as of January 2002 (survey data)
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	Centura Bank, Waccamaw Bank
Program Status	Ongoing
Contact Information	Robert Brooks Althea McAllister amcallister@mail.southeast.cc.nc.us Southeastern Community College PO Box 151 Whiteville, NC 28472 (910) 642-7141 ext. 323

Sponsoring Organization	West Greenville-Pitt Community Development Corporation
Start Date	January 2002
Type of Organization	Community Development Corporation
Demonstration Project	Assets for Independence Act (AFIA)
Counties Served	Pitt, (City of Greenville)
Rural or Urban	Rural
Region within North Carolina	East
Current Number of IDA Participants	6
Total Funded IDA Slots (current + unfilled + graduates)	25
Number of Program Graduates	0 (new program)
Program Focus	Homeownership
Partner Financial Institutions	First Union National Bank, East Carolina Bank
Program Status	Ongoing
Contact Information	Barbara Fenner wgcdc1bf@aol.com W. Greenville-Pitt CDC 706 W. 5 th St. Greenville, NC 27835-1605 (252) 752-9299 Fax: 752-7072

Sponsoring Organization	Western Carolina Community Action
Start Date	October 2001
Type of Organization	Private Non-Profit
Demonstration Project	Assets for Independence Act (AFIA)
Counties Served	Henderson, Transylvania
Rural or Urban	Rural
Region within North Carolina	West
Current Number of IDA Participants	4
Total Funded IDA Slots (current + unfilled + graduates)	10
Number of Program Graduates	0 (new program)
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	RBC Centura
Program Status	Ongoing
Contact Information	Pat Malinak pmalinak@wcca.org Western Carolina Community action PO Box 685 Hendersonville, NC 28793

Sponsoring Organization	Western Piedmont Council of Governments
Start Date	March 1999
Type of Organization	Regional Council of Governments
Demonstration Project	NC Department of Commerce
Counties Served	Alexander, Burke, Caldwell, Catawba
Rural or Urban	3 Rural, 1 Urban
Region within North Carolina	West
Current Number of IDA Participants	10
Total Funded IDA Slots (current + unfilled + graduates)	50
Number of Program Graduates	31
Program Focus	Housing
Partner Financial Institutions	Bank of America, BB&T
Program Status	Ongoing
Contact Information	Sherry Long slong@wpcog.dst.nc.us W. Piedmont Council of Governments PO Box 90260 Hickory, NC 28603 (828) 322-9191 ext 251

Sponsoring Organization	Wilmington Housing Authority
Start Date	August 1999
Type of Organization	Housing Authority
Demonstration Project	NC Department of Labor / Assets for Independence Act (AFIA)
Counties Served	New Hanover
Rural or Urban	Urban
Region within North Carolina	South East
Current Number of IDA Participants	12
Total Funded IDA Slots (current + unfilled + graduates)	15
Number of Program Graduates	3
Program Focus	Homeownership, Education, Microenterprise
Partner Financial Institutions	Centura Bank
Program Status	Ongoing
Contact Information	Vicky Patton vpatton@wha.net Wilmington Housing Authority 508 S. Front St. Wilmington, NC 28401 (910) 341-3217 X241

Statewide Coordinating Agencies

North Carolina IDA and Asset Building Collaborative
Shayna Simpson-Hall Executive Director PO Box 17588 Raleigh, NC 27619 (919) 834-0666 ext. 225

North Carolina Department of Labor
Jason Cannon 4 West Edenton St. Raleigh, NC 27601-1092 (919) 733-1387 jcannon@mail.dol.state.nc.us

Division of Community Assistance – North Carolina Department of Commerce
Vickie Miller 4313 Mail Service Center Raleigh, NC 27699-4313 vmiller@dca.commerce.state.nc.us