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DEPARTMENT OF SOCIAL SERVICES  
FAMILY SERVICES ADMINISTRATION  
STATE EMERGENCY RELIEF PROGRAM

*MICH. ADMIN. CODE R 400.7002 (2007)*

R 400.7002 Definitions; C, D.

Rule 2. As used in these rules:

- (a) "Cash assets" means any of the following:
  - (i) Currency and coins.
  - (ii) Amounts on deposit in banks, savings and loan associations, credit unions, and other financial institutions.
  - (iii) Uncashed checks, drafts, and warrants.
  - (iv) Traveler's checks.
  - (v) Stocks, bonds, and other investments, including negotiable instruments.
  - (vi) Individual retirement accounts.
  - (vii) Keogh plans.
  - (viii) Revocable prearranged funeral contracts.
  - (ix) Nonrecurring lump-sum payments that do not represent an accumulation of monthly benefits.
- (b) "Client" means an applicant for, or recipient of, state emergency relief and includes all members of the relief group.
- (c) "Department" means the state department of social services.
- (d) "Dependent child" means a person who is under the age of 21 and who is living with any of the following:
  - (i) A parent.
  - (ii) An adult relative.
  - (iii) An unrelated adult who functions as a parent.
- (e) "Director" means the director of the department.
- (f) "Divestment" means the disposition of an asset without receiving its market value with the intent of becoming or remaining eligible for, or increasing the amount of, emergency relief or with the intent of avoiding making reimbursement of emergency relief received.
- (g) "Dwelling unit" means a shelter, such as a house, apartment, or mobile home.

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DEPARTMENT OF SOCIAL SERVICES  
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STATE EMERGENCY RELIEF PROGRAM

*MICH. ADMIN. CODE R 400.7005 (2007)*

R 400.7005 Definitions; I to P.

Rule 5. As used in these rules:

- (a) "Income" means all earned or unearned monies that are received by a client.
- (b) "Infant burial allowance" means the maximum amount that may be approved for the burial, cremation, or other disposition of a child who is less than 1 month of age, a fetus, or a limb.
- (c) "Market value," with respect to an asset, means the price that the owner would receive if he or she disposed of the asset on short notice, possibly without the opportunity to realize the full potential on his or her investment in the asset.
- (d) "Noncash assets" means assets that are not cash assets.
- (e) "Potential resource" means an asset or income that may be available to a client if action is taken to make the asset or income available.
- (f) "Protected cash asset limit" means the maximum total combined cash assets that the members of a relief group which is eligible with respect to cash assets may own.
- (g) "Protected noncash asset limit" means the maximum total combined noncash assets that the members of a relief group which is eligible with respect to noncash assets may own.

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DEPARTMENT OF SOCIAL SERVICES  
FAMILY SERVICES ADMINISTRATION  
STATE EMERGENCY RELIEF PROGRAM

*MICH. ADMIN. CODE R 400.7016 (2007)*

R 400.7016 Eligibility; assets.

Rule 16. (1) If the total combined cash assets that are not exempt from consideration of all members of the relief group are more than the protected cash asset limit, the amount in excess of the protected cash asset limit shall be deducted from the cost of resolving the emergency to determine the amount of emergency relief to be issued by the department.

(2) A relief group composed solely of recipients of any of the following shall have automatic eligibility on the basis of noncash assets:

- (a) Aid to dependent children.
- (b) State family assistance.
- (c) State disability assistance.
- (d) Medical assistance.
- (e) Food stamps.
- (f) Supplemental security income paid by the social security administration.

(3) A relief group whose members' equity in noncash assets is more than the protected noncash asset limit for the number of members in the relief group is not eligible for the state emergency relief program.

(4) To be relevant to a determination of eligibility, the assets in question shall be legally available to, and under the control of, the client and shall be salable.

(5) In determining the equity in an asset, the department shall deduct all of the following from the market value of the asset:

- (a) Any encumbrances against the asset.
- (b) The costs incurred in selling the asset.
- (c) An amount to which a person who is not a member of the relief group is equitably entitled.
- (6) All of the following assets are exempt from consideration in determining eligibility for emergency relief:
  - (a) One homestead.
  - (b) Household goods.
  - (c) Personal goods.
  - (d) One burial space per relief group member.
  - (e) Assets that are essential to employment or self-employment, including all of the following:

- (i) Farm livestock and farm equipment.
- (ii) Farmland.
- (iii) Tools, equipment, and machinery.
- (f) One motor vehicle that is used as the primary means of transportation.
- (g) The accumulated earnings of a member of the relief group who is a dependent child when both of the following conditions are met:
  - (i) The accumulated earnings are held in a savings account of which the dependent child who earned the money is the sole tenant.
  - (ii) The accumulated earnings are not commingled with money obtained from any source except the earnings of the dependent child.
- (h) Educational grants and scholarships.
- (i) The total cash surrender value of life insurance policies.
- (j) Irrevocable prepaid burial contracts.
- (7) The protected cash asset limit is \$50.00.
- (8) The protected noncash asset limit is \$1,750.00 for a relief group of 1 person.
- (9) The protected noncash asset limit is \$3,000.00 for a relief group of 2 or more persons.

# **MICHIGAN IDA PARTNERSHIP: YEAR 3 PROGRAM EVALUATION REPORT**

## **EXECUTIVE SUMMARY**

MARCH 2004

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**ISED Solutions**

*creating opportunity, building capacity*

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## **ACKNOWLEDGEMENTS**

Many individuals contributed valuable input to this research project. Special thanks go to the 100 individuals who completed the telephone interviews. They agreed to share their personal experiences with us, believing their insights would inform policymakers and trusting that their individual identities would remain confidential. We are grateful for their generosity.

We wish to thank Eric Muschler of the Michigan IDA Partnership, who provided support and guidance throughout this research project and offered invaluable comments on earlier drafts of this report.

We thank Toby Budd of the Community Action Agency (Jackson, Michigan), Regional Coordinator for the Southern Region IDA Program Network, who worked tirelessly to provide the cleanest possible MIS IDA data set by working with individual program sites and regional coordinating organizations (RCOs) throughout the year to identify data issues and provide intensive MIS IDA technical assistance.

We are thankful to the RCO coordinators and program site staff who contributed information for this evaluation by clarifying data issues and providing credit scores. Susan Lindson of the Michigan IDA Partnership generously answered our questions and also helped resolve data issues. Diane Owens of the Michigan Family Independence Agency provided public assistance receipt data for the evaluation.

We also thank Charles Overbey of the Department of Management and Budget, and Pat Caruso and Diane Owens of the Michigan Family Independence Agency (FIA) for reviewing and commenting on the data collection tools and an earlier draft of this report.

## **DISCLAIMER**

The views expressed in this report are those of the authors and may not reflect the views of the Michigan IDA Partnership, which funded the evaluation.

## EXECUTIVE SUMMARY

### INTRODUCTION

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Individual Development Accounts (IDAs) are matched saving accounts designed to help low-income and low-asset families accumulate a few thousand dollars for high-return investments such as homeownership, education, and business ownership. The Michigan IDA Partnership (MIDAP) was created in 2000 to develop a statewide IDA program in Michigan. MIDAP is a partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF). Currently there are 56 program sites and 5 regional coordinating organizations (RCOs). As of June 30, 2003, 1,063 participants had enrolled in MIDAP—this number includes everyone who was ever entered into MIS IDA. Participant savings of up to \$1,000 are matched by \$2 for education and small business and \$3 for homeownership for every dollar saved by the participant.

The Institute for Social and Economic Development (ISED) was selected by MIDAP as the external program evaluator for five years (2001-2005). The following research questions are answered in this year's evaluation:

- What are the characteristics of program participants?
- What are the participants' savings patterns, use of program services, and outcomes?
- What are the participants' patterns of utilization of public benefits?
- How do participants assess the IDA services?
- How has involvement with the IDA program affected the participants?
- What are the differences between participants who complete the IDA program and those who do not?

This brief summary is intended to outline the major highlights from the third year's program evaluation. For more complete details please refer to the full report entitled *Michigan IDA Partnership: Year 3 Program Evaluation Report*, Losby, & Robinson, ISED Solutions (2004).

### ACHIEVEMENTS

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The Michigan IDA Partnership continues to do a noteworthy job of providing IDA services statewide. After 27 months of program operation, participants are overwhelmingly pleased with the services they receive—both graduates (i.e., people who made an approved matched withdrawal) and non-graduates (i.e., people who stopped participating in the program). One person said, "It is great having someone guiding you through the steps of purchasing a house, someone there to help me out with matched funds which is a huge incentive. It made 'someday' turn into reality." Even non-graduates are mostly positive about their experiences. One person explained, "I didn't want to stop, but I wasn't able to put money into the account every month."

Based on the findings, it is clear that there are positive benefits to participating in the MIDAP Program—knowledge of and taking action to manage household finances and improved planning for the future—and this holds true even for people who did not make an asset purchase. For example, non-graduates are creating and keeping budgets, paying attention to their credit and taking steps to improve it, and feeling more confident about their future. The commitment to

save continues even after people graduate or leave the MIDAP Program. One hundred percent of the graduates and 92 percent of the non-graduates have current savings.

An important programmatic achievement is the considerable improvement that has been made in the quality of data collected in MIS IDA in this past year. Participant account activity, funding sources and match rates, and matched withdrawal data are much more complete and accurate for this year’s evaluation report, and duplicate records have been removed from the system. It is clear from the improved state of the database that MIDAP made a concerted effort to make cleaning up MIS IDA a priority. This is especially commendable because entering and maintaining data accurately is a time-consuming process.

**SUMMARY OF FINDINGS**

This year’s evaluation consists of two components: a survey of 100 former participants and an outcome study using MIS IDA (the IDA participant tracking software) and FIA data from all program sites. The findings from each of these components are summarized below.

<b>PARTICIPANT SURVEY STUDY</b>	
<b>SAVING BEHAVIOR</b>	<ul style="list-style-type: none"> <li>• 78% of graduates had checking account before participating in MIDAP and now 92% have them.</li> <li>• The most common strategy for both graduates and non-graduates to set aside money for IDA deposits by using resources more efficiently such as shopping for food more carefully. However, non-graduates (20%) are significantly more likely than graduates (2%) to postpone paying bills as a strategy for saving.</li> <li>• 100% of the graduates and 92% of the non-graduates currently have a savings goal.</li> <li>• 42% of the graduates and 24% of the non-graduates continue to save a regular amount each month after participating in MIDAP.</li> </ul>
<b>SERVICES</b>	<ul style="list-style-type: none"> <li>• For over 30% of respondents this was the first time they learned about balancing a checkbook, keeping a household budget, and managing debt.</li> <li>• One proxy for financial health is not bouncing checks. Before participating in MIDAP, 58% of graduates reported bouncing checks. After participating in MIDAP, only 19% reported bouncing checks. Non-graduates also reported a decrease—from 56% to 25%.</li> <li>• There are improvements in credit scores from the time of enrollment to exit. Improvements range from 12% to 23% depending on the credit vendor. A higher credit score means a person is more likely to receive a mortgage or loan.</li> <li>• Negative opinions of IDA services are related to making homeownership classes mandatory that really do not apply to all participants, the perception that homeownership is the primary goal for everyone, and the content of some classes.</li> <li>• 98% of all respondents would recommend the program to a friend—which is quite remarkable considering some of the non-graduates were asked to leave the program.</li> </ul>
<b>EFFECT HAVING IDA HAS ON LIFE</b>	<p><b>POSITIVE EFFECTS</b></p> <ul style="list-style-type: none"> <li>• Over 90% of respondents are more aware of their credit rating—98% of non-graduates and 92% of graduates.</li> <li>• 94% of non-graduates and 88% of graduates are more likely to create and use a budget.</li> <li>• 86% of graduates and 82% of non-graduates agree or strongly agree that they are more likely to work for pay or to stay employed since participating in the MIDAP Program.</li> <li>• Over 90% of graduates have their basic needs met—working utilities, a place to live, a telephone, and enough food.</li> </ul>

<b>PARTICIPANT SURVEY STUDY</b> <i>(continued)</i>	
<b>EFFECT</b>	<b>NEGATIVE EFFECTS</b>
<b>HAVING IDA HAS ON LIFE</b>	<ul style="list-style-type: none"> <li>• More non-graduates do not have enough food (30% compared with only 8% for graduates).</li> <li>• Purchasing clothing is the greatest challenge for both groups (58% for non-graduates and 36% for graduates).</li> <li>• Roughly 20% of graduates and non-graduates postpone going to the doctor or dentist.</li> <li>• Non-graduates are significantly less likely to save in ways other than their IDA and more likely to have to give up food or other necessities in order to save than graduates.</li> </ul>
<b>QUALITY OF LIFE</b>	<ul style="list-style-type: none"> <li>• The two groups are most different in their satisfaction of the quality of their relationship with their spouse/partner (97% for graduates and 82% for non-graduates).</li> <li>• 92% of the graduates and 78% of the non-graduates are satisfied with their current housing.</li> <li>• 72% of graduates are satisfied with their current financial situation compared with only 52% of non-graduates.</li> </ul>

<b>OUTCOME STUDY</b>	
	<p>In 27 months, the MIDAP Program has achieved the following outcomes as of June 30, 2003:</p> <ul style="list-style-type: none"> <li>• 1,021 participants (99% of those with account data) have made at least one savings deposit, with an average of \$1,077 in total deposits (which includes people who have made deposits over the \$1,000 cap and people who have made withdrawals for emergencies).</li> <li>• If we look at only the 623 people who did not save over the \$1,000 maximum and did not make any unmatched withdrawals, the average total deposit amount is \$480.</li> <li>• 142 participants (14% of those with account data) have made at least one matched withdrawal, with average total matched withdrawals of \$892. 111 participants also accumulated extra savings in their IDAs beyond the amount matched by the program, with an average of \$120 in additional savings.</li> <li>• Of the 142 participants who have made matched withdrawals, 68% (96 people) purchased homes, 21% (30 people) made small business purchases, and 11% (16 people) used their savings to pay for education. Matched participant savings for these purchases totaled \$126,724; additional savings beyond the matched amount totaled \$13,357. Including match funds of \$2 or \$3 for every dollar saved, the grand total used to purchase assets was \$501,009.</li> <li>• 297 participants (29%) have made at least one unmatched withdrawal, with average total unmatched withdrawals of \$431. An unmatched withdrawal means a person withdrew their savings from their IDA for a purpose other than their asset goal. Program rules allow for unmatched withdrawals in emergency circumstances, for example to pay for a medical bill, and participants can remain in the program. In fact, almost one-quarter of the participants who have made unmatched withdrawals are still active in the IDA program.</li> </ul>

## RECOMMENDATIONS

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The program is very solid and we found few areas for concern. Our primary recommendation is to continue with the practice and policies that been instituted because they are working given the findings. We offer recommendations in effective practices and data collection and management.

### EFFECTIVE PRACTICES FOR OPERATING AN IDA PROGRAM SITE

- **It is clear that respondents are aware of eligibility and participation rules.** The 11 non-graduates who were asked to leave the program all understood the reason they were expelled and they all thought this was a reasonable rule. Though this is a very small sample, this finding shows that program staff are clearly explaining the program to individuals. Our recommendation is to continue this practice.
- **Encourage program sites to have direct deposit saving accounts for their participants.** As was true last year, participants who use direct deposit for their IDAs have a greater number of total deposits and a greater number of deposits per month than participants who do not have direct deposit. However, last year 24% of participants had direct deposit; this year only 11% do. We do not know if fewer employers are offering direct deposit as an option; we only know that fewer participants have direct deposit. Program staff need to encourage participants to use the direct deposit option if their employer offers it.
- **Carefully consider class offerings and their fit with saving goal.** Like last year, consider making the financial literacy training the standard for all participants to attend at the outset of program participation and then direct people to “asset-specific” trainings.
- **Clearly identify which asset goals are available.** Participants must be informed up front about which asset saving goals are provided by their program. They feel that choosing education or microenterprise may not be as highly valued by staff as is homeownership. People are discouraged when their chosen goal does not receive the same amount of support and encouragement.
- **Recognize reasonable limits for program sites.** It must be recognized that all sites do not have the capacity or the relationships to offer all three asset goals. Twenty-five percent (or 14 of the 56 programs) only offer housing assistance. The remaining 75 percent offer at least two asset goals through internal staff expertise or referrals to existing community resources.

### DATA COLLECTION AND MANAGEMENT

- Continue to provide sites and RCOs with support for MIS IDA training and technical assistance and for sufficient staff time to enter data. Adhere to procedures for ensuring that data are entered in a timely manner. Continue to use tools such as MIS IDA and MIS IDA QC<sup>1</sup> reports to detect and correct discrepancies.
- We recommend clarifying the policy for all program sites to collect participant credit reports and credit scores at MIDAP enrollment. This is a valuable tool to track the amount of change that occurs from the time of enrollment to any point in the future—which is an important program effectiveness measure.

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<sup>1</sup> MIS IDA QC is a supplemental information system developed by the Center for Social Development at Washington University in St. Louis to identify some of the more common data errors in MIS IDA.

**I D A**  
*Individual  
Development  
Accounts*

*Building financial assets for  
Michigan's low-income citizens*

The Michigan IDA Partnership is an innovative partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF)



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**New Year Brings Announcement of New Additions to the Michigan IDA Partnership**

**W**ith the start of the New Year, the Michigan IDA Partnership is pleased to announce the addition of 17 new program sites and 2 Regional Coordinating Organizations (RCOs) to our statewide initiative!

MIDAP completed its second round of funding to IDA program sites, allocating an additional 300 accounts across the state. In total, MIDAP has allocated nearly 1000 accounts since April 2001.

The applications demonstrated an increased understanding of the IDA field and a strong interest from nonprofit organizations to establish programs that build assets and self-sufficiency for low-income populations. The organizations began serving as Program Sites of the Michigan IDA Partnership in January 2002 for TANF eligible IDA accounts.

Two additional Regional Coordinating Organizations were also established. The Northwest Human Service Agency (NWHSA) in Traverse City and United Way Community Services (UWCS) in Detroit have agreed to coordinate Program Sites in Northern Michigan and the city of Detroit and Wayne County. We welcome them enthusiastically!

We would like to send a big "Thank You!" and recognize the following new Program Sites as they begin their Michigan \$aves! Programs:

- Affordable Housing Alliance of Midland, Midland
- Catholic Social Services of Wayne County, Detroit
- Community Capital Development Corporation, Flint
- Detroit Homeownership Counseling Collaborative, Detroit
- Flint Odyssey House, Inc., Flint
- Housing Services of Eaton County, Charlotte
- Gogebic-Ontonogon Community Action Agency, Ironwood
- Mid-Michigan Community Action Agency, Clare
- Mission of Peace Housing Counseling Agency, Flint
- Mt. Clemens General Hospital Family Road Care Center, Mt. Clemens
- North Central Health Center, Detroit
- Northeast Michigan Community Service Agency, Alpena
- Northern Area Association, Detroit
- P.O.W.E.R., Inc., Ann Arbor
- Saginaw Habitat for Humanity, Saginaw
- Saginaw Service Career Paths, Inc., Saginaw
- Vanguard Community Development Corporation, Detroit



**VISTA Corner** highlights various contributions and services AmeriCorps VISTAs provide to the Michigan IDA Program. We welcome them into our partnership and hope the experience proves to be valuable and rewarding.

If you would like to highlight your VISTA in future editions of *Asset Developments*, please contact the MIDAP office at (734) 542-3951.

## VISTA Corner

**W**hen Amy Savage decided to accept an AmeriCorps VISTA position to develop an IDA program with the Forest Area Federal Credit Union, she was thrilled at how perfect the opportunity fit with her interests.

"I was looking into AmeriCorps after high school but decided to go straight to college instead. After 2 years of earning a general degree, I pursued a real estate license. I found that the IDA position dealt with assisting low-income families in acquiring housing and was eager to take it."

Amy's first task for the IDA program was to determine the program's target market. She researched the community and found that the two largest barriers for low-income families were the lack of affordable housing and the low rate of students entering college.

"Since the program was just getting started and we weren't sure the IDA savings was enough for a down payment on a home in our county, we decided to shift our focus to offering education accounts for high school students."

Amy started by working with a high school that houses a branch of the credit union.

"The idea is to allow students to deposit their savings during their lunch periods. We're trying to work with other schools to set up similar systems."

This is Amy's 6<sup>th</sup> month as an AmeriCorps VISTA and she is currently participating in a course to learn grant writing so that she can look into other funding opportunities for Forest Area's IDA program.

"Next year we want to try to provide home ownership accounts," said Amy.

Amy's interests lie mostly in IDA program start-up and development.

"I've learned so much about IDAs that I would hate to leave it all behind. I enjoy this work too much."

*Amy is one of 7 AmeriCorps/VISTA volunteers serving through the MSU Center for Urban Affairs project with Community Development Credit Unions. These and numerous other volunteers are serving IDA programs throughout the state.*

## Foundations Step Up to Support IDAs Across the State

**T**he generous support of Michigan's foundation community will tremendously impact the long-term sustainability for providing IDAs throughout the state of Michigan. Thus far, the Michigan IDA Partnership has been awarded 7 grants from foundations to support IDAs for specific state regions. For some foundations, an awareness of IDAs as a tool to promote self-sufficiency and financial independence existed prior to the MIDAP proposal, making their new support an easy decision.

The Grand Rapids Community Foundation supported one of the first IDA Programs in Michigan starting in 1999.

"The impact IDAs have had on participants from our community in just 3 years is incredible," says Program Officer Laurie Craft.

The foundation's decision to support IDAs was based on the direct impact the program provided for its community members. Craft commented on how IDAs could positively impact generational

poverty in communities within Grand Rapids.

"Saving is not heavily emphasized in these communities and IDAs provide an educational process that can teach them to change the way they think and develop their savings habit."

Craft noted that the time frame given to participants to save (6 months – 3 years) is powerful in developing the long-term changes these communities need. The foundation's support does not end in the grantmaking arena. Craft states that their foundation's strongest role would be in advocacy and sharing the information they have collected about the IDA program to other foundations.

"The sky's the limit for the IDA program and we are very excited to talk to other foundations that may be interested in supporting the program as well," said Craft.

Other foundations that have generously contributed to the Michigan IDA Partnership include:

- Battle Creek Community Foundation
- Jackson Community Foundation
- Fremont Community Foundation
- Bank One

### Save the Date!

- **April 2-4, 2002**–2002 IDA Learning Conference: International Perspectives on Asset-Building

Windsor, Ontario, Canada  
The Cleary International Centre

Register online at  
[www.idanetwork.org](http://www.idanetwork.org).

Questions? Contact the Corporation for Enterprise Development by email at [idainfo@cfed.org](mailto:idainfo@cfed.org) or by phone at 202-408-9788.



## Huntington National Bank Joins IDA Partnership Opening 90% of Accounts in Western Region

With its continuing support and presence at statewide events, such as the Michigan IDA Learning Conference, and its recent appointment to the State IDA Advisory Committee, Huntington National Bank has sought to break down the barriers between low-income populations and large financial institutions and assist community agencies in their efforts to move people out of poverty.

Christine Piper, Assistant Vice President and Community Relations of Huntington National Bank in west Michigan, said the IDA program was a great way to reach out to an underserved community.

"Huntington feels that the IDA program bridges the gap between financial institutions and what we refer to as non-bankable populations. We want to reach out to low-income people and offer loan products, help clean up credit problems, and assist in balancing budgets. It was a perfect fit for us to get involved and help with the IDA movement."

Huntington provides financial literacy training and one on one counseling to all participants requesting its assistance. In addition, it has made strong efforts to train its staff about the IDA program and to get them out to IDA sites.

"It's a way to remove ourselves from the bank. We visit community agencies, make presentations, and build relationships with the participants," said Chris. "That way when the participant comes to visit our bank, they are not walking into a room full of strangers but of recognizable and welcoming faces."

*Chris sees the provision of additional match money and financial literacy classes as the two major roles financial institutions could play in the IDA field.*

"The biggest challenge I see in getting financial institutions involved is the lack of knowledge on how IDAs fit into the banking system."

She sees IDA participants as future customers of the bank through checking and savings accounts, loan products, and even investment tools. Currently Huntington National Bank is partnering with 9 Western region Michigan \$aves programs.

"It's great going from concepts and ideas to seeing how these partnerships come into fruition. I'm looking forward to watching our participants successfully purchase their assets and build their financial knowledge base."

To see more about the key roles that financial institutions can play visit the IDA website within the Council of Michigan Foundations home page at [www.cmif.org](http://www.cmif.org).



### Success story

#### Newaygo County Community Services (NCCS)

**As a self-employed, single mom, Patty Bitson was struggling week-to-week. She had a large amount of debt and was unable to get ahead financially. The idea of ever owning a home seemed improbable.**

Patty wanted to purchase a home for herself and her children, but was unsure how to negotiate a home purchase and, most importantly, how she would ever save enough money. After reading a newspaper advertisement and speaking with a friend, Patty found out that she could change her future through the NCCS Individual Development Accounts (IDA) program, in partnership with NCCS Center for Nonprofit Housing (CNH).

Patty began the process of owning a home by meeting with Michelle Petz, NCCS IDA Program Coordinator. During the process, Patty started with \$84 a month and as her income increased she would add

additional money each month. She saved for 6 months. Patty received personal counseling on money management, learned how to correct credit problems and centered on the goal of becoming a homeowner. She had some credit card debt that she was able to pay off and she attended the Homeownership and Economic Literacy classes through the MSU Extension in Newaygo County. Financial Management classes included four 2-hour classes and in addition she received one on one counseling from CNH, another community partner to the program. She attended four 3-hour Homeownership classes to complete her asset-specific training.

Homeownership was an idea Patty had only hoped would come true, but through hard work and sound money management skills, her dream came true.

*As a homeowner, Patty realized, "I can do things for myself, feel more independent and feel more security for me and my children. I believe I've set an example to my kids that with hard work you can accomplish anything."*



Home purchased by Patty Bitson on December 31<sup>st</sup>, 2001 through the NCCS IDA Program.



## Building Support for State Initiatives

The Michigan IDA Partnership was asked to present at the first National-State IDA Policy Conference held in St. Louis last November where government officials, IDA programs, researchers, and advocacy organizations gathered to discuss the expanding IDA Movement. With a new total of 51 program sites and a goal to open 2000 accounts, Michigan is at the forefront of the IDA movement across the country.

Below is a snapshot of planned IDA activities in the most active states.

State	Number of Program Sites	Planned Accounts	Total Funding
<b>Michigan</b>	<b>51</b>	<b>2000</b>	<b>\$10 million</b>
California	20	2000	\$9 million
Illinois	17	1015	\$1 million
Iowa	9	1600	\$8.7 million
Louisiana	3	730	\$8.2 million
Pennsylvania	22	2015	\$15 million
<b>28 States Total</b>	<b>430</b>	<b>18,318</b>	<b>\$92,248,086</b>

## By popular demand...Listserv

The Michigan IDA Partnership invites Michigan IDA Program Sites to join a listserv, set up as a resource to ask questions, share information, and provide solutions to issues facing programs in Michigan. Experience indicates that IDA programs benefit immensely from communicating regularly with other IDA Programs at similar stages of development. With this in mind, we hope this listserv will become a useful tool where Michigan programs can garner knowledge and experience from fellow IDA providers.

A monthly *Best Practices Cheat Sheet* and *MIS IDA Helpful Hints* will be sent out over the MIDA Listserv starting in February of this year to provide continuous support and resources to Michigan IDA Program Sites.

To join the Michigan IDA Listserv, contact Rupal Patel at (734) 542-3951 or write her at [IDAPatel@Earthlink.net](mailto:IDAPatel@Earthlink.net).



### Michigan IDA Partnership

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## Asset Developments

A complimentary, quarterly publication, *Asset Developments*, is distributed to IDA funders, potential funders, IDA providers, IDA participants, key state departments, legislators, and others who are interested in the implementation of IDAs.

Funding for the publication is provided by the Charles Stewart Mott Foundation.

Please direct any comments, questions, concerns or submissions to: Eric Muschler, CME, P.O. Box 599, Grand Haven, MI 49417.



## Asset Building Coalition (ABC) for Michigan Launched at Conference

**For Immediate Release**  
**May 17, 2005**

**Contact: Eric Muschler**  
**(734) 542-3951**

Lansing, Michigan – Today at the Michigan Conference on Affordable Housing the Community Economic Development Association of Michigan (CEDAM) and the Michigan IDA Partnership (MIDAP), a project of the Council of Michigan Foundations (CMF), announced the creation of the Asset Building Coalition (ABC) for Michigan.

The ABC for Michigan is the next phase of a project called the Michigan IDA Partnership started in 2001. The Michigan IDA Partnership, a collaboration between the Michigan Department of Human Services and the Council of Michigan Foundations (CMF), is a relatively small but successful program that rewards low-income families that save their earned income toward appreciating assets like a home purchase, post-secondary education, and small businesses. Their savings (up to \$1,000) is matched at a 2 or 3:1 ratio toward their asset investment. To date Michigan has (contact Eric for IDA Fact Sheet):

- 1600 IDA Accounts available more than any other state
- Over 500 households that have successfully completed the program and made asset investments (323 homes purchased, 108 education account uses, and 71 small business investments).
- \$28 million in mortgage financing leveraged.

"Given these tight budget times in Michigan, it is critical that we make strategic investments that produce outcomes that the State values." Said Representative Steve Tobocman (D-District 12, Detroit), "The IDA program and others policies championed by the ABC will pay huge dividends for the State and are exactly the investments we should be making with limited State dollars."

The ABC for Michigan will be part of the Asset Building Policy Project at the Community Economic Development Association of Michigan (CEDAM). The project will use the 2005 CFED Assets and Opportunity Scorecard as one of its key analysis tools to highlight existing policy and create new policy options with the greatest potential to help working poor households build assets toward becoming more financially secure. The Scorecard shows Michigan having the 5<sup>th</sup> highest homeownership rate in the country and ranked 14<sup>th</sup> among all states in providing homeownership opportunities.

"The Michigan State Housing Development Authority (MSHDA) recognized the power of IDAs right away," said Tony Lentych, Executive Director of CEDAM, "but asset building tools are more than just IDA Accounts. To use a term popularized by the President, it is about creating an Ownership Society, but one that is inclusive and equitable with its resources. The ABC Coalition will consider a broader range of Asset

Building policies that address homeownership, business creation, health care, education and financial security of working poor households.”

“We have a great track record to build on here,” said Representative Jerry Kooiman (R-District 75, Grand Rapids). “The Asset Building Coalition will be a source of new ideas and the next generation of Asset Building policies, like IDAs, that has garnered strong bi-partisan support since its inception.”

The ABC for Michigan will produce a report in the fall that will serve as the baseline for its longer-term policy efforts in the Asset Building Policy Project at CEDAM. The full coalition’s membership is currently being recruited and will include all members of the State IDA Advisory Committee, key state departments, the private sector, and several Democratic and Republican legislators (see attached roster of committed members).

The Michigan Conference on Affordable Housing is the largest of its kind in the country and in the nation. Over 1500 housing industry leaders will attend during the three-day conference, which continues through Wednesday May 18<sup>th</sup> at the Lansing Center.

**For more information contact:**

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## **Michigan IDA Partnership A Project of the Council of Michigan Foundations**

**News Release  
October 10, 2002**

**Contact: Eric Muschler, Michigan IDA Partnership (734) 542-3951; [Muschler@Earthlink.net](mailto:Muschler@Earthlink.net)  
See other Partner Organizations and Contact Information Below**

### **Michigan has a high home ownership rate, but is weak in helping families leave poverty New State funded IDA program already having an impact**

Home ownership opportunities in Michigan rank among the best in the nation according to a report released today by the Corporation for Enterprise Development (CFED), *the 2002 State Asset Development Report Card* (online at <http://sadc.cfed.org>).

The *Report Card* is a benchmarking tool that considers 68 socioeconomic and policy measures—including wealth data never before available at the state level—to compare states on how assets are accumulated, distributed, and protected among their citizens, especially among those often left out of the economic mainstream.

Despite the good news on home ownership, the *Report Card* finds that more Michigan residents are asset poor than income poor. In Michigan, 9.4% of the population is below the poverty line. Yet more than twice that number, 19%, of the population is below the asset poverty line, as measured by the proportion of households lacking savings to subsist for 3 months.

“For years, income has been the primary measure of poverty in the United States,” said Rob Collier, President and CEO of the Council of Michigan Foundations. “While income is important, the role assets play in poverty alleviation and self-sufficiency has long been neglected. Owning assets gives people a stake in the future—a reason to save, to dream, to invest time, effort and resources in creating a future for themselves and their children.”

Michigan receives a "B" and is ranked 18<sup>th</sup> in the nation in terms of asset outcomes. The State received a mixed review in three key areas of asset outcomes: homeownership, education, and business ownership. Access to home ownership is more difficult for non-whites, and is even harder for female-headed households.

In basic education proficiency in Michigan ranked 6<sup>th</sup> in the nation. However, in college attainment the ranking dropped to 31<sup>st</sup> due in large part to lack of educational opportunity targeted to low-income and female-headed households.

The report shows that outcomes related to small business development and ownership in Michigan are poor. Michigan ranked 48<sup>th</sup> in the small business ownership rate. Minority entrepreneurship and women's business ownership were equally disappointing at 43<sup>rd</sup> and 30<sup>th</sup> respectively.

Michigan's overall ranking dropped to 21<sup>st</sup> among states in terms of asset policies - policies that help low-income households move toward greater economic self-sufficiency. The *Report Card* recognizes Michigan for its support a large-scale Individual Development Account (IDA) project, a public-private partnership called the Michigan IDA Partnership (see **Michigan IDA Partnership up-date and IDA Success Stories also attached**). It also recognized Michigan for its public tax expenditure reporting which itemized the value of revenues forgone via tax breaks and makes the report available on the web. In addition the Report identifies other promising state strategies for helping to build assets of low income citizens such as:

- State provisions for banks to provide low-cost transaction accounts;
- State-based Earned Income Tax Credits;
- Funding and technical assistance for low-income entrepreneurs;
- Support for community development financial institutions.

For more information, a copy of the report, or to schedule an interview, please contact Eric Muschler at (734) 542-3951 and please visit <http://sadrc.cfed.org>.

**Partners Organizations Releasing Asset Development Report Card:**

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*The Michigan IDA Partnership is a collaborative effort by the State, foundations and corporate giving programs, and nonprofit organizations to assist low-income households attain home ownership, higher education, and small business development opportunities. Nearly 1000 IDA Accounts are available in Michigan through 50 IDA Program Sites statewide making it one of the largest IDA Initiatives in the nation.*

*The Council of Michigan Foundations is a statewide association of 420 foundations and corporate giving programs with a mission to increase, enhance and improve philanthropy in Michigan.*



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## General News

### MIDAP A National Model Helping Families Build Assets

Date: 1/20/2006

by Mike Gallagher for the CMF NewsWire

A new national report published by the Fannie Mae Foundation calls the Michigan IDA Partnership (MIDAP) one of the premier programs in the nation in helping working-poor individuals and families rise out and stay out of poverty by providing them financial literacy training and asset development strategies.

The report, entitled: "*Promoting Economic Security for Working Families*" by Heather McCulloch, a noted consultant on asset development policies and strategies, takes a national look at projects created to reduce or eliminate asset poverty.

"Asset poverty carries enormous social and economic costs," says McCulloch. "Asset-poor families often rely on public resources. And they become part of a system that discourages rather than encourages savings and investments.

"For example, most public benefit programs, such as Temporary Assistance for Needy Families (TANF), Supplemental Social Security Income (SSI), food stamps and Medicaid have asset limits that penalize families for saving; they lose their benefits if they save more than a minimal amount, typically \$2,000 to \$3,000," she adds.

Michigan is one of six states singled out by McCulloch for being proactive in the initiation of unique and successful projects to help poor families escape the bonds of poverty and MIDAP is hailed as a leader in this work and in its efforts to decrease or eliminate barriers to savings.

McCulloch's report credits MIDAP for helping secure and retain more than \$4 million in state-funding; leveraging nearly \$2 million in federal support and nearly \$3 million in private sector support to expand the availability of Individual Development Accounts (IDAs). These matched savings accounts are available to low-income/low-asset families and individuals who complete a financial literacy program and reach savings goals. The resulting funds may be used for higher education, homeownership and small businesses development.

MIDAP's other achievements include supporting creation of an innovative savings program for children by the Oakland Livingston Human Service Agency that now serves 500 Head Start families; securing a state policy change that now excludes savings and investments in 529 education

accounts from state asset limit tests; and supporting the creation of a *Housing and Community Development Trust Fund* to expand ownership opportunities.

Other states cited in the report include California, Delaware, Hawaii, Illinois and Pennsylvania.

MIDAP was formed in 2000 as a special, five-year demonstration project of the Council of Michigan Foundations (CMF) in response to a request from the Michigan Department of Human Services to match TANF dollars with private dollars to build a model asset-building program. The **Charles Stewart Mott Foundation** provided the lead match with a \$1 million grant.

The Mott Foundation is one of more than 30 foundations that have invested in MIDAP, according to Executive Director **Eric Muschler**. Among them are the **W.K. Kellogg Foundation**, **The Jackson County Community Foundation**, **Battle Creek Community Foundation**, **Besser Foundation**, **Community Foundation for Muskegon County**, **Community Foundation of the Holland/Zeeland Area**, **The Fremont Area Community Foundation**, **General Motors Foundation**, **Grand Rapids Community Foundation**, **Hudson-Webber Foundation**, **McGregor Fund**, **Rotary Charities of Traverse City**, **Ruth Mott Foundation** and the **Whirlpool Foundation**. **Bank One** and Huntington Bank also provided funding for MIDAP.

As a result of that support, Michigan has become the largest statewide asset-building initiative in the country. The project reaches eligible participants through a network of community agencies that have received training, funds and technical assistance to develop their capacities for serving working-poor families with matched savings accounts and other asset-building programs.

"Thanks to the ongoing support of CMF, MIDAP has demonstrated the power that saving, matching and investing limited resources can have in the lives of Michigan families who are struggling to make ends meet," says Muschler.

In 2004, the MIDAP advisory committee - comprised of leaders from foundations, community development programs, financial institutions and government agencies - recommended expanding the project to include promoting new public policies that would broaden access to financial education and asset-building opportunities to a great number of eligible state residents.

In October MIDAP spun-off the Asset Building Policy Project in partnership with the Community Economic Development Association of Michigan (CEDAM) to do just that.

The Asset Building Policy Project's current priorities are:

- expanding state support for IDAs
- creating universal children's savings accounts
- continuing to remove disincentives to asset accumulation in public benefit programs
- supporting the appropriation of resources for the

state Housing and Community Development Trust Fund to promote ownership opportunities

- exploring anti-predatory lending legislation and anti-insurance red-lining legislation

Tony Lentych, CEDAM's executive director, says he is extremely pleased with the growth and success of MIDAP and the creation of the policy project.

"Working families, as well as low-income communities, are struggling in Michigan," says Lentych. "State economic development policy has to tie together individual development policy with economic development policy and that is the tie and opportunity we are creating."

Despite MIDAP's phenomenal success, McCulloch said the effort to expand ownership, to give working families meaningful opportunities to reap the benefits of asset acquisition and preservation, remains in its infancy.

"But it is already clear that states – such as Michigan – will shape this nascent movement," she adds. "State-level energy is fueling the development of initiatives that are bringing (home) ownership within reach of working families. These initiatives, taken together, have the potential to transform the nation's social and economic landscape."

The latest U.S. Census shows that 2,616,458 or 26% of Michigan families live at or below 200% of poverty. These are mostly working poor families that are one or two paychecks away from possible financial disaster, notes McCulloch. Earning wages too low to make ends meet, yet too proud to accept public assistance, these families have the desire and the will to get out and stay out of poverty, but they need tools to help them accomplish this important goal.

**Robert S. Collier**, CMF's president and CEO and MIDAP's Advisory Committee chair, says the new national report only confirms what many in Michigan already know, that MIDAP is a tremendously successful program that is making a difference.

"Thanks to the foresight and support of foundation leaders like **Benita Melton** from the C.S. Mott Foundation, MIDAP was created and has now evolved into a national model for other states," says Collier. "It truly is a project that has helped those who need a helping hand."

Muschler says one of the benefits of McCulloch's report is the advent of a "group of state policy advocates that are gathering on a regular basis to share lessons learned and help develop strategies to succeed in establishing positive policies at the state level."

To download a full version of the McCulloch report, click [here](#).

To learn more about MIDAP and its work and the role foundations play in other statewide initiatives, visit CMF's web site at [www.cmif.org](http://www.cmif.org).