

HOW TO APPLY FOR AN IDA GRANT

You have probably read our paper titled "Why should a postsecondary institution consider partner to offer an IDA?" and have decided that your institution/organization would like to apply for an IDA grant. This document will provide you with the resources to both begin and carry out the application process. Then we offer some *key advice* to consider when applying for an IDA when in the education sector. We close with some *challenges and ways to overcome them*. We gained much of this information from an education organization's experience (the Foundation for Independent Higher Education - FIHE) which was the first education organization to apply for a grant.

RESOURCES

Although there are multiple federal IDA funding resources, here we will highlight Assets for Independence Act (AFI) because they hold the largest amount of IDA money. Next we will also introduce you to the Corporation for Enterprise Development (CFED) website, which has a gamut of resources for applying for a grant including a 200-page handbook. Then we discuss the Center for Social Development (CSD) which has listings of state IDA policies for funding. Lastly, we will talk about the private IDA option.

ASSETS FOR INDEPENDENCE ACT OR AFI

AFI grants are administered by the U.S. Department of Health and Human Services Administration of Children and Families in the Office of Community Services. They are the most widely used IDA grant applied for and used by IDA practitioners because they have the most money in the IDA field. The following website is for prospective grantees to learn more about applying: <http://www.acf.hhs.gov/programs/ocs/afi/applying.html>.

Some of the resources in this website include:

- ▶ AFI Resource Center - You can request an application kit and ask your questions! Send an email to AFIprogram@acf.hhs.gov or give them a call on (202) 401-4626.
- ▶ Assets for Independence Program Funding Opportunity Announcement - The official request for proposals that describes the Assets for Independence Program and application requirements.
- ▶ Grants.gov - Use this website to learn about the application process and submit an application.
- ▶ Required Standard Application Forms - Download the required forms for submitting an application.
- ▶ A Guide for Planning an AFI Project
<http://www.acf.hhs.gov/programs/ocs/afi/projectbuilder/pdf/ProjectBuilder.pdf> - this primer was written especially for organizations that are planning to apply for an AFI project grant. The guide provides information about the AFI Program and covers major topics on planning an AFI project.

AFI requires that each federal dollar granted must be matched by a non-federal dollar. Organizations can raise public or private funding to match the federal dollars. For example, public funding could be from your local or state government (if they have IDA policies) and private money could be from a college foundation. In the next section we will highlight an organization that can help you find IDA state funding in your area.

CORPORATION FOR ENTERPRISE DEVELOPMENT OR CFED

CFED believes that expanding economic opportunity to include all people will bring greater social equity, alleviate poverty, and lead to a more sustainable economy. CFED is a leader in economic development and has a large section of their website dedicated to information on IDAs:

<http://www.cfed.org/focus.m?parentid=31&siteid=374&id=374>.

The first document you will want to review on this website is the CFED IDA Program Design Handbook: A Step-by-Step Guide to Designing an IDA Program (2000). You can order the CD-ROM for \$25.00 at: <http://www.cfed.org/think.m?id=112&pubid=95>. The 200-page handbook covers topics like feasibility assessment, program management, fundraising, and program financials.

CFED also has a resource library that offers many of the resources most commonly requested and consulted by IDA practitioners: <http://www.cfed.org/focus.m?parentid=374&siteid=374&id=391>.

- IDA Program Design - Resources to assist in designing and implementing IDA programs.
- Asset Training - Training curricula and other resources to promote homeownership, microenterprise development, postsecondary education, and job-related training. They also include asset-specific resources for youth.
- Financial Education - Money management curricula, financial calculators, budgeting tools, publications, and other resources for children, youth, and adults.
- Funding - Grant writing tips and foundations that are currently investing in IDAs.
- Asset Policy - Resources for promoting asset building policies at the state and federal levels.
- Specific Populations - Recommendations on adapting asset building strategies to specific populations.

In addition to reviewing these documents, you may want to participate in CFED's IDA training. As part of NeighborWorks America® Training Institutes, CFED provides a two-day training for people interested in designing, improving, or expanding an IDA program. For upcoming trainings, visit the following link: <http://nw.org/network/training/courses/default.asp?course=ucrsdetailAll1.asp?course=ED175>.

You will also want to join the IDA Network listserv, which is an e-mail forum for IDA practitioners to exchange information on IDAs. This is a good place to ask any questions you may have on the application process. The participation in the forum is high and practitioners are open to share their experiences and resources.

THE CENTER FOR SOCIAL DEVELOPMENT OR CSD

CSD is a research and policy center based at the George Warren Brown School of Social Work, Washington University in St. Louis. Since 1994, CSD has focused on social development research that informs how individuals, families, and communities increase capacity, formulate and reach life goals, and contribute to the economy and society. In all cases, CSD's principal focus is on families and communities at the bottom of society. A major area of work has been asset building. On their website they have a list of state IDA policy:

<http://gwbweb.wustl.edu/csd/policy/StateIDAtable.pdf>. The third table is especially important since it details the office/department to contact in your state to apply for state funding. For example, the state of Connecticut has a request for proposal process through their Department of Labor. So, if you were located in Connecticut you could apply for an AFI grant and match the grant with state IDA money and even raise more match through private funders. This process may bring up additional questions and concerns, and in the next section you will learn more about an organization that applied for a grant.

PRIVATE IDA

Some organizations have offered IDAs through private funders, such as private and bank foundations. The Ford Foundation, Jim Casey Youth Opportunity Initiative, and Citigroup Foundation, for instance, are among the few funding the SEED Initiative.¹ The American Dream Demonstration was funded by Charles Stewart Mott Foundation, Levi Strauss Foundation, Fannie Mae Foundation, and Citigroup Foundation, to name a few.² When opening a private IDA the operational organization(s) can have community partners apply to their program and the organization also makes the rules of the program. Basically, there are no restrictions on what an IDA looks like conceptually; the restrictions come from the funders (federal, state, or private). The following is a list of the many benefits to having your own private funding when offering education IDAs:

¹ See the Center for Economic Development website for more information about SEED: www.cfed.org/focus.m?parentid=288&siteid=288&id=289

² American Dream Demonstration website: <http://add.cfed.org/funders.html>

Matching Students' Savings

- You could increase the total amount each student could earn in match.

Timing

- Without AFI restrictions, there could be more flexibility in the timing of the project - making it much easier to have students participate and be able to use the money with a lower chance of having to return unused funds.

Eligibility

- AFI requirements for eligibility regarding financial need can severely limit the ability to serve those who could really benefit from an IDA. Private IDA funders can base the eligibility similar to FAFSA.

Earned Income as a Source of Funds

- There would be no need to require that IDA savings come from earned income. Therefore less administrative effort would be needed to document it.

Eligible Uses of IDA Funds

- Could remove the restriction on use of IDA for room and board, simplifying the inclusion of IDAs in the financial aid package and the requisite documentation.

Foundation of Independent Higher Education (FIHE)

The Foundation for Independent Higher Education (FIHE) is the national partner in a network of member state and regional fundraising associations. The Foundation secures financial resources in support of America's independent colleges and universities and their students, develops collaborative programs within its network and with other organizations, and, together with its members, is a primary voice of independent higher education to corporate and philanthropic communities.

FIHE already had a commitment to college access. First Opportunity Partners (FOP) is FIHE's signature initiative. Launched in 2005, FOP strengthens the ability of private higher education to serve first-generation, low-income, minority, and new American students ("first opportunity students"). Its three-fold purpose is to broaden the accessibility of higher education, to strengthen student retention and academic experiences, and to prepare students for the future world of work.

The FOP Venture Fund supports projects that enhance FOP student access and success through institutional/organizational collaboration. Through the leadership of FIHE's network of state and regional fundraising organizations, the FOP Venture Fund encourages participation in such efforts from foundations, corporations, government agencies, individuals and other not-for-profit organizations. For more information please see:

<http://www.fihe.org/venture/fopfund.html>.

Another significant access venture is the college readiness program. Starting with Associated Colleges of Illinois, FIHE has provided seed money in support of innovative, cost-effective college readiness programs in four states. The model developed in Illinois and, thanks to Foundation support, has now spread to Wisconsin, Michigan, and Iowa. The programs use a variety of tools to help at-risk youth successfully complete high school while preparing for and ultimately enrolling in college. Illinois has also undertaken a Hispanic College Readiness effort which offers workshops and experiences specifically designed for Hispanic students and their parents. For more details see:

<http://www.fihe.org/solutions/cras.html>.

KEY ADVICE

At this point in your pursuit you are probably already convinced of your need to participate in the IDA initiative. Maybe you are applying for a grant because your organization has the goal of expanding low-income participation to economically diversify college campuses. Maybe you see the potential for IDAs to reach students outside of the financial aid system or for students who will not take out loans. Or possibly you see the IDA as cre-

ating access by creating early aspiration among youth or you see the IDA as a great retention or transfer tool. You also may already have the funding capacity to develop the IDA match funds or your institution's foundation can leverage existing scholarship dollars toward students who save with an IDA. For example, FIHE had been looking for more avenues to continue to expand their low-income population through its FOP initiative and IDAs seemed a perfect compliment. Plus, they already have the infrastructure in place for financial education and asset-specific training through their college readiness program. And last, FIHE is a fundraising organization for the private sector. Therefore they already have the capacity to develop the IDA match funds. Whatever reason you have for participating in the IDA initiative, there are some key issues you will need to consider in order to develop a grant proposal:

- Leadership
- Communication plan
- Strategy

Although FIHE applied for a federal AFI grant this key advice will be useful for any type of funding with which you choose to apply. Before we delve into these three points, we would like to recommend that you review the Feasibility Assessment section (2.1) in the CFED handbook. This section gives the reader six critical questions to consider. In particular, education practitioners should examine questions four (Does your organization have the capacity to sponsor a well-run IDA program?) and six (Can your organization obtain sufficient funding for an IDA program?). Then you will be ready to consider who in your organization will take the lead in this initiative.

LEADERSHIP

In order to develop a grant proposal you must have one or two top-level leaders in your organization who understand the importance and value of the IDA and are willing to dedicate at least 10% of his/her time to the application process. In addition, because most education organizations do not have asset building programs they will need to hire an IDA consultant to assist in the IDA particulars of the application process. The CFED IDA Network listserv is the best place to post a request for a consultant.

The application process includes three major areas: the IDA program design (the mechanics of the program), the partner relations (financial institutions), and fundraising for additional match. Your IDA consultant will mainly assist you in program design. Before you begin the program design process you must first distribute information to your organization and partner about IDAs.

COMMUNICATION PLAN

Again because most education organizations are not familiar with asset building concepts, you will need to systematically send information to your membership about IDAs. In FIHE's case they publicized the IDA in a quarterly newsletter and sent out a persuasive message to the FIHE listserv. They also recruited a FIHE board chair to solicit interest from the state funds.

With these communication tools it is important to make sure that people understand the basics of IDAs. There were some common issues we heard repeatedly:

1. Grant matching for AFI with non-federal funds must be at least 1:1.
2. The grant funds, both AFI and non-federal, must be held together in the reserve account.
3. The students' savings are deposited into a separate IDA account. The matching funds are never commingled with the students' savings - the distribution is made from both the IDA account and the reserve account.
4. IDA and match money can be used for tuition and fees, books and supplies, test fees, special equipment (i.e. computer and software), but not room and board.

5. There is a ceiling of \$2,000 per person in the household and \$4,000 per household, but individuals can spend all \$4,000 on one student if they choose to do so.
6. If the money is not used, it goes back to the federal government.
7. If they do not attend a private college that was part of their initial plan, they get their savings back but not the match.
8. AFI thoroughly reviews all aspects from recruitment to spending down the money.
9. Eligibility is 200% of poverty and usually TANF eligible.
10. Savings must be earned income.

You can also send your organization our FAQ II document since it covers questions that education community asked during our interviews and focus groups:

<http://www.usc.edu/dept/chepa/IDApays/resources.resource/faq2.pdf>.

Through our research project we found that IDAs were difficult to understand. Therefore, in addition to explaining the underlying assumptions of the IDA, it essential to use concrete scenarios of maximum match, student's saving, and total money going toward student's education.

FIHE created two scenarios:

Scenario 1 Maximum savings to be matched \$1,000

Match rate then is \$4:\$1

Joe can save \$2,000 - He gets \$4,000 in match and ends up with \$5,000 from his IDA for college with the possibility of an additional \$1,000 of his own savings

Pam can only save \$1,000 - She gets \$4,000 in match and ends up with \$5,000 from her IDA for college

Joe's IDA for college \$5,000
Pam's IDA for college \$5,000

Scenario 2 Maximum savings to be matched \$2,000

Match rate then is \$2:\$1

Joe can save \$2,000 - He gets \$4,000 in match and ends up with \$6,000 from his IDA for college with the possibility of an additional \$1,000 of his own savings

Pam can only save \$1,000 - She gets \$2,000 in match and ends up with \$3,000 from her IDA for college

Joe's IDA for college \$6,000
Pam's IDA for college \$3,000

Once your organization's members begin to gain interest in IDAs you can schedule meetings to strategize your IDA program based on your organization's capacity and goals.

STRATEGY

Decisions about your organization's strategy can be made during several meetings with members who have expressed interest and your IDA consultant. In FIHE's case they had their two top-level leaders, some of their interested state representatives, their IDA consultant, and some other leaders to brainstorm key aspects of the IDA program design.

During these meetings there are two major areas to consider when applying for an IDA grant: program responsibilities (applying for grant, tracking students, fundraising for match, bank relationship, case management, recruiting and marketing IDAs to students, asset-specific training, and financial education) and product design (match rates, use of IDA, timing of account, and distribution). This process involves greater complexities than other grants where there is just one administering organization. In addition, each decision below is based on your organization's structure, culture, and mission. Each organization may differ in how they can best offer IDAs. Below we will highlight how FIHE distributed their program responsibilities and designed their education IDA product.

Program responsibilities:

FIHE will serve as the overarching organization applying for the grant on behalf of the network. FIHE will coordinate the activities of the various state associations. In the first application approximately ten states will apply and future years will allow for other states to apply and perhaps to expand the model. A national model is very attractive and will enhance the chance for funding. A national model is also scalable, reducing the administrative burden and capitalizing on the strengths of an existing fundraising network nationally.

FIHE will serve as back-office administration. They will apply for the federal grants, manage the grant, provide tracking (in conjunction with local institutions and state association), and develop bank relationships for account and financial education. Also, FIHE is going to try to establish a national bank partnership so that the state association can use local branches (which later became a challenge for them).

Associations will need to raise matching money collectively, based on the number of students participating. Associations, working with institutions, will recruit students, providing case management and financial education (often through banks). They will manage the local bank relationship. The focus of activity will be the pre-college programs that the colleges are engaged in, often with community partners.

The above description is one way to divide up responsibilities with an organization. From our conversations with education organizations offering education IDAs, we have potential examples of other ways to arrange your program. They each tried to imagine how they would layout each partner's responsibilities based on the infrastructure of their organization: <http://www.usc.edu/dept/chepa/IDApays/examples.html>.

Product design:

In all IDA programs, whether offering an IDA for a first business or home, or to gain access to a postsecondary institution, practitioners in the grant application process will need to think through the design of their IDA program. However, when offering education as an asset there are some unique considerations to review which we have detailed in *New Strategies in Delivering Education IDAs: Rethinking Program Design* - http://www.usc.edu/dept/chepa/IDApays/resources/new_strategies.html. Section 2 of the paper discusses product design and includes the following topics:

- Match rates: Practitioners need to research the costs of the colleges in their areas, take into account the average gap funding a student has, and then consider how much the student can save based on their income, and from there decide what would be the appropriate match. The cost of tuition and books are increasing every year, so education IDA match rates may also need to be larger than with other assets. The CFED handbook also has a section (3.2) on match structure which we suggest you review.
- Use of education IDA: Depending on the cost of tuition and the other scholarships and awards students may receive the IDA money could go to tuition or books.
- Timing of account: Students need a longer time to save.

- Distribution: Education can be purchased in one large payment or multiple distributions throughout a student's college career.

FIHE's product design

Match rates: 4:1

Use of education IDA: First year of tuition at private college

Timing of account: Students save for four years, but FIHE does not open the official IDA account until their senior year in high school. This will cut down on the administrative workload

Distribution: There will be one large distribution of savings and match

CHALLENGES

As FIHE went through the application process for a federal AFI grant, they came across three main challenges that needed to be addressed. Here we list the challenges and also describe ways they overcame them.

1. AFI restrictions: As noted in our final report (http://www.usc.edu/dept/chepa/IDApays/final_report.html, section 9), there are some inherent challenges to IDAs having to do with the AFI restrictions. In particular, FIHE had concerns with the short savings period, the administrative load of documenting earned income, students being required to use a government approved account, and the permissible uses of an IDA not including room and board. FIHE addressed the first two concerns by allowing students to save before enrolling them into an IDA program. This allowed students to save for a longer period of time and lessened the workload of the administrators because they did not have to document the earned income until the student was enrolled in an IDA program
2. Student support infrastructure: In order to effectively administer an IDA program, your organization must have the proper infrastructure and support mechanisms to offer case management, financial education, and asset-specific training to students. For youth this may be a pre-college program and for adults this may be a student support services program, like TRIO. Most of the associations that signed up to participate in the IDA program through FIHE had college access programs.
3. On going funding for a private IDA: When FIHE began to consider an IDA program they considered whether they should administer a federal or private IDA. One of the main reasons they went with a federal IDA was its promise of future funding. With private IDAs there is no guarantee of future funding, and so creating an IDA program around a program that may not be around for long would be too much work.
4. Bank partners: Because FIHE is a national organization they looked for a national bank that had regional locations where their partners were located. But the bank they contacted was not able to establish a partnership because they were not organized to provide the kind of account management and transparency that the federal government requires. Although this issue is particular to organizations looking to offer IDAs nationally, if FIHE had to create bank relationships with a variety of financial institutions for all of their partners, the administrative burden would be too heavy and they would not be able to offer IDAs.

This tool should act as a supplement to your thorough review of the CFED handbook. All the best in your endeavor to help low-income students gain access and have success in college! Also, see our website for a gamut of resources, many of which are from seasoned organizations offering education IDAs, to help you think through the various aspects of your IDA program: <http://www.usc.edu/dept/chepa/IDApays/>.

USC CENTER FOR HIGHER EDUCATION POLICY ANALYSIS

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Our project focuses on how IDAs can be used to increase low-income students' access to and retention in postsecondary institutions through partnerships. For more information on IDAs visit the Assets for Independence website at www.acf.hhs.gov/programs/ocs/afi/ and for a further description of our research project and to view other papers and tools we have written from this study, visit our website at <http://www.usc.edu/dept/chepa/IDApays/>.

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About CHEPA

The Center for Higher Education Policy Analysis (CHEPA) is an interdisciplinary research unit led by Director, William G. Tierney, and Associate Director, Adrianna Kezar. The Center was established to engage the postsecondary-education community actively, and to serve as an important intellectual center within the Rossier School of Education; it draws significant support and commitment from the administration. The Center's mission is to improve urban higher education, strengthen school-university relationships, and to focus on international higher education, emphasizing Latin America and the Pacific Rim. Working on fulfilling that mission are the Center's faculty, research assistants, and staff.

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Lumina Foundation for Education, an Indianapolis-based, private, independent foundation, strives to help people achieve their potential by expanding access and success in education beyond high school. Through grants for research, innovation, communication, and evaluation, as well as policy education and leadership development, Lumina Foundation addresses issues that affect access and educational attainment among all students, particularly underserved student groups, including adult learners. The Foundation bases its mission on the belief that postsecondary education remains one of the most beneficial investments that individuals can make in themselves and that society can make in its people. For more details on the Foundation, visit its Web site at www.luminafoundation.org.

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