Chapter 12

Promoting Self-Sufficiency Through Individual Development Accounts (IDAs)

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Many Americans are asset poor. The average American family holds only $3,700 in net financial assets, and nearly one-third of American households operate with zero or negative net financial assets (Oliver and Shapiro, 1995). Half of all Americans have less than $1,000 of assets to invest. Thus, absent any safety nets, the typical family is only about three monthly paychecks away from financial ruin. The low asset levels are not surprising considering the low savings rate (5 percent) of U.S. households and the lack of government support for asset building among the low- and middle-income population.

Although the federal government subsidizes $200 billion annually for asset acquisition in the forms of home mortgage deductions, preferential capital gains, and pension fund exclusions, many Americans lack the resources to take advantage of these subsidies. Federal welfare policy historically has denied eligibility to public assistance recipients who exceeded the $1,000 asset limit. In addition, asset poverty is increasing. Based on the level of net worth needed to meet the poverty threshold for three months, the asset poverty rate increased from 22.4 percent in 1983 to 25.5 percent percent in 1998 (Haverman and Wolff, 2001).

Welfare reform legislation calls for millions of families to become self-sufficient, yet those with the highest rates of asset poverty are those who have been on welfare, including female heads of households with children (64 percent) and heads of households less than twenty-five years of age (75 percent). To enable struggling families to build assets and achieve economic well-being, a new program has emerged called the individual development account (IDA). IDAs are special savings accounts designed to help people build assets to reach life goals and to achieve long-term security (IDANetwork, 2001b). Account holders receive matching funds as they save for purposes such as buying a first home, attending job training, going to college, or financing a small business. Funding for IDAs can come from public and/or private sources.

The emergence of IDAs following the implementation of welfare reform provided an opportunity to implement a community partnership utilizing public and private resources (Sherraden, 2000). This case study describes the implementation of an IDA pilot program by the San Mateo County Human Services Agency (HSA). Following a brief history and description of IDAs at the national, state, and regional level, the case study elaborates on the implementation of IDAs as a pilot program in a one-stop service center. It concludes with a discussion of lessons learned and future challenges.

HISTORY

Asset building as an antipoverty strategy emerged in the 1980s and 1990s as a result of several publications: *The Safety Net As Ladder* (Friedman, 1988), *Assets and the Poor* (Sherraden, 1991), and *Black Wealth/White Wealth* (Oliver and Shapiro, 1995). IDAs as an asset-based policy and program evolved over several years out of discussions between Michael Sherraden (2000) and academic colleagues, social workers, and welfare recipients. He suggested that savings and asset accumulation are more related to providing structures and incentives than the result of personal preferences. In addition to deferred consumption, he also noted that assets may have a wide range of positive psychological, social, and economic impacts (Sherraden, 1988, 1991).

The first policy reports on IDAs were published in 1989 and 1990 by the Corporation for Enterprise Development (CFED) and the Progressive Policy Institute (PPI), creating a policy discussion that has expanded over the past decade (Sherraden, 2000). As a result of the discussions, there has been a change in the federal policy restrictions on asset holding for those who receive means-tested benefits, namely, more flexibility and increased possibilities to build assets. IDA proposals typically receive bipartisan support because they do not fit a "liberal" or "conservative" mold.

The first IDAs were initiated by community-based organizations in the early 1990s. By 2001, more than 400 community-based IDA programs were in various stages of development across the country. Nonprofit organizations in at least forty-seven states are implementing or planning IDA programs, with or without state support. The first large-scale national demonstration of IDAs is the American Dream Demonstration (ADD), which was launched by the Corporation for Enterprise Development in September 1997 (Center for Social Development, 2000).

The ADD involves thirteen host organizations to design, implement, and administer IDA initiatives in their local communities. These programs have established more than 2,000 IDAs in low-income communities across the country. The following preliminary ADD results indicate that IDAs encourage the poor to save and accumulate assets: (1) the IDA-matched funding is attracting participants, (2) each hour up to twelve hours of financial education is associated with higher average monthly net deposits, and (3) higher match rates encourage participant retention and maintenance of account balances (Center for Social Development, 2001a).

REVIEW OF NATIONAL AND STATE IDA INITIATIVES

Numerous policy initiatives at the federal, state, and local levels have contributed to a rapid expansion of IDAs in recent years (IDANetwork, 2001b). Three major federal laws provide funding and support for individual development accounts: (1) the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), (2) the Assets for Independence Act of 1998 (AFIA), and (3) the 1977 Community Reinvestment Act (CRA) that has encouraged community investments (IDANetwork, 2001a). The latest legislative proposal, titled Savings for Working Families Act (SWFA), would provide additional incentives for investment in IDAs and could foster the creation of millions of new accounts (Charity, Aid, Recovery, and Empowerment Act [CARE], 2003).

1. *Personal Responsibility and Work Opportunity Reconciliation Act:* Under PRWORA, states are permitted to include IDAs in welfare reform plans or welfare-to-work grants and are allowed to fund IDA initiatives under the block granted to the Temporary Assistance to Needy Families (TANF) program. TANF-funded IDAs may be used for post-secondary education, first home purchase, or business start-up. As of 1999, TANF-funded IDA benefits are
   - excluded from the definition of "assistance,"
   - exempt from impacting a recipient's five-year time limit,
   - separate from and do not jeopardize the receipt of other welfare benefits, and
   - exempted from impacting eligibility for many federal means-tested programs.
2. *Assets for Independence Act:* The 1998 AFIA authorized the U.S. Department of Health and Human Services to establish and administer a five-year, $125 million demonstration of IDAs. This is the first federal program established to test the efficacy of IDAs as a poverty-reduction strategy for low-income Americans. The demonstration received

$10 million in fiscal years (FY) 1999 and 2000 that enabled forty nonprofits to establish IDA programs. It is estimated by the Corporation for Enterprise Development that this demonstration will fund between 27,000 and 33,000 IDAs with the full $25 million it received in FY 2001. Moreover, recent amendments have expanded eligibility for IDAs.

3. *Community Reinvestment Act:* The CRA is intended to encourage financial institutions to help meet the credit needs of the communities in which they operate. IDAs can satisfy a number of different CRA criteria, depending on the type and extent of services and products that banks provide. For example, financial institutions may become involved in IDA programs by
   - providing matching funds for account holders or operating support for community organizations running an IDA program,
   - offering accounts which may be structured as traditional savings accounts,
   - helping design and implement IDA programs, including developing and teaching financial literacy courses,
   - enhancing accounts by offering special account benefits, including higher interest rates, ATM services, or waived minimum balance requirements, and
   - making loans to account holders once they have achieved their savings goals.
4. *Savings for Working Families Act:* The SWFA is a legislative proposal that would provide additional incentives for IDA investment and potentially create millions of new accounts. Current legislation would provide a 100 percent tax credit to financial institutions to provide one to one matches up to $500 per qualified individual saving in an IDA. The SWFA was nearly passed in 2000. In 2001, language mirroring the SWFA was included in the House and Senate Charitable Giving Package. In addition, President Bush included a version of SWFA in his FY 2002 budget.

As of December 2000, thirty-two states, including California, planned to use TANF funds for IDAs (Center for Social Development, 2001b). About half of these states were already using TANF funds for IDAs. Twenty-nine states had passed IDA legislation for TANF recipients and/or low-income citizens. Eight states had created pilot programs for IDAs by administrative rule. IDAs were included in California's welfare reform of 1997 as part of the California Savings and Asset Project. The implementation of this provision was dependent on federal appropriations, other than TANF block grant funds, specified for the purpose of establishing IDAs. The state's own welfare reform program, the California Work Pays Demonstration Project, allows $5,000 of unmatched savings to be accumulated and disregarded as income for the uses of home ownership, small business development, or educational expenses.

There is currently no state legislation on IDA in California (Center for Social Development Washington University, 2001). Two unsuccessful IDA bills were introduced in the 1997-1998 legislative session. AB 692 was introduced in 2001 by Assembly Member Dion Aroner, requesting state general funds to create the California Savings and Asset Project, based on the PRWORA and the AFIA.

Supported by foundations and financial institutions, over forty IDA programs are either in operation or under development in California. The following regional IDA coalitions have emerged in California: the San Francisco Asset Building Initiative, the Assets for All Alliance in San Jose, Assets CAN: the California Action Network, IDA coalitions in Southern California, and youth IDA programs. California participates in the national demonstration program (ADD) at the East Bay Asian Local Development Corporation site in Oakland.

THE IDA IN SAN MATEO COUNTY

The San Mateo County Human Services Agency, as part of the Peninsula Partnership for Children and Families since 1995, had been working with the Peninsula Community Foundation (PCF) to reduce family and child poverty in San Mateo County. PCF is part of a regional coalition that provided support for an IDA pilot with one of the HSA's contractors, The Samaritan House. The Samaritan House pilot served a small number of low-income working families and was having difficulty recruiting. The following sections describe the regional IDA coalition and the HSA's implementation of an IDA pilot at a one-stop service center.

The Regional IDA Coalition

The Center for Venture Philanthropy (CVP) and Lenders for Community Development (LCD) partnered with the Peninsula Community Foundation to form a regional IDA coalition called Assets for All Alliance (Alliance). CVP, based in Menlo Park, is a forum for community donors to collaborate and catalyze societal change, which creates avenues for investors from Silicon Valley to engage in new philanthropy. LCD, based in San Jose, is a consortium of twenty-three banks that provide fixed-rate term loans of up to $50,000 for qualifying microloan programs designed for women and minority-owned businesses as well as businesses located in low-income communities. PCF, based in San Mateo, has total assets over $400 million and provides funding and expertise to support an array of community programs to assist local donors in meeting their philanthropic goals (Peninsula Community Foundation, 2000).

The Alliance supports low-income families as they save money for purchasing a home, going to college, starting a business, or retiring with financial security (Assets for All Alliance, 2001a). The IDAs are held in savings accounts at local banks. CVP and LCD work with seven community-based nonprofit agencies that serve low-income families in order to identify, recruit, and support qualified IDA program participants among their existing clients. Financial trainers, provided through the Alliance, focus their classes on expanding the abilities of participants to save. As noted in Box 12.1, there are three types of support for the IDA program: community partners, investors, and managing partners (Assets for All Alliance, 2001b). IDA community partners include LCD, Catholic Charities of Santa Clara, North Central College Institute of Samaritan House in San Mateo, Lifetime, PeninsulaWorks-Daly City, De Anza College, and Family Support Center of the Mid-Peninsula. CVP and LCD serve as managing partners of the Alliance. The Alliance investors include San Mateo Human Services Agency, the Peninsula Community Foundation donor advisors, The David and Lucile Packard Foundation, Community Foundation Silicon Valley, the Candelaria Foundation, Citibank, and Bank of America. The relationship between the investors (HSA and foundations), the managing partners (financial and philanthropic institutions), and the community partners (service organizations) is illustrated in Figure 12.1. In September 1999, the Alliance began a six-year plan that will offer IDAs to 840 Silicon Valley participants (Assets for All Alliance, 2001c).

Implementation of the IDA Pilot

When the HSA received its CalWORKs incentive money, the HSA director initiated a discussion with the regional IDA coalition about partnering with the HSA on the IDA initiative. The HSA had access to families who were in transition from welfare to work as well as the PeninsulaWorks one-stop employment centers. To the HSA director, the IDA initiative seemed like a wonderful opportunity to bolster the earnings of low-income workers and increase their financial skills, as well as expand their awareness of educational and training programs at PeninsulaWorks. In so doing, the HSA director also hoped to increase numbers of well-trained workers San Mateo desperately needs in its job market. The IDA could be instrumental in lifting families out of poverty, engaging them in lifelong learning and education, and helping the community relieve its shortage of workers. The HSA chose PeninsulaWorks-Daly City as its first IDA pilot site.

BOX 12.1. The Merging Partnership of the Assets for All Alliance: Division of Responsibilities

IDA Investment Council (Problem-Solving Quarterly Meetings)

- Shares expertise
- Monitors results and holds partners accountable

Managing Partners

Lenders for Community Development (LCD)

- Leads planning process for Alliance
- Oversees partners with depository and financial training roles
- Monitors participant account activity and allocation of matched funds
- Reports and analyzes progress toward program milestones and savings targets
- Oversees community partners in day-to-day operations

Center for Venture Philanthropy (CVP)

- Raises fund pledges from investors
- Recruits and supports Investment Advisory Council
- Develops and tracks Memorandum of Understanding (MOU) signed by all partners (Includes targets, key process outcomes, and commitments)

LCD and CVP Joint Responsibilities

- Determine eligibility requirements for participants
- Select partner community organizations
- Implement MOU accountability-results process from the venture capital world
- Track learning and innovation generated at community partner level
- Coordinate reports to the community

The HSA would have two roles; it would be an investor and a community partner. As an investor, the HSA would commit $100,000 of TANF funds to the asset development fund and participate as a coinvesting partner with the Alliance. As a community partner HSA would

- identify potential participants;
- support participation by helping participants with forms, sending meeting notifications, and making arrangements for meetings to ensure families attain their savings goals and increase their self-sufficiency;

- review monthly savings statements and follow up with clients as needed;
- attend an orientation to IDA principles and other meetings as necessary; and
- promote regular communication with the Alliance.

The Alliance would provide IDA trainers and offer the program to families identified by the HSA based on the following eligibility criteria:

- residence in San Mateo County and association with PeninsulaWorks-Daly City,
- half of the families would have a household income less than 185 percent of the federal poverty level and half would have a household income less than 80 percent of the median income in San Mateo County,
- possession of household net worth of less than $10,000 excluding one primary residence and one car,
- status of head of household and at least eighteen years of age,
- completion by the head of household of the WorkFirst curriculum including a comprehensive course in employment and life skills,
- receipt of income from gainful employment,
- indication of stable lives,
- development of asset goals that are compatible with the pilot project, and
- positive response to the opportunity to participate in the program.

Potential participants would be identified by PeninsulaWorks staff, attend an Alliance orientation, participate in an assessment conducted by PeninsulaWorks staff, and sign an IDA program agreement. The LCD staff would evaluate the application and admit or reject the applicant. If the applicant seemed promising but did not meet the eligibility criteria, the LCD staff could provide written indication of what factors the applicant would need to change in order to participate. With all the procedures in place, the pilot program was launched in September 2000.

HSA/PENINSULAWORKS-DALY CITY IDA PROGRAM

Start-Up

When the IDA pilot began in November 2000, ten PeninsulaWorks staff members were selected to oversee the program as part of their regular work responsibilities. They would manage the projected fifty participants over the three pilot years. One was selected to lead the project; all were experi-

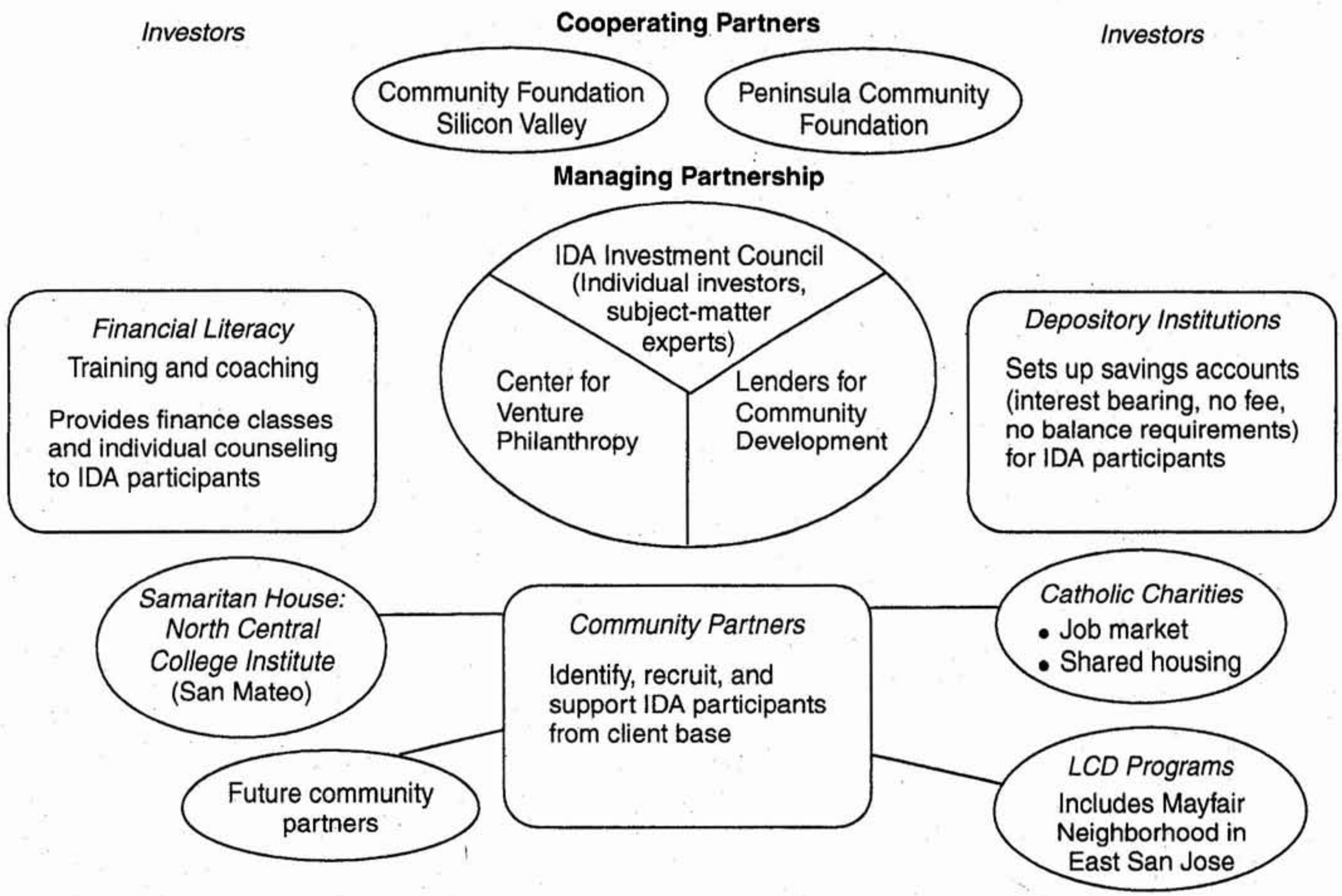

FIGURE 12.1. The Assets for All Alliance Individual Development Accounts (IDAs): A Savings Program for the Working Poor

enced case managers. The staff members began their search by selecting participants who had stable employment, successfully completed a San Mateo County job-search program, and demonstrated commitment toward self-sufficiency. To enroll the target of fifty participants, four sets of money-management classes would be scheduled over the first program year. With much optimism, the staff members put in extra effort and hours to get the program started.

As a recruitment strategy, staff members reviewed their past caseload and contacted individuals who might be qualified and interested in the IDA program. Follow-up mailings and reminder phone calls were made to ensure the highest possible attendance at the orientation. The leader posted a sign-up board outside her office to keep track of the invitations and provided weekly updates to staff and management on the program's progress.

The forty people who showed up for the first IDA orientation were welcomed with food and child care. The staff members were introduced and participants were given the opportunity to share their employment success stories. Thirty-two of the forty attendees signed up for the program at the first orientation. After the first set of money-management classes, the staff leader videotaped the first group of IDA participants for a presentation by the HSA director to the San Mateo County Board of Supervisors. Twenty-three individuals were invited to the second orientation and nine attended, with seven qualifying for the program.

As of March 2001, PeninsulaWorks had enrolled forty-seven participants and was beginning its third set of financial management classes. These forty-seven participants were all women; most were single (52 percent) or divorced (32 percent) and raising one or more children. The median income of participants was $26,400. Over half of the participants lived in households with more than one adult. All participants had a high school diploma or GED; some had attended college (49 percent), and almost a quarter had a four-year college degree. Most participants were working full-time (72 percent), while the rest were either working part-time (14 percent) or more than full-time (14 percent). A majority (55 percent) earned over $2,000 per month; 41.8 percent earned between $1,000 to $2,000. Over half (55 percent) of the participants had health insurance.

The Program

The IDA program has three major components: a five-week money-management class, one goal-specific seminar, and six meetings of the investor club annually. Figure 12.2 is an IDA client flowchart. Following the orientation

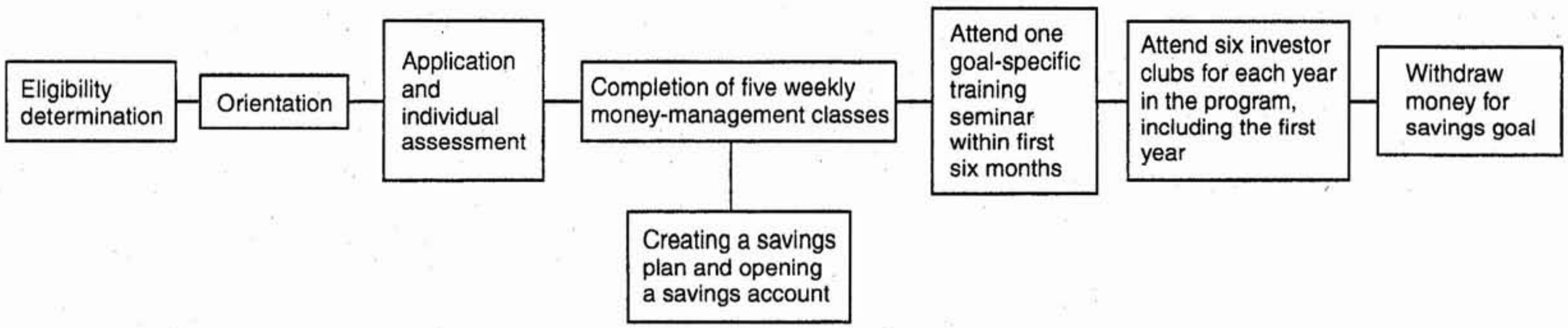

FIGURE 12.2. IDA Client Flowchart

and signed agreement, participants are required to successfully complete the five-week money-management class titled "Master Your Money." The five course topics and materials focus on the following issues:

1. Getting organized and budgeting
   - Introduction to the IDA program
   - Getting organized (e.g., course overview such as setting financial goals, tracking daily expenses)
   - Education on the distribution of wealth
   - Budgeting basics
   - The money pie (e.g., visualization of target amounts for participant expenses such as housing, transportation, debt, and savings)
   - Food for thought on how secure you feel about money (a quiz for participants to understand how they feel about money so they might balance their financial lives)
2. Goal setting and financial health
   - Assessing your financial values (a quiz for participants to determine what items are essential in their financial planning)
   - Goal setting (e.g., helps participants realize importance of establishing short- and long-term goals)
   - Asset-building action plan (helps participants begin to think about their savings plan)
   - Your money life (questions that help participants determine their financial status)
   - Ten steps to financial health
3. Money in your pocket and credit basics
   - Increase your income and reduce your expenses
   - Building your savings
   - Money down the drain
   - 101 ways to save money
   - Shopping the seasons
   - Credit IQ (a quiz for matching credit terms with definitions)
   - Cost of credit (a table providing interest based on annual percentage rates)
   - Credit basics (provides definitions for credit terms such as secured and unsecured credit, and two-tier billing cycle, as well as explaining various credit topics such as efficient dept repayment, credit and marriage, and the Fair Debt Collections Practices Act)
4. Credit! Credit! Credit! Credit!
   - Your credit report
   - Establishing and reestablishing credit
   - Cleaning up that credit report

  - Obtaining a credit report
  - Identify theft (provides guidelines on what to do if victimized by theft of credit cards, checks, etc.)
5. The spending plan
  - Savings agreement (stipulates conditions for participation such as being involved for at least two years, using the savings for their specified goal by December 15, 2005, missed deposits)
  - Spending plan (outline of monthly expenses and income)
  - Evaluation (ratings of workshops and presentations, best times and days for scheduling seminars, what topics are of interest for investor clubs)

During the fifth class, participants open their bank account with $10.00 and choose one of the following savings goals: (1) business start-up or expansion, (2) postsecondary education or job skills training for themselves or their children, (3) home purchase or improvements, or (4) retirement. The purpose of the classes is to assist participants with setting realistic, yet challenging, financial goals. Participants are able to adapt their savings goals between $20 and $84 per month and are allowed to miss two deposits per year. Family savings are matched at $2.00 for each $1.00 that the participant saves, up to a match of $4,000 or a combined total of $6,000.

Shortly after the five classes, participants attend a meeting to review and implement their budget to ensure they are able to achieve their goal. In addition, participants are required to attend one training class on the savings goal they have chosen and six investor clubs for each year they are in the program. The goal-specific training class provides in-depth information on the participant's selected savings goal (e.g., home ownership, education, retirement, or business start-up). The investor clubs are designed to provide additional financial education (e.g., tenant rights, income taxes, insurance), as well as ongoing individual and group support.

The structure and content of the classes appeared to be appropriate for the participants, using clearly stated concepts. Although many participants found the money-management classes to be a review, they frequently learned something new and helpful. Participants reported that the credit management and budgeting classes were particularly useful and motivated them to change their financial situation. The credit report was a reality check for most. The budgets demonstrated the feasibility of reaching their goals.

Overall, the classes proved to be a confirmation of good habits and provided self-confidence for improvement. One participant stated the IDA seminars helped to modify her self-perception from "poor" to "money-saver." Another participant said the course helped her to avoid becoming overdrawn at the end of the month. In addition, participants felt the course materials were an excellent information resource and source of strategies for saving money (e.g., packing lunch, riding BART, and taking children to story time at libraries, to parks, and to free museums). A few participants required occasional Spanish translation provided by bilingual trainers. Participants eagerly looked forward to the investor clubs to gain additional knowledge about money management.

The trainers created a comfortable learning environment that included food and child care arrangements. Participants described the trainers as "friendly," "nice," "considerate," "understanding," "hopeful," "having a sense of humor," and "self-disclosing." One trainer, described as a "grandmother type," brought her husband to help them read credit reports and give advice on balancing needs with wants. For example, if automobile maintenance costs are low then a new car is not needed, or making fewer trips can help reduce gas and auto repairs. One participant made frequent trips to visit her family in San Jose, Scotts Valley, and Santa Maria and now visits primarily when the family gathers together in one place. In addition, participants reported great appreciation of the provision of food and child care.

PROGRAM STRENGTHS, CHALLENGES, AND STRATEGIES

This section includes a sample of the strengths, challenges, and strategies for change that were identified by the trainers, program staff, and participants.

Strengths

Participation

- Personal contact, especially face to face, with a trusted PeninsulaWorks staff member had the highest recruitment results. Building on their prior worker-client relationships, participants appreciated being recruited into the program.
- The recruitment procedures that involved personal contact, mailings, and reminder calls before orientation were the most successful.
- The dinners and child care are helpful to the participants and were appreciated.

Program

- The trainers were friendly, knowledgeable, helpful, and understanding.
- The credit report and budgeting classes are perceived by participants as motivational and valuable course content.

- The binder is a wonderful resource for participants to achieve their goals.
- The financial changes led to better family relationships and healthier lifestyles. The class content reinforces good habits and provides motivation to change bad habits. Moreover, children are learning to save through their parents' example.

Challenges

Participation

- Participants need to be convinced that the 2:1 money match is real.
- Participants may have work hours that conflict with or make it difficult to attend meetings. Moreover, the lack of transportation made it difficult for some participants to attend the seminars, especially in the evening when public transportation is limited and travel can be dangerous. In addition, it is difficult for participants to arrive at class on time when they have little time to pick up their children between work and class.
- Participants with extremely low incomes may not be able to commit to a monthly savings program.
- To be eligible, participants must be current or former PeninsulaWorks program participants. This population may be limited because the community may not be aware of the services that PeninsulaWorks offers or its extended evening hours.

Staff

- It is difficult for other PeninsulaWorks staff to remember to disseminate IDA program information when teaching other classes.
- It is difficult for staff members to give the IDA program the attention it deserves when they have other work priorities and unclear expectations of what efforts are required for success. Moreover, it is difficult to maintain enthusiasm for the program when staff members must wait years to see the results of their efforts.
- Depending on the size and needs of the class, more trainers or staff members are needed to review the budgets and credit reports of each participant.

Program

- The money-management concepts are basic and need to be more closely matched to the needs of the participants. Sometimes it is hard for participants to remain focused in the evening after work when the material is too simplistic. In addition, the class presentations were repetitious of the binder materials, giving little incentive for participants to read the materials in advance. Also, there is a need for greater clarity on what topics are to be covered in the investor clubs that differ from the goal-specific seminars.

- Sometimes the children are distracting. Moreover, participants and/or trainers who arrive late cause disruption or delays.
- Some participants initially felt pressured to save more than the minimum amount. Participants require patience and empathy, especially during the budget review and credit processes. This may be the first time they have allowed someone to see their financial information.

Strategies

Participation

- Utilize the original successful recruitment procedures.
- Greater participation may be attained for the five money-management classes through (1) arranging a more flexible schedule, (2) providing participants with choices regarding the scheduling of days and hours, and (3) providing classes at locations that may be more accessible to participants.
- Increase contacts with the community and HSA personnel to share program information (e.g., presentations to all line staff and outside agencies, publicity releases, a monthly newsletter, and a supply of IDA materials for staff to distribute).
- A greater number of low-income families would benefit if the IDA program was cosponsored with other community organizations.
- Continue to provide food and child care.
- Bring back successful graduates to share their successes and advice.

Staff

- Explore the possibility of hiring one highly interested, full-time staff member to oversee the program when resources become available.
- Ensure program coverage by bringing in extra staff when needed.
- Keep staff morale high by reporting outcomes and giving staff recognition through newsletters as well as publicity releases.
- Provide clear guidelines as well as incentives for staff participation.

Program

- Provide an outline of the topics to be covered in the money-management classes, goal-specific seminars, and investor clubs during orientation.
- Experiment with the program structure. Some participants expressed an interest in a lecture/homework structure with questions and answers during class.

PARTICIPANT FEEDBACK

Most of the participants learned of the IDA program through their contact with PeninsulaWorks, such as through a former or current employment specialist. Some heard through relatives or fellow employees, and one learned about it through her work at the Peninsula Community Foundation. They gave various reasons for participating. Most said they wanted to save money for their goals (e.g., child's education, home purchase). Others wanted to improve their self-sufficiency or learn how to manage their money or invest wisely.

Personal financial changes led to other positive lifestyle changes as well. Participants repeatedly stated that they were becoming more involved with their families. Discussing and planning financial goals together helped their family work together as a team. Their children were learning the value of saving and enjoying it. Some had allowances and piggy banks. At times, the adults had to borrow from their children! One mother relayed the following poignant story:

> One time during the Christmas season I told my son I felt like a "bad mommy" because I could not buy him the things he wanted. He had been asking for everything he had seen on television. His reply was "Oh no, you're a good mommy! Kids are supposed to want everything and not get them. Otherwise, they'll be spoiled."

Participants said that by saving together their family spends more quality time together and lives healthier lives. One participant quit smoking to reduce her expenses. As a result she is able to spend longer periods of time with her daughter, whose asthma had been irritated by her smoking. Others have stated they eat more healthily by spending less on fast foods and cooking at home, as well as packing lunches.

Participants share the following advice with their peers:

- Be assured that you have much to gain and nothing to lose. These seminars are designed for low-income, single parents—they are designed for you!
- Plan ahead on the day before class to make sure that you will have everything ready and arrive on time.
- Be sure to attend all the classes. They change the way you think about things. Even if you don't like it, you will learn.
- The program requires a lot of commitment and incentive. It is important to identify your goals and values so that you will be motivated to budget and save. Continually reevaluate yourself and maintain focus on your dreams.

LESSONS LEARNED

Capturing the key lessons from implementing the IDA program can assist with future program changes as well as alert others contemplating the start-up of a similar program. This case study offers lessons in the following four areas: (1) resources, (2) flexibility, (3) program development, and (4) personal transformation.

1. *Resources:* Building on current resources was critical to success. The resources included the leadership of the HSA and community partners. CalWORKs funding, in conjunction with enterprising staff, was also key to initial successes. The personal relationships between the workers and their clients were central to the recruitment efforts. Moreover, the IDA built on the strengths and resources of each participant.

   When the population of former PeninsulaWorks-Daly City participants had been reached for recruitment, new strategies began to emerge. Suggestions were made for information dissemination through HSA line staff, community agencies, and the media. Expansion of the target population beyond former PeninsulaWorks participants was explored.
2. *Flexibility:* Flexibility is an important factor for the IDA to reach its full potential in recruitment, retention, and programming. For example, after the second set of money-management classes, the program content was reorganized. Instead of setting up bank accounts and reviewing budgets in the first money-management class, these tasks were placed in the fifth class. As a result, trainers have time to establish a relationship with the participants and participants have time to plan realistic savings strategies.

   Flexibility based on participant characteristics and feedback will be vital to the program. Despite their desire to participate, many individuals have work schedules, modes of transportation, and family obligations that may affect attendance. Flexible schedules and additional locations will make the IDA program accessible to more families. In addition, greater program flexibility with regard to minimum monthly deposits and/or extended periods of time may benefit participants with extremely low incomes and encourage them to participate.

3. *Program development:* In implementing successful strategies, it is important to identify program strengths and weaknesses. The second and third recruitment efforts were not as successful as the first one. Staff members examined strategies and agreed that personal contact, with follow-up mailings and telephone reminders worked best. Moreover, oversight has been given to staff who demonstrated a high interest in the program. These IDA staff will receive additional pay for the extra time and effort the program requires. The Alliance trainers as well as PeninsulaWorks case managers recognized the need for additional assistance during the budget reviews and have provided more staff based on the size and needs of the class.

   Based on participant feedback, the Alliance has added new content and materials to their lectures and binders, such as frequently asked questions and an outline of program requirements. Moreover, in April 2001, they published the first issue of *The Investor Gazette,* a quarterly newsletter that reports program outcomes, upcoming investor clubs and events, participant success stories, and other interesting news and facts. This is helpful in reminding participants about investor club meetings, providing staff and participant recognition through success stories, and disseminating information to the IDA community.

4. *Personal transformation:* The money-management seminars, presented in a family-like environment by friendly professionals, have led to other outcomes beyond financial gains. Participants reported improvements in their family relationships, healthier lifestyles, and high motivation and self-confidence about improving their futures. Moreover, the children were learning from role models provided by their parents. In addition, participants have expressed appreciation and gratitude for the community support. Several have declared their intention to help others similar to themselves.

CONCLUSION

Similar to many start-up programs, the implementation of the IDA pilot at PeninsulaWorks-Daly City has faced challenges on the road to success, yet forty-seven out of the goal of fifty participants were enrolled within the first six months. Initial feedback from participants has been positive, with reports of increased financial literacy, improved money-management capabilities, increased self-confidence and self-esteem, and new hope about the future. Early results indicate the PenninsulaWorks-Daly City IDA program is helping low-income participants establish savings habits and accumulate assets. As of May 2001, participants had saved $9,396 with a match of $18,792, totaling $28,188. Ninety-two percent of the participants had demonstrated a regular pattern of savings, exceeding both the program performance goals and the national average. Eighty-four percent had met their monthly savings goal. Based on these initial successes, the HSA is extending the program throughout the county with an additional investment of $300,000 for seventy-five new low-income welfare participants who are below 200 percent of the federal poverty line. There are plans to provide additional matching funds from other investment partners for forty more low-income participants who are at or below 80 percent of the median income in San Mateo County.

The next steps include continued monitoring and evaluation to assess the abilities of participants to establish regular savings patterns and attain their investment goals. The community partners gather and report data to LCD, which then analyzes and reports their progress toward IDA project milestones and participant savings targets. The Alliance reports the outcomes and knowledge gained from the project to relevant policy, funding, and private sector audiences. The goal for the future is to reach new populations and encourage greater community investment. A key to reaching this goal is advocacy for appropriations to implement state bill AB 692, which will provide additional resources for IDA programs throughout California.

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