

Assets for Independence (AFI) Demonstration Project

Funding Integrated Service Delivery

Assets for Independence (AFI) Demonstration Project grants provide support to community-based organizations and local governments that administer individual development account (IDA) asset-building programs that help low-income individuals save for college, business investments or the purchase of a first home. IDAs are matched-savings accounts, meaning that every dollar contributed to the account by a participant is matched by a combination of federal AFI grant funds and private matching funds. AFI grants also include funding for basic financial management training and support services for IDA participants.

Elements of Integrated Service Delivery

Infrastructure		Core 1: Employment and Career Advancement		Core 2: Income Enhancements and Work Supports		Core 3: Financial and Asset Building	
Case Management	●	Job Training		Tax Preparation		Financial Coaching	●
Research & Evaluation	●	Case Management (for employment)		Income Supports	●	Savings and Asset Building Programs	●
Technology		Job Retention Support		Supportive Services/ Human Services Referrals	●		
				Financial Aid	●		

State and Nonprofit Examples

Community Action New Mexico (now Prosperity Works): New Mexico's association of Community Action Agencies, Community Action New Mexico, has been the primary AFI grantee in the state for many years. In 2010, the asset building component was spun off into a freestanding organization, Prosperity Works. The organization funnels funds from the state's IDA budget item and the AFI grant to more than 50 smaller nonprofits that connect with individual IDA program participants and administer the program. Prosperity Works focuses on coordinating the coalition, leveraging match funds and providing technical assistance.

United Way of Metropolitan Atlanta, Atlanta, Georgia: The United Way in Atlanta covers a 13-county area and provides financial and technical assistance support for an array of programs that seek to improve the financial stability of residents. Similarly to Prosperity Works, the United Way uses its status as a large intermediary to apply for the AFI grant and to connect with partners in their region to administer IDA programs. One partner IDA program is in the village of Gwinnet, in a "financial service center" supported by the United Way and an array of other community partners including: the Atlanta Prosperity campaign; Gwinnet Technical College; the University of Georgia Small Business Development Center, and the Women's Economic Development Agency (WEDA). By targeting a specific community, organizations that administer IDA programming can provide conveniently located wraparound services and guidance as participants save.

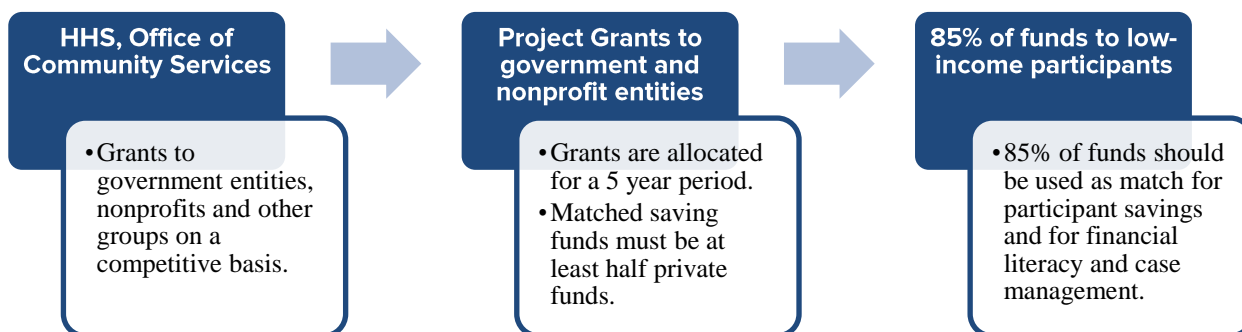
Eligibility and Targeting

Independent nonprofit organizations with 501(c)(3) tax status, including antipoverty groups and faith-based organizations, state and local government entities; regional organizations and partnerships, independent school districts, low-income credit unions that partner with community based organizations, and housing authorities are all eligible to apply for AFI project grants. The grant period for AFI programs is 5 years (60 months).¹ 55 to 65 organizations receive AFI funding per year. The average grant size is \$350,000, with an award ceiling of \$1 million.²

IDA program participants must be low-income and fit into at least one of three categories:

- Eligible for Temporary Assistance for Needy Families (TANF);
- Eligible for the Federal Earned Income Tax Credit (EITC); or
- Have income is less than two times the Federal poverty line³ (approximately \$44,000 for a family of four in 2009).⁴

The program also contains an asset ceiling requirement. During the calendar year preceding the eligibility determination, participants must not have a net worth that exceeds \$10,000, excluding their primary dwelling unit and one motor vehicle owned by a member of the household.⁵



Services/Program Support

The Assets for Independence Demonstration Project funds IDAs and financial education, focused on money management. At least 85 percent of grant funds must be used to:

1. Match participant contributions to individual development accounts.
2. Assist participants in obtaining economic literacy skills. They should learn about: managing bank account and credit cards; credit counseling and repair; and receive guidance in receiving refundable tax credits including the Child Tax Credit and Earned Income Tax Credit. This should also include individual case management, financial management training and support services.
3. Assist participants to achieve self-sufficiency through higher education, home or business ownership

Federal Funding: Approximately \$24 million a year in FY 07, FY08 and FY09; and \$19 million in FY10. Grants are awarded for a project period of 5 years.

Type of Program: Competitive grants to nonprofit organizations and government entities.

Agency with Jurisdiction: U.S. Department of Health and Human Services, Administration for Children and Families.

Match Required: 100 percent matching requirement for all AFI funds. No MOE (Maintenance of Effort) requirements.

(for which they will use qualified funds).

The remaining 15 percent is for data collection and evaluation (at least 2 percent),⁶ the costs of administration (7.5 percent),⁷ and non-administrative functions related to helping participants obtain the skills and information necessary to achieve economic self-sufficiency (5.5 percent). This includes case management, budgeting, economic literacy and credit counseling.

Participant contributions to IDAs are matched at a rate of at least one dollar for every participant dollar saved. Most programs have a match of two dollars for every dollar saved, but match rates vary from 1:1 to 1:8.⁸ The federal portion of the match is limited to \$2,000 for an individual and \$4,000 per household (where multiple members hold IDAs). Participants who do not meet their goals do not receive matching funds. Programs are able to reallocate. Grantees can re-use the IDA match funds from unsuccessful participants on new participants. Though the total grant period is five years, all of the funds in the IDA must be expended in five years time, so individual participants should plan to save for four of the five years so they can spend at least six months preparing to purchase an asset after they have completed their savings.

Non-Federal Funds

There is a 100 percent nonfederal funding match requirement. Funds may come from public and private sources. Match funds typically come from financial institutions, community or corporate foundations, other private sources, or state or local governments. The only federal funding source that can qualify as a nonfederal contribution is the Community Development Block Grant (CDBG). In order to access these funds, however, AFI projects must negotiate with either their state or local government agency that administers these funds. Applicants must prove that they have nonfederal funds committed by submitting Nonfederal Share Agreements or letters of commitment.⁹

Non-federal match funds must be equal to or greater than the total federal grant allocation, and must be held together with federal funds in the project's Reserve Account. Funds supporting IDA matches must make up 85 percent of the combination of the federal and nonprofit program funds.

Program Limitations

The purpose of the AFI demonstration project is to determine whether IDA programs effectively provide asset-based supports that help low-income individuals achieve self-sufficiency. Funds are allocated through a competitive process that provides supports to just over 200 agencies at any given time.

Most of the funding is funneled directly to participants in the form of matched contributions to individual development accounts. Funds can be used for case management, as well as for financial literacy counseling and the asset-building program. Only 15 percent of program funds can be used for administration, facilities and support. Along with the one-to-one matching requirement, this small amount of money for program administration makes the project difficult to sustain without significant outside funding.

Grantees and Application Process

For a list of current grantees, see the AFI project locator, at:
<http://www.acf.hhs.gov/programs/ocs/afi/states.html>.

Grant announcements are issued periodically, with applications accepted on a rolling basis. Applications are not currently being accepted until a new announcement is published for Fiscal Year 2011.¹⁰

¹ “Fact Sheet: Assets for Independence Demonstration Project,” U.S. Department of Health & Human Services, Administration of Children & Families, http://www.acf.hhs.gov/programs/ocs/afi/fact_sheet.html.

² “Official Funding Announcement, Assets for Independence Demonstration Program: HHS-2008-ACF-OCS-EI-0053,” U.S. Department of Health and Human Services, Administration of Children & Families, <http://www.acf.hhs.gov/grants/open/HHS-2008-ACF-OCS-EI-0053.html>.

³ “About Assets for Independence,” U.S. Department of Health & Human Services, Department of Community Services, <http://www.acf.hhs.gov/programs/ocs/afi/assets.html>.

⁴ The 2009 HHS Poverty Guidelines: “The 2009 Poverty Guidelines for the 48 Contiguous States and the District of Columbia,” U.S. Department of Health and Human Services, August 03, 2010, <http://aspe.hhs.gov/poverty/09poverty.shtml>.

⁵ Public Law 105-285. Title IV Assets for Independence Act, 42 USC 604 note. Section 408. <http://www.acf.hhs.gov/programs/ocs/afi/afialaw2000.html>.

⁶ Assets for Independence Demonstration Program. CFDA Entry. <https://www.cfda.gov/?s=program&mode=form&tab=step1&id=a8d1595335d6a9f27e6e614c9490d7da>

⁷ Public Law 105-285. Title IV Assets for Independence Act, 42 USC 604 note. Section 407(B)(3). <http://www.acf.hhs.gov/programs/ocs/afi/afialaw2000.html>

⁸ “AFI Project Builder: Guide for Planning an AFI Project,” U.S. Department of Health and Human Services, Office of Community Services. http://www.acf.hhs.gov/programs/ocs/afi/projectbuilder/pb_chap3d.htm.

⁹ Ibid.

¹⁰ The last announcement can be found at: <http://www.acf.hhs.gov/grants/open/HHS-2008-ACF-OCS-EI-0053.html>. The final date to apply under that announcement was June 25, 2010.