

MICHIGAN IDA PARTNERSHIP

“Helping Michigan’s low-income citizens to build financial assets”

Established 2001 by:
Michigan Department of Human Services and
Council of Michigan Foundations

Policies & Procedures Manual

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I. INTRODUCTION

In 2001 Michigan created the Michigan IDA Partnership, a unique statewide partnership between the Michigan Department of Human Services (DHS) and The Council of Michigan Foundations (CMF), to establish an Individual Development Account (IDA) Program that established a national model for providing IDAs for low-income individuals and families. The Michigan IDA Partnership (MIDAP) established the policy and framework for five regions serving a total of 2100 IDA accounts between 2001 and 2009. The goal of MIDAP was to create a sustainable system of IDA Programs to manage the accounts, develop capacity to provide accounts beyond the initial demonstration, and establish a network of standardized programs to allow for common tracking and procedures in which funders and financial institutions would invest time and money. This policies and procedures manual for programs participating in the Michigan IDA Partnership provides the framework for running a program using the model established in the demonstration. The manual is designed for program site managers and staff to understand and work with Regional Coordinating Organizations (RCOs) and to implement an effective IDA Program. The manual captures best practices (including best practices learned by existing program sites) and provides tools for each program to run a more effective program.

II. WHAT DO WE KNOW ABOUT IDAs?

The American Dream Demonstration (ADD) was the first large-scale test of Individual Development Accounts (IDAs) as a social and economic development tool for low-income communities. Initiated by the Corporation for Enterprise Development (CFED) in September of 1997, ADD brought together 13 community-based organizations selected through a competitive process to design, implement and administer Individual Development Account initiatives in their communities. It ran for four years (1997-2001) and the research took place over the course of seven years (1997-2003).

Studies of ADD have revealed valuable lessons for new programs:

1. **Poor people can and do save** in IDA programs; in fact the very poorest (under 50% of the poverty line) save at least two to three times the rates of the less poor (those between 150%-200% of the poverty line).
2. **Financial management education is important**, significantly raising savings rates and providing program consistency.
3. **Account holders save** primarily through reducing other expenditures and secondarily through increasing income.
4. **The majority of account holders** are able to amass critical assets through IDAs.
5. **IDAs have significant psychological and social effects**, increasing future orientation, financial skills, sense of control, initiative-taking, and civic and family participation.
6. **A wide variety of low-income people and communities** embrace IDA programs.
7. **The key elements** of effective, modest-scale IDA programs include match rates (of \$1-\$4 of match per dollar of savings), parallel account structures, broad-based

community-wide public-private partnerships, and financial management education and asset-specific training programs.¹

Three independent evaluations of MIDAP have been completed. So far these evaluations of have shown:

- Regular savings by participants went from 25 to 71 percent, and 87 percent report they expect to save regularly in the future.
- 99 percent have been affected positively by being in their IDA Program and 84% believe the financial management education classes have helped them save.
- 90 percent are more aware of their credit rating. Families showed, on average, a 12% to 23% increase in their credit score depending on the credit score source.
- 83 percent report they are more likely to work or stay employed since opening their IDA
- All participant graduates indicate they continue to have a savings goal after the program.
- 94% of graduates continue to create and use household budgets.
- 90% of graduates feel more economically secure.
- 72% of graduates are satisfied with their current financial situation.

The asset building community in Michigan and nationwide is looking forward to the results of MIDAP's fourth evaluation, the Longitudinal Evaluation currently in progress. While there is general agreement that IDA programs are having positive impact on participant households, the major question that remains unanswered in research is the long-term impact on these households. Initiating this research is critical to the asset building field and its future development.

ISED Solutions is conducting a five-year (2005-2009) longitudinal evaluation of the Michigan IDA Partnership (MIDAP), funded by the Charles Stewart Mott Foundation.

Research Questions:

1. Do successful IDA participants still own their asset one year after purchase, three years after purchase, and five years after purchase?
2. Has the value of this asset appreciated or depreciated in value over time?
3. Do IDA graduates maintain positive household financial status over time (i.e. credit score, financial behaviors)?
4. What are the respondents' financial goals for maintaining household economic stability over time?
5. How has involvement with the IDA program affected the participants' lives, their children, and their partners/spouses?
6. What are the saving patterns of IDA participants and relationship to the financial mainstream (i.e., saving regularity, bank relationships, financial product use, saving supports and barriers, and saving strategies)?
7. What IDA services contribute to success in later life?

¹ Excerpt from IDAs Work: Interim Lessons from the Downpayments on the American Dream Policy Demonstration, *Assets*, Bob Friedman, Corporation for Enterprise Development, Winter 2001

8. What are the participants' patterns of utilization of public benefits?

Evaluation Reports are available from the MIDAP office, and on-line at <http://www.midap.info/>

III. OVERVIEW OF PARTNERSHIP ROLES AND RESPONSIBILITIES

Key organizations in the Partnership are the Regional Coordinating Organizations (RCOs), Program Sites (PSs), and the Michigan Department of Human Services (DHS). Below is a summary of their respective roles and responsibilities in the program.

A. IDA Regional Coordinating Organizations

1. Coordination of Program Sites:

- a) **Coordinate Service Providers:** Establish a collaborative of service providers that provides all critical components of an effective IDA Program. Establish the working policies and procedures for managing accounts and MIS-IDA data within the network of IDA Program Sites that will provide IDA accounts.
- b) **Coordinate Financial Management Education and Asset-Specific Training:** Provide, contract to provide, or, through partnerships, arrange to provide a financial management education curriculum and asset specific training to all MIDAP-funded IDA participants in the region. This curriculum shall include goal setting, household budgeting, saving and interest, financial institution services, credit reports, credit repair, and asset-specific training for homeownership, education, and business IDA accounts.
- c) **Apply for Assets for Independence (AFI) act funds for the region:** Apply for and manage grant funding from federal AFI act funds, using non-federal funds raised by state, regional, or local efforts. Includes maintaining match reserve account(s) as required by AFI and state guidelines. This enables local program sites to leverage federal match funds without the burden of applying for an AFI grant themselves.
- d) **Provide Orientation Sessions:** Provide directly or indirectly (through written materials) an effective IDA orientation session that can be utilized by other Program Sites in the Regional Network.
- e) **Manage MIS-IDA:** Manage the MIS IDA tracking system for IDA account holders in the Regional Network in a timely and accurate fashion, ensuring the integrity of the data for case management, reporting, and evaluation purposes.
- f) **Monitor Eligibility Guidelines:** Through periodic review, ensure that all IDA Program Sites are using appropriate eligibility criteria and procedures for determining eligibility of households to participate in the IDA program using policies contained in the Policies and Procedure Manual.
- g) **Reporting:** Provide timely and accurate reports to MIDAP and funders. Provide IDA Program Sites and program participants with current information on program participant savings, interest, and match when Program Site requires this service (only applicable to Program Sites that are not using MIS IDA themselves).

- h) **Asset Disbursal:**
 - 1. Establish and manage an IDA Matched Withdrawal disbursement system through which all matching funds will flow at the time of asset purchases as specified in the Policies and Procedure Manual.
 - 2. Manage a Regional IDA Match Pool Fund where private financial resources raised to support MIDAP-funded IDA accounts are held prior to participant matched saving withdrawals in accordance with the policies and procedure manual and funder requirements.
- i) **Facilitate Bank Partnerships:** Establish and, as needed, assist program sites in establishing strong working relationships with local banks that agree to hold IDA savings accounts that meet the financial institution requirements outlined in RCO/Financial Institution Service Agreement.
- j) **Capacity Building:**
 - 1. **Convene regular Regional IDA Program Network "Management Team" meetings.** The "management team" is made up of the RCO, IDA Program Sites, and guest speakers on occasion, and shall provide on-going guidance, ensure clean procedures for intake and tracking, ensure integrity of MIS IDA data collection, problem solve, make improvements on the implementation of the project, and facilitate shared learnings among all sites in the region. The RCO will also serve as the chief communication link between Program Sites and MIDAP and participate in MIDAP convened RCO meetings.
 - 2. **Provide or arrange to provide technical assistance or training** to program sites and potential program sites in running or starting an effective IDA Program.
 - 3. **Administer an IDA Program Site:** Establish and run an effective IDA program that serves Michigan individuals and families with IDA accounts (not required of all RCOs).
 - 4. **Program Site Recruitment and Fundraising:**
 - a) Actively encourage other local service providers to establish IDA programs or provide referrals to existing IDA program sites, when appropriate.
 - b) Participate in the local and regional fundraising efforts in their community to garner additional support for the project.
 - 5. **Reporting**
 - a) Program sites will electronically export their participant account information (cleaned MIS-IDA data) to the RCOs on a monthly basis.
 - b) RCOs will submit their cleaned MIS-IDA data to MIDAP on a quarterly basis

B. Individual Program Sites

- 1. **Conduct Recruitment and Outreach:** Program Site is responsible for recruitment and outreach activities in their service area to attract qualified individuals to their IDA Program and meet account goals.

2. **Coordinate application, intake, and eligibility of IDA participants with RCO.** Using standard materials developed by MIDAP, Program Sites will review applications and accept IDA Participants into their program that meet eligibility criteria as defined in the Policies and Procedure Manual, as well as additional screening guidelines as established by RCO, program site, or funding source.
3. **Conduct Participant Orientation:** Provide, or arrange to provide, an IDA orientation process that includes (a) the philosophy and purpose of IDAs; (b) program requirements; (c) participant and program site expectations; and (d) process for participation in the program. The orientation process can be coordinated regionally in large groups, small group sessions, or individual meetings. (See **Sample B. Orientation Session Scripts**).
4. **Develop asset-specific purchase plan and obtain signed Participant Savings Plan Agreement.** Program Sites will ensure that each IDA Participant clearly understands the eligibility and other requirements for their participation in the program and the services provided to help achieve their savings and asset purchase goals as specified in their signed Participant Savings Plan Agreement (see **Form 4 Participant Savings Plan Agreement and Form 5 Individual Asset Plan**).
5. **Savings and Match Statements:** Provide or arrange to provide participants with a statement of their savings and the match on their savings, at least quarterly, and preferably monthly.
6. **Financial management education:** Provide, or arrange to provide through RCO, a core financial management education training.
7. **Use of MIS IDA for tracking participants:** At RCO's discretion, Program Sites may either 1) manage their own version of MIS IDA and make monthly electronic transfer of accurate and timely information to the RCO or, 2) establish procedures, through arrangement with their RCO, for providing all necessary MIS IDA data to the RCO in a timely and accurate way. In addition, each site will need to work with their Financial Institution Partners and RCO to establish the appropriate procedures for tracking participant savings and interest data generated by the partner financial institution.
8. **Provide/Coordinate Asset-Specific Training:** Provide or arrange to provide asset-specific training to meet the asset goals of IDA participants, i.e., business training, homeownership training, etc.
9. **Credit Issues:** Provide, or arrange to provide, credit and credit repair counseling that will enable participants to succeed with their asset purchase.
10. **Individual Assistance:** Provide individual counseling, on an as needed basis, to support IDA participant's achievement and retention of their asset investment. Assistance could include, but is not limited to budgeting, saving tips, motivation, or problem solving with participant during difficult times.
11. **Organize Peer Support:** Establish support group meetings for participants for mutual support and problem solving during their training and savings period.
12. **Follow-up support:** Provide guidance and support to IDA participants through their asset purchase or release from the program. Maintain contact with IDA

participants at least 1 year after their asset purchase for follow-up and evaluation of the program.

13. **Program Network Participation:** Regularly participate in Regional IDA Program Network "management team" meetings. The "management team" is made up of the region's RCO, IDA Program Sites, and a MIDAP representative and shall provide on-going guidance, ensure clean procedures for intake and tracking, ensure integrity of MIS IDA data collection, problem solve, and make improvements on the implementation of the project.
14. **Reporting:** Program sites will electronically export, or arrange to otherwise transfer, their participant account information, including MIS-IDA dataset and other reports as required by RCO or MIDAP, to RCOs on a monthly basis. Program sites will also submit quarterly narratives and other reports as required by RCOs or MIDAP.

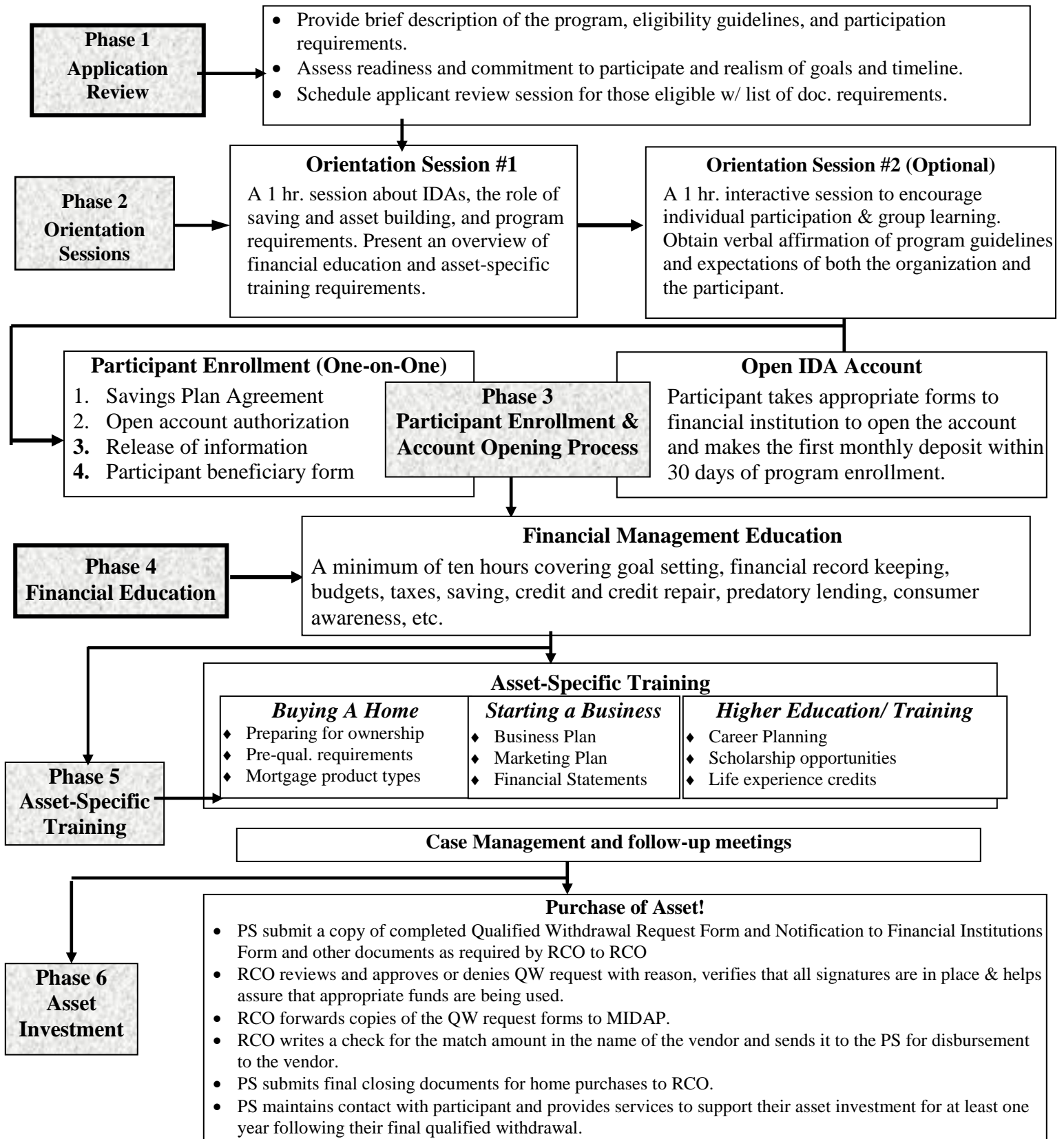
C. State IDA Coordination Office

1. Provide training, technical assistance, and products/materials as needed to support regional collaboratives and Michigan IDA Program sites directly or through a third party(ies).
2. Support partnerships among RCOs and IDA Program Sites to ensure performance standards are being met.
3. Track source and use of all program funds.
4. Prepare reports for state funders including DHS and MSHDA.
5. Develop project evaluation and tools to objectively assess project outcomes through contract with outside evaluator.

D. Department of Human Services

1. Identification of Eligibility Criteria
2. Development of program parameters with CMF and the Advisory Committee.
3. Compliance with appropriate federal regulations

IV. PARTICIPANT FLOW OF SERVICES (Sample only. Exact process may vary with program characteristics)



IDA Benchmarks	Activities of Partners	Responsible Agency(ies)
IDA Marketing, Recruitment	Make referrals to Michigan IDA Program Sites (PS) Cross-market to other programs offered Flyer, brochure, meetings in the community Cross-market to other community service providers	RCO, PS, referral partners PS PS PS
Participant Application Review (Eligibility Determination & Credit Report Review)	Determine eligibility to enter Michigan IDA Program Review program w/participant Complete Potential Participant Application Pull credit report and review	PS Participant w/PS Participant, PS PS, Financial Institution (FI), or Service Provider (SP)
Orientation Sessions	Conduct orientation review session(s)	PS
IDA Savings Plan Agreement (including participant's saving, credit repair and asset purchase goals)	Review IDA Savings Plan Agreement Sign Agreement Provide notice to FI to open IDA savings account at partner bank	Participant, PS Participant, PS PS, Participant
IDA Participation Tracking & Data Collection	Fully complete tracking information form Input data into MIS IDA or transfer forms for data input off-site Check data integrity monthly Pass cleaned aggregate data to RCO monthly and MIDAP quarterly	PS PS PS, RCO PS, RCO
Savings Deposit Tracking	Open IDA savings account Provide monthly savings statement or on-line access to RCO/PS Provide savings statement to participant Provide summary of participant saving to each site Mail saving and match statement at least quarterly	Participant FI PS RCO (or PS w/MIS IDA) RCO (or PS w/MIS IDA)
Financial management (FM) education Curriculum ASAP with follow up during length of program enrollment	Train PS on Financial Management curriculum Track attendance/report to Program Site Provide Completion Notice	RCO (will vary) Financial Management trainer (FM) FM
Case Management: Coaching, and counseling (Monthly contact during savings until asset investment)	Review Savings deposit record Review attendance at training Problem solving w/participant Track asset investment plan progress	PS PS PS PS
Asset – Specific Training (6 months – 1 year)	Provide training or refer to Service Provider (SP)	PS/SP
Billing for Direct Services (DS)	Track DS provided & TANF vs. non-TANF eligible participants and accounts	PS to RCO or MIDAP
Asset Purchase (Most likely within 1 month-generally no more than one year after savings plan achieved)	PS submit copy of Qualified Withdrawal Request form, Notification to FI, & supporting documents to RCO RCO approves or denies QW request & ensures appropriate funds are used. RCO or MIDAP writes a check for the match amount in the name of the vendor and sends it to the PS for disbursement to the vendor.	PS RCO RCO/MIDAP MIDAP, RCO, PS
Post- IDA purchase Contact/support	6 month and 1 year check-in	PS

IV. DETERMINING ELIGIBILITY

A. Eligibility for the Michigan IDA Program is determined at a Program Site. At minimum, participants need to meet the criteria outlined in this section. Each site may develop further criteria to help them select qualified candidates to the program that are more likely to succeed. See Appendix for additional materials on screening candidate. However, every IDA Participant will meet the following criteria:

- Agree to save an average of at least \$20.00 per month based on savings from earned income.
- Agree to complete financial management education classes and asset-specific training for selected asset investment goal (a home, business, or education).
- Agree to review and, if necessary, address any credit issues.
- Agree to abide by the program's rules and responsibilities as described by program staff and in the written materials received.
- To be eligible to open an IDA account, participants must show **proof of earned income**.
- In addition to having earned income, participants must income qualify in one of three ways

1 **Be TANF eligible.** To be eligible for TANF funding a participant does not need to be currently receiving TANF services from DHS, but must have at least one child living in their home, related by blood, marriage, or adoption, who is under age 18 or 18 and attending high school full time, or the applicant or their spouse must be pregnant, and have household income at or below 200% of the poverty line. Income poverty rate tables are updated annually. See below for definition of income, poverty levels as of the date of publication of this manual, and directions on calculating income.

Please note that there is NO asset test for TANF eligible participants.

If the source of funding for the IDA accounts is TANF funding in part or in whole, the participant must be TANF eligible. Please note that program sites MAY place a TANF eligible participant in a non-TANF funded account.

OR:

2 The **adjusted gross income of the household is equal to or less than 200% of the poverty line AND the net worth of the household does not exceed \$10,000**. See below for definition of income, poverty levels as of the date of publication of this manual, directions on calculating income, and net worth calculations

OR:

3 **The household qualifies for the federal Earned Income Tax Credit** (regardless if they filed for EITC or not) **AND the net worth of the household does not exceed \$10,000**. See below for definition of income, poverty levels as of the date of publication of this manual, directions on calculating income, and net worth calculations.

EITC limits are updated annually and available at the IRS website:

<http://www.irs.gov/individuals/article/0,,id=150513,00.html>

B. Income Calculations:

January 25, 2012 – until further notice

Family Size	Income Level 200%	Family Size	Income Level 200%	Family Size	Income Level 200%
1	\$22,340	4	\$46,100	7	\$69,860
2	\$30,260	5	\$54,020	8	\$77,780
3	\$38,180	6	\$61,940	ea add'l	\$7,920

Note: The federal poverty level is adjusted annually therefore eligibility guidelines for the Michigan IDA Program will be adjusted on an annual basis.

Income is defined as the following:

1. Money wages and salaries before any deductions.
2. Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses).
3. Regular payment from Social Security Administration (gross benefits), railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance (including Family Independence Program – FIP, Supplemental Security Income – SSI and State Disability Assistance – SDA), training stipends, alimony, child support, and military family allotments.
4. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments.
5. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
6. Payments to Native Americans from gaming revenues (e.g., casino profit sharing).

Excluded from income is the following:

1. Capital gains
2. Any assets drawn down as withdrawals from a bank, the sale of property, a house, or a car.
3. Tax refunds, gifts, loans, lump sum inheritances, divorce settlements, one-time insurance payments, or compensation for injury.
4. Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and federal non-cash benefit programs such as Medicare, Medicaid, food stamps (as well as cash received in lieu of food stamps), school lunches, housing and other emergency assistance.
5. Any portion of Social Security benefits deducted to pay Medicare premiums that will not be reimbursed.
6. Income earned by a child age 18 and under **and** attending school.

Determine the household's actual annual income from the last 12-month period preceding the date of application. See Appendix and website (<http://www.midap.info>) for additional tools for calculating income eligibility.

The following documents are acceptable to verify income:

- W2s or tax returns
- Copies of paychecks or pay stubs
- Written statements from employers
- Letters or other documents from income source (e.g., Department of Human Services, Social Security, VA), if dated within the last 60 days
- Unemployment Compensation Benefits check stubs
- If self-employed, accounting and other business records showing net income
- Other documents the program site has reason to believe will verify the income of the household member(s)

C. Net worth calculations:

In the event that a potential participant is not TANF eligible, the household net worth cannot exceed \$10,000. For purposes of determining net worth of a household, household's assets shall not be considered to include the primary dwelling unit and one motor vehicle owned by a member of a household. Add all remaining household assets and subtract all household liabilities.

V. POTENTIAL PARTICIPANT APPLICATION REVIEW

Due to the nature of this program, the Michigan IDA program has many requirements and procedures. Best practice indicates that it will take more than one contact for the potential participant to fully understand the program and be comfortable with its guidelines and requirements. If you are successful at integrating the IDA program into your organization, you will have more potential IDA participants than available IDA accounts. Take the time to do an initial interview to assess their readiness to participate in the program and the feasibility of achieving their goals and expectation before they sign the Savings Plan Agreement (Form 4) and Individual Asset Plan (form 5). If it is not the right time for them now, it may be in the future.

The purpose of the application review is to

- (1) Provide the prospective applicant with information on the Michigan IDA Program
- (2) Determine eligibility to participate in the program; and
- (3) Assess any potential barriers to successfully completing the program by purchasing the desired asset. If the details will be reviewed at an orientation session then cover the basics in the initial interview. It is not uncommon for IDA Programs to screen out applicants at this stage, whether it is because of failure to

meet eligibility guidelines or to provide required documentation, unrealistic goals, credit barriers, lack of enthusiasm for the program, etc.

The following information should be covered in an application review session:

- **Program Summary:** Michigan IDA Program is a special savings program that rewards savings of \$1,000 for a home purchase with a match of \$3,000. Individuals that save \$1,000 for post-secondary education, training and for small business start-up or expansion will receive a match of \$2,000.

Sample IDA Program Calculations

Post-Secondary Education:

Typical cost to a 2-year community college program: \$4,750*

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ College Preparation	2:1 Match	Total IDA
\$50 x 20 months	= \$1,000	10 hours + hours to research/apply	+ \$2,000	= \$3,000

* Asset specific education helps identify scholarships, grants, and loans to help pay for the balance of education costs.

Homeownership:

Typical cost of a starter home (varies by housing market): \$80,000

Average down payment required: 5%

Estimated downpayment & closing cost: \$4,000*

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ Homeownership Counseling	3:1 Match	Total IDA
\$75 x 14 months	= \$1,050	10 hours + hours in credit preparation and homeownership education	+ \$3,000	= \$4,050

* IDA program providers identify other down payment programs & income qualified subsidy programs to facilitate success in home purchases at this income level.

Microenterprise Development:

Sample Small Business Purchases*:

Commercial Grill: \$1,000

Law Care Equipment: \$600

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ Business training	2:1 Match	Total IDA
\$35 x 10 months	= \$350	10 hrs; + preparation of acceptable business plan.	+ \$700	= \$1050
\$20 x 10 months	= \$200	Same preparation	+ \$400	= \$600

* Saving goals will vary widely depending on the microentrepenuer's goals.

- **Eligibility Requirements:** All participants must have earned income equal to their savings amounts in order to participate in the program. All participants must have income at or below 200% of the federal poverty level, or be eligible for the federal EITC. The exact dollar amounts are listed on pages 9 & 10, and are revised annually. Updated income eligibility tables are posted on the website: <http://www.midap.info/>

- **Program Services:** All participants are required to complete 1-2 orientation sessions and at least 10 hours combined of financial management education and asset-specific training related to the intended asset investment goal.
- **Credit:** All participants are required to review their credit at program entry and, if necessary, address credit related issues. Credit must be reviewed again at exit.
- **Deposit and Withdrawal Policies:** Participants must make a minimum average monthly deposit of \$20.00 per month. No withdrawals are allowed for the first 6 months of the program. There is an emergency withdrawal policy for special circumstances after a participant has been in the program for at least 6 months; however it is very strongly discouraged. In the event an emergency withdrawal must be made, the participant and program site should reevaluate the savings agreement for possible revisions, and write a plan to catch up on the savings withdrawn for the emergency. Before a qualified withdrawal can be made, participants must demonstrate six months of savings.

Example A: If a participant enrolls in January and meets or exceeds their savings goal in January, February, March, April, May, and June, they could be eligible to make a qualified withdrawal in July if all other requirements have been met.

Example B: If a participant enrolls in January and deposits \$1,000 from their EITC refund, they must also make a minimum deposit per their savings agreement for each of the next 5 months in order to meet the requirement of six months of savings.

Note that a program site may allow a quarterly savings deposit goal if it makes sense with the participant's income schedule, however at least one deposit must be made each quarter, for a minimum total of the quarterly goal amount.

At the end of the savings period, the participant savings plus the matching dollars go directly to the vendor for the asset investment specified in the Participant Savings Plan Agreement and Individual Asset Plan.

- **Lump Sum Deposits:** While lump sum deposits are allowed, and can be a good method to jump starting savings (such as with an EITC or tax refund), program managers should encourage participants to continuing depositing a regular amount to reinforce the habit of regular savings. If a participant opens an account with \$1,000 they are still required to deposit regular savings over a period of not less than six months in order to be eligible for match.
- **Account Structure:** Participant savings accounts are jointly owned between the Michigan IDA Program Site and the participant. Participants make monthly deposits at designated locations of the participating bank. Participants cannot make withdrawals without the approval and signature of the program site. The matching funds and participant accounts are kept separate. Both matching funds and participant savings earn interest.
- **Benefits:** Participants can jump start their savings with matching dollars, thus seeing their savings grow quickly. Money management workshops help individuals learn about the power of savings and how to make wise decisions

about money. Participants can also obtain free training to get the knowledge and skills needed to reach their asset goal. Participants are encouraged to use direct deposit to keep their savings on track, and to make lump-sum deposits, for example using income tax or EITC refunds to grow their savings more quickly.

Aspects to a Successful Application Review Session

The aspects below may not necessarily happen in the order listed.

A: Provide prospective participant with the following: Program Brochure, Program FAQs (Appendix), and Flow of Participant Services.

B: Review the Michigan IDA Program and eligible uses at your program site determine interest, enthusiasm, eligibility, and reality of their goals. If they do not appear ready for an IDA program at this time, direct them to resources at your organization or community partners that can help them move closer to their goals.

C: Complete Income Eligibility Calculation Sheet using documentation provided by potential participant.

D: If eligible, provide prospective participant with an application to complete and photocopy driver's license or state ID, social security card, most recent pay stub, prior year taxes, W-2s and any other supporting documentation. Review completed application with participant to ensure all questions have been completely answered. Ask participant if they foresee any barriers to saving or attending any financial and/or educational training. If a potential participant is not eligible for an IDA, direct them to whatever services can help them move closer to their goals, such as financial management courses, credit counseling, or homebuyer education, whether the services are available at your organization or with community partners

E: Determine if applicant is eligible for TANF or non-TANF funding. To be eligible for TANF funding a participant does not need to be currently receiving TANF services from DHS, but must have at least one child living in their home, related by blood, marriage, or adoption, who is under age 18 years if age or 18 and attending high school full time, or the applicant or their spouse must be pregnant, and have household income at or below 200% of poverty.

If the source of funding for the IDA accounts is TANF funding in part or in whole, the participant must be TANF eligible. Please note that you may place a TANF eligible participant in a non-TANF funded account.

F: Complete Documentation Review Form (Form 2) and check proper boxes, Make sure you check all documents that were copied, cross-check

- social security numbers,
- record total number in household,
- total income,
- TANF eligibility status,
- dates of orientation session(s), and
- asset goal.

For participants that did not file taxes for the prior year, annualize pay stubs for the past twelve months to determine eligibility at the time of application. Review participant application to make sure it is complete; calculate net worth when required, and check appropriate boxes, sign and date. Refer to the Appendix and the website for additional resources: <http://www.midap.info/>

G: Ask the Participant if they have a copy of their credit report with scores dated within the past 60 days. If not, make arrangements with the Participant to obtain a credit report with at least one score. The report will be reviewed at the time of enrollment into the program. At program exit, a second report with a score from the same source as the beginning score must be obtained.

I: Schedule prospective participant for orientation and provide date and time of meeting in writing (**Tip:** Very often program sites keep records of orientation candidates and final applications in separate folders to help track participants. Make sure that you pass the names of those participants scheduled to attend orientation to the provider of that service).

J: Fasten all documents together in pending folder until prospective participant opens a savings account and becomes officially enrolled in the program.

VI. ORIENTATION/MARKETING SESSION(S)

Marketing information could be delivered via orientation, mailing, or presentation. The goal of these sessions is for all attendees to fully understand the requirements and services provided by the program and to make a decision about participating in the program. Carefully designed sessions are a best practice in the IDA field. Apart from assuring that participants truly understand this fairly complex program, effective sessions can serve as a tool to screen out people that are not ready to make the personal commitment required. They will also help reduce costs down the road, as you want to spend billable time with people that are truly committed and motivated to improve their financial situation and escape poverty.

Sample B includes scripts for two orientation sessions. The format for the first session is lecture-style and covers all the details and requirements of the program. The second session has an interactive format that is likely to increase participant understanding of the program and give the staff a greater sense of their potential clients. As suggested earlier, a slightly more time intensive process upfront will save time (and money) later on.

VII. PARTICIPANT ENROLLMENT POLICY AND PROCESS

The participant enrollment process officially accepts participants into the program. The process should take about 45 minutes. It provides an opportunity for the case/program manager to again review the program guidelines with the participant, assess their dedication, and help the participant develop a realistic savings plan. The participant enrollment process also provides program staff with information on the specific needs of

the participant, such as barriers to attending training, difficulties saving, etc. This will help program staff determine the need for outside resources or services to increase the likelihood that the participant can complete the program and acquire their asset. All Program Sites must keep a detailed IDA Participant File on each participant in their program. Use the Documentation Review Form (Form 2) or another list to insure that all forms are present and complete in the file.

Step 1: At participant enrollment, review program guidelines and Savings Plan Agreement (Form 4) and Individual Asset Plan (Form 5) with the participant, respond to questions, and address any concerns.

Step 2: Discuss the program services offered or coordinated by your program, including financial management education and asset-specific training, and assess barriers for attending these trainings (child care, transportation, work, etc.). Also make clear that you have many contacts with a network of organizations that could help participant succeed in difficult times.

Step 3: Assist the participant to fill out Personal Budget Form (4a) and Savings Goal Projections (4c) as the basis for developing a monthly savings plan to meet their savings goal within their timeframe. Provide the participant with the Financial Check-Up Quiz (4b) to help them assess their specific financial needs. It will be beneficial to revisit this Quiz at program exit.

Step 4: Participant completes Open Account Authorization Form (Form 9), Release of Information Form (Form 7), Beneficiary Designation Form (Form 6) and Release of Liability Form (Form 8) and program representative signs documents where necessary.

Step 5: The RCO may require copies of completed enrollment forms and signed savings agreement. This may be done for at least three reasons:

- (1) Some sites need to forward the forms because they are not managing their own Outcome Tracker;
- (2) Some program sites may forward forms so that the RCO can cross check data for evaluation purposes. This is particularly important as program sites first begin entering data; and
- (3) On occasion, the Regional Coordinator will review applications to ensure participant eligibility procedures are followed and clients are eligible.

In all cases the Program Site is responsible for determining eligibility and maintaining complete records on IDA Participants. The RCO need not retain all applicant information after data is confirmed in Outcome Tracker.

Step 6: Copies of the above mentioned forms are made for participant files and the participant takes the original forms to the bank for opening the account. Participant is also given the bank location sheet.

Step 7: Keep a copy of the appropriate forms and documents in a IDA Participant File for each participant. Program typically keeps the following information in an IDA Participant File:

- Prospective Participant Application
- Release of Information
- Copies of ID and SS# documentation for adults and children
- Copy of credit report with scores at program entry
- Income documentation
- Income eligibility calculation sheet
- Participant release of liability
- Participant Beneficiary Form
- Savings Plan Agreement/Individual Development Plan
- Personal Financial Budget Form
- Financial Check-Up Quiz w/ Savings Goal Projections
- Open Account Authorization
- Training documentation for Financial Management and Asset Specific education
- Contact Log and Case Notes
- Copies of Correspondence with participant
- Qualified Withdrawal request form(s) and supporting documents
- Qualified Withdrawal notice to Financial Institution
- Participant Exit form
- Success story
- Exit survey
- Copy of credit report with scores at program exit
- Other supporting documents such as bank statements, copies of checks, deposit slips, documentation of communication with lenders or other service providers, etc.

Step 8: At the end of the enrollment session record the following: name, address, city, state, zip, telephone numbers, email address, social security number, date(s) of the orientation session(s) and enrollment.

Step 9 for Sites with Outcome Tracker: Do NOT enter data into Outcome Tracker until the participant has opened their account at the bank. If you do not have the bank account number at the time, enter a dummy account, e.g. T100, until you obtain it from the Participant or financial institution. Program sites are responsible for entering all data; and on request providing the RCO with the monthly bank statements for reconciliation purposes.

Step 9 for Sites without Outcome Tracker: Send the monthly summary of bank account activity to the RCO, or make arrangements with the financial institution to have them send it to the RCO directly.

In both cases, it is critical that the information is timely, accurate, and complete.

VIII. STAFF AND FAMILY MEMBERS ELIGIBILITY POLICY

It is important to avoid any appearance of a conflict of interest or misuse of IDA Program Funds. For this reason, IDA Program staff and family members of IDA Program staff should be referred to another Program Site, if possible, to avoid the appearance of impropriety. Where organizations housing IDA programs have Conflict of Interest Policy already in place, those policies should be followed. In all cases Program Sites should consult with RCO before enrolling an employee or board member, whether they are paid or volunteer.

IX. EMERGENCY WITHDRAWAL POLICY

Participants are allowed one opportunity within a twelve-month period to withdraw all or some of their savings from their IDA account. While they are strongly discouraged from doing so, emergencies can arise which necessitate a withdrawal. Participants are required to discuss their situation with the program site staff member and assess options. The following procedures are followed in cases where an emergency withdrawal is approved.

Determine Eligibility: In order to be eligible for an emergency withdrawal, participants must have been enrolled in the program for at least six (6) months and shown good progress in meeting their savings commitment. If they have not met these criteria they could be removed from the program.

Assess Withdrawal Uses: Emergency withdrawals will only be approved when, in the judgment of program staff, IDA funds are necessary to:

- Prevent the eviction of a participant or a participant's family from their residence;
- Prevent foreclosure on a participant's primary residence;
- Pay for critical health care services for a participant or a participant's family member; pay for critical living expenses, such as food supplies or heating expenses.

Amount of Withdrawals: Approved emergency withdrawals may be made in any amount up to a participant's entire account balance. Withdrawals **will not** include matching funds.

Forfeiture of Match: Participants who make emergency withdrawals will have up to 12 months to reimburse their account or else the account will be closed and all matching contributions forfeited.

Alternatives to Emergency Withdrawals: In the event the participant's request to make an emergency withdrawal is not approved, the participant may choose to:

- Make do without the emergency withdrawal and continue participation in the program
- Withdraw from the program and receive a full refund of all IDA deposits and interest, but jeopardize any possibility of future program participation.

Request Procedure: IDA participants who are in need of an emergency withdrawal should follow this procedure:

- Complete and submit an **Emergency Withdrawal Request Form** (Form 10) to program staff.
- Schedule a meeting with a program staff to discuss the situation and to review alternative strategies to resolve the problem.
- If the request is approved, develop a revised savings plan that will allow withdrawn amounts to be re-deposited 12 months.
- Make arrangements with program staff to arrange for the withdrawal of funds from the participating financial institution. **Note: Remember that jointly owned IDA accounts require the signature of a program site representative.**

X. MISSED DEPOSITS POLICY

The Michigan IDA Program requires IDA participants to save a minimum of \$20 per month during the savings period. If a participant misses one deposit, contact them by phone and send a letter. If a participant misses two consecutive deposits the Program Site should contact the participant and have a face-to-face meeting to discuss the continued participation in the program. After a third missed deposit, a participant may be terminated from the program depending on Program Site's evaluation. Our goal is to help participants successfully complete the program and obtain their asset. However, we recognize that emergencies arise and sometimes a participant can get busy and simply forget to make a deposit. Our objective is to work with the participant to understand the situation and jointly develop a strategy to keep the participant in the program. We look for participant commitment to the program and their personal goals as a sign of willingness to resolve any issues that may prevent them from making regular deposits.

Follow the procedures below for handling missed deposits:

Step 1: Review monthly deposit lists from bank and highlight all accounts that have missed deposits.

Step 2: For the **first** missed deposit a friendly reminder letter may be sent (see Sample 5. Missed Deposit Letters) to the participant and a telephone call may be made to ask if they have made a deposit for the proceeding month.

- If the answer is **yes**, ask for the date of the deposit as the participant may have made the deposit after the bank's monthly closing period. Thank them for making the deposit, and clarify with the participant that the deposit needs to be made before the monthly closing date.
- If the answer is **no**, ask first if you can help the participant to assure that future deposits won't be missed. The participant may identify some barriers that you can help them address. Ask if they plan to make a deposit in the current month and provide the final date of the month that the deposit can be made. Finally, thank the participant for participating in the program and provide your phone number for questions, etc.

Record communication with participant in their participant file (Sample E. Participant contact log)

Step 3: For the **second** missed deposit, send a letter to participant reminding them to make a deposit by a specified date and to schedule an appointment to come into the office to discuss their continued participation in the program. Explain that continued participation in the program is contingent upon meeting with staff and completing a revised saving plan and Savings Plan Agreement and Individual Development Plan.

Step 4: Record communication with participant in their participant file and make necessary adjustments if it is the second missed deposit.

Step 5: If the participant (a) misses three deposits in one calendar year; (b) does not contact the program staff after the second or third missed deposit; and (c) staff are unable to contact the participant, we recommend the participant be terminated from the program and matching dollars forfeited. Send a letter to the participant informing them of the decision and any actions they need to take. Place a copy of the letter in the participant's file.

Step 6: If participant is terminated from the program, send notification of participant dismissal to the local bank, complete Exit Program Form (Form 13) and enter exit information into Outcome Tracker and send a copy of the Exit Form to the RCO.

XI. AMENDING THE SAVINGS PLAN AGREEMENT POLICY

The Savings Plan Agreement serves as the official agreement between the participant and Michigan IDA Program. An amendment to the agreement can occur for the following reasons:

- A participant may wish to change their asset choice, length of saving, and amount of savings goal to reflect their current interests and needs. In cases where the participant's change will increase their match rate from 2:1 to 3:1 or if the change is to a different use, verify that your Program Site has those accounts available in its current allocation of accounts. If not, contact RCO to verify match funds are available.
- A participant is not able to meet their savings goal. Upon completion of the participant's Annual Review, staff may propose to amend the Savings Plan Agreement and Individual Asset Plan with a revised savings goal (see procedures for the **Participant Annual Review, page 30**). The revised agreement will more accurately reflect the participant's progress in the program and provide an opportunity to free up match funds for other potential participants.

Step 1: Participant schedules an appointment to meet with the Michigan IDA Program representative to discuss amending the Savings Plan Agreement.

Step 2: Program representative discusses the reasons for amending the Letter of Agreement with participant and reviews their participation in the program.

Step 3: If participant has actively participated in the program, complete a new Savings Plan Agreement and Individual Asset Plan and sign with the participant.

Step 4: Participant is given a copy of the revised Savings Plan Agreement and Individual Asset Plan and, if necessary, participant will complete a new savings schedule. The original Savings Plan Agreement, Individual Asset Plan, and the new savings schedule will be kept in the participant file with copies given to the participant.

Step 5: Make changes in Outcome Tracker and provide a copy of the new savings agreement and schedule to the RCO to ensure change is noted. The RCO will make changes in Outcome Tracker if the Program Site does not manage it on-site.

Step 6: Program Site staff crosses through the initial Savings Plan Agreement and documents change in the participant contact log. **The participant's enrollment date remains the same as it was on the original Savings Plan Agreement.**

XII. TERMINATION POLICY

Unfortunately, not everyone who enrolls into the program is ready for long-term saving and asset ownership. Despite the program's best efforts, some participants will choose to not meet the program's minimum participation requirements. Our goal should be to minimize terminations from the program.

No participant should be made to feel badly for his or her inability to meet program requirements. Rather, they should be encouraged to reconsider long-term saving and asset development at some time in the future when their life circumstances will allow them to be successful.

Steps prior to termination:

- **Review and Publicize Clear Participation Guidelines** - Provide participants with program guidelines at the time of application, review guidelines in all orientation sessions, and re-emphasize program guidelines during participant enrollment and throughout savings period.
- **Closely Monitor Savings Activity** – Follow up with participants on a regular and monthly basis when an individual misses a deposit. Program sites must follow participant savings behavior even in cases where the program site does not receive bank statements. Sometimes a participant may forget to make a deposit or there may be times when a person may have lost a job, or be dealing with some other type of life crisis. *Note: See Missed Deposit Procedure for monitoring savings activity (Section X)*
- **Offer Support & Problem-Solving** – Participants may be struggling with some type of problem that may be impacting their behavior. Offer to serve as a coach and assist the participant with problem solving or locate other helpful community resources.
- **Explore All Options** – Before terminating any participant, attempt to have a meeting to determine the cause of the participant's difficulties in saving. Consider alternatives to termination, including revising savings agreement, or (with RCO approval) temporary leave of absence.

Upon exploring the steps outlined above, or if the participant does not respond to phone calls and letters, no other alternative is available other than to terminate the participant

from the program. It serves neither the participant nor the program sites to keep a participant in the IDA program when they are no longer likely to succeed. Doing so denies a new participant of the time and opportunity to save and successfully complete the program.

Termination will occur for the following reasons:

- Fraud or intentionally reporting inaccurate or misleading information
- Failing to open account and make the first deposit within 30 days of enrollment
- Missing three deposits and not responding to attempts to meet with program staff
- Failing to follow program guidelines as outlined in Participant Savings Plan Agreement.
- Failing to repay an emergency withdrawal within 12 months.
- Failing to use match funds for qualified withdrawal before the date specified in the savings agreement.
- Once terminated from program, a participant must wait 12 months before being eligible to reapply to the program. Reentry will require requalification plus the resolution of the issues that led to previous exit from the program.

Steps for completing termination:

Step 1: A letter is sent to the participant announcing their termination from the program and the specific reason (Form 15). The participant is informed in the letter that they forfeit any rights to matching dollars as a result of the termination. None of the information in the letter should come as a surprise to the participant, as the reasons for termination are included in the Savings Plan Agreement.

Step 2: Contact the bank and fax or mail a termination notice (Form 15) and request that it change the status of their IDA account to an alternative account (if money remains in the account).

Step 3: Complete Exit Program form (13) and enter into MIS-IDA and send a copy of the exit form to the RCO, upon RCO request.

XIII. QUALIFIED WITHDRAWAL POLICIES AND PROCEDURES

Qualified Assets – Participants may use their IDA savings and match funds for the following expenses:

1. **To purchase a primary residence** – qualified acquisition costs with respect to a principal residence for a qualified first-time homebuyer and acquisition costs.
 - MIDAP uses the federal AFI definition of a *qualified first-time homebuyer* as an individual participating in the (IDA program), and if married the individual’s spouse, who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence purchased with IDA funds.
 - *Date of acquisition* means the date on which a binding contract to acquire, construct, or reconstruct the principal residence is entered into.

- *Qualified acquisition costs* mean the costs of acquiring a residence and any usual or reasonable settlement, financing or other closing costs. Eligible costs include:
 - **Downpayment**
 - **Closing costs:** title examination, title insurance, attorney's fees, credit reports, surveys, courier fees charged by closing attorney, appraiser's fees, filing and recording fees, transfer tax and intangible taxes, mortgage insurance, home inspection, and origination fees.
 - **Pre-Paid:** the amounts required by the first mortgage lender to be deposited in the escrow account for property taxes, hazard insurance, and homeowner association or condominium fees and prorated interest expenses up to the first payment date, not to exceed actual costs. No additional fees or charges may be assessed for the use of IDA funds.
- The mortgagor must hold the title to the property at the time of closing in fee simple or under an eligible leasehold interest (the terms of the ground lease must extend beyond the maturity date of the loan and only the land may be under a ground lease; improvements must be owned by the mortgagor).
- The property must be a single-family dwelling (attached or detached) designed for residential use and located in an area consistent with such a use and intended for owner occupancy. This includes single family units within multi-family properties such as condominiums, cooperative units, and manufactured housing which is permanently affixed to a foundation per local code and meet the applicable FHS, FNMA, GNMA, Pool Insurer, and/or Private Mortgage Insurer requirements.
- Absent local housing codes, the IDA-assisted property must meet the HUD Section 8 Quality Standards at the time of initial occupancy, based upon an inspection by a Program Site approved home inspector.
- In the case of construction loans, IDA funds will not be released until the building has received its occupancy permit.

2. **To capitalize a small business** – Qualified expenditures for initial inventory, business equipment, marketing or other start-up costs are permissible provided all expenditures follow from a qualified structured, realistic business plan. The IDA Program Site must approve this business plan.

The term "qualified expenditures" means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

The term "qualified plan" means a business plan, or a plan to use a business asset purchased,

which includes a description of services or goods to be sold, a marketing plan, and projected financial statements and,

which is approved by the program site, and, if program site is not an experienced entrepreneurial adviser, approved by a financial institution, a microenterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity;

IDA funds used for business capitalization shall be paid directly to a business capitalization account that is established in a federally insured financial institution (or in a State insured financial institution if no federally insured financial institution is available) and is restricted to use solely for qualified business capitalization expenses.

3. **To expand or stabilize an existing small business** – Qualified expenditures for expansion or stabilization may include expenditures for business equipment, targeted marketing or advertising campaigns, or other expansion or stabilization efforts outlined in a qualified structured, realistic business expansion or stabilization plan. Generally speaking, IDA funds for expansion or stabilization should not be used to cover ongoing operating expenses (such as payroll or occupancy costs) unless such expenditures are part of specific and well-reasoned plan to return an ailing business to viability within a reasonable timeframe. The IDA Program Site must approve the business stabilization or expansion plan. Under no circumstances should IDA funds be used to delay the closing of a business that has no reasonable prospect for survival.

The term "qualified expenditures" means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

The term "qualified plan" means a business expansion or stabilization plan,

which includes a description of services or goods to be sold, a marketing plan, expansion or stabilization plan, and projected financial statements and,

which is approved by the program site, and, if program site is not an experienced entrepreneurial adviser, approved by a financial institution, a microenterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity;

4. **To pay tuition for a post-secondary educational program or vocational training** - tuition should be toward a degree, certification or course of study that can be reasonably expected to improve an IDA participant's prospects for employment and/or earning potential. IDA funding source requirements may dictate eligible institutions. For IDAs using AFI funds, the education institution must be eligible to receive funding under the federal Perkins Act. The easiest way to determine this is to ask if the school can accept federal Pell grants.

To cover expenses directly related to post-secondary tuition - including school fees, book or certain school supplies (necessary lab equipment, for example, in the case of a natural science curriculum) or professional certification fees. IDA funds cannot be used to pay for housing or food expenses, nor can they be used to

pay a credit card or an entity providing student loans. Personal computers may be considered school supplies provided that a student is pursuing a field of study that involves significant computer use. IDA funding source requirements may dictate eligible vendors. Per federal AFI rules, any match funding that includes use of AFI funds can only be made payable to the education institution, and may not be paid to a non-education vendor, such as a computer store or online bookseller.

Qualified Asset Appeals -- IDA participants who disagree with program staff about the permissibility of a qualified withdrawal request may appeal for a final decision to the Appeals Committee, which includes the Regional Coordinator, DHS and MIDAP. In order to minimize misunderstandings, IDA participants who anticipate submitting an unusual qualified withdrawal request should ask program staff for a ruling about the permissibility of their request prior to program entry. In the case of a qualified withdrawal request for which the permissibility of which is not clear from this policy, RCO and DHS will hold final decision-making authority in interpreting program policy.

Forms of Payment - Qualified withdrawal requests will be filled in the form of a vendor check made payable to businesses or institutions providing elements of participants' asset goals. In no case will IDA funds be issued directly to participants. When possible, qualified withdrawal checks should be issued in the precise amount of asset-related purchases. For example, payments for tuition expenses should be made for the exact amount billed by a school or training program. In the unusual situations where it may not be possible to issue payment for a precise amount, any unused IDA Match funds must be returned to the RCO Match Pool account as soon as possible. In cases where the match funds include AFI funds, the final match payment will include interest on the match in addition to the agreed match rate. For example, a participant who saves \$1,000 for a home will receive a match check for \$3,000 plus interest earned on that match.

Payment Documentation - In general, qualified withdrawal requests must be accompanied by detailed documentation of the planned purchase or expenditure. IDA program staff is not required to be experts on homeownership, small business, or higher education/job training planning. However, to help perform "due diligence" in approving asset investments, there are some simple and straightforward questions that can be posed to participants when they are ready to access their match.

In particular, the following forms of documentation are necessary for each category of asset investment:

1. **Home purchase** - a signed copy of a purchase and sales agreement--signed or initialed by both buyer and seller or their authorized representatives, settlement statement, mortgage approval letter, any relevant bills (attorney, home inspector, survey, etc.)
2. **Business start-up** - a copy of the participant's business plan (approved by the IDA Program Site or provider of asset-specific business services) and written estimates for the cost of services or products to be purchased for the business. No matter who the service provider, the participant should be able to answer the following questions and have a business plan that addresses these questions.

Key Questions to Ask a Participant that Wants to Start/Expand a Business

- Can you define and clarify the business vision?
- Can you identify the target market?
- Can you identify and assess competition?
- Do you have a pricing strategy?
- Do you have a marketing strategy and plan?
- What is your sales technique?
- Did you develop sales and production cycles?
- Do you have business specific processes and procedures?
- Have you established record keeping procedures? Did you analyze business costs and develop a budget?
- Do you have cash-flow projections?
- Do you use break-even analysis?
- Do you understand basic financial statements?
- Have you done research and sought financing and funding?

A sample business plan outline is provided in the samples section of this manual.

3. **Business expansion or stabilization** - a copy of the participant's expansion or stabilization plan (approved by the IDA Program Site or provider of asset-specific business services) and written estimates for the cost of the services or products to be purchased for the business. (The above questions and business plan format apply to business expansion plans as well.)
4. **Education** - tuition bill from the school or training program as well as a description of the degree program or course of study. A course catalog may suffice.

However, those documents don't tell how the participant chose this course of study and what information they used to make the decision. So it makes sense for participant and program staff to develop an *education/training plan* for participant that identifies the process by which the participant will assess education/job training options and arrive at a decision. Such plans can include the names of resource providers, e.g., guidance counselors, college/university counseling centers, Workforce Development Centers, local Extension offices, etc. with whom the participant will consult. These resource providers typically have assessment tools to help the participant identify their interests and aptitudes for different career options.

The *education/training plan* is not a static document; the participant and the case manager need to work together to assess the results of the "fact finding" process and whether further assistance is needed. By observing the participant's data gathering and thought process, you are in a better position to feel comfortable when it comes time for the asset withdrawal process.

5. **Educational expenses** - documentation that the IDA participant has been accepted into an education or job training program, a written description of the program (course catalog, for example), documentation of how the participant will

pay tuition expenses, and a written estimate of or bill for the educational expenses for which IDA funds will be used.

Request Procedure - As a general rule, IDA participants should request qualified withdrawals as far as possible in advance of the date IDA funds are needed, and no later than 30 days before match funds are needed. Although the withdrawal request procedure will vary to some extent based on the type of asset to be purchased with IDA funds, several phases are involved in all qualified withdrawal requests:

1. **Six months minimum of Deposits** – Participant must have at least six consecutive months of saving before being eligible for a qualified withdrawal, not merely have an account opened for six months.
2. **Have sufficient funds in the account** – participants must have accumulated enough personal savings in their IDA so that, when combined with the match, they can cover the proposed asset purchase.
3. **Attend financial management education workshops** - prior to any qualified withdrawal requests, IDA participants must have graduated from financial management education workshops.
4. **Attend asset-specific training** - prior to submitting any qualified withdrawal request, participants must have successfully completed participated in the asset-specific training appropriate for their asset goal.
5. **Credit & Credit Repair:** Participant must have reviewed and achieved any specific participant goals related to credit repair that were documented as necessary.
6. **Seek individual counseling or guidance** - although optional, participants are encouraged to discuss their asset plans with Michigan IDA Program Site staff at any point in the saving process. Input from program or partner staff members may help participants clarify and achieve their goals.
7. **Qualify for financing** - for asset purchases that require financing other than IDA funds, participants should apply and receive approval for the loan or mortgage needed to make the asset purchase possible.
8. **Shop for the asset** - qualified withdrawals must be in the form of vendor checks and participants must have specific purchase plans. In addition, participants should use the time frame afforded by the long-term saving process to make the most educated and wisest purchase choice possible.
9. **Schedule appointment with Michigan IDA Program Site Staff** – discuss proposed withdrawal with program staff and review participation in the program. Complete **Qualified Asset Withdrawal Request** (Form 11) and **Notification to Financial Institution** (Form 12) at least thirty (30) business days before IDA funds are requested; participants should submit a qualified withdrawal request form together with all appropriate documentation.
10. **Process Request for Match Funds to MIDAP**

PROGRAM SITES:

- Program sites track partial withdrawals to insure that total of all partial withdrawal requests does not exceed maximum allowable match.
- Program sites submit a copy of a completed Qualified Withdrawal Request Form, with documentation as required by RCO, and Notification to Financial Institutions Form to RCO
- RCO verifies that all signatures are in place and helps assure that appropriate funds (TANF, non-TANF, private) are being used.
- RCO writes the check for match funds in the name of the vendor and sends it to either the Program Site or vendor as indicated in request.
- RCO tracks information from qualified withdrawal including new address and phone for homeowners, mortgage source and amount, sales price, type of business, name of education institution, entry and exit credit scores and dates, and other required information,

11. **Process Request for Participant Savings (for Program Sites and RCOs)**

- Participant and staff complete the Qualified Withdrawal Request Form and Notification to Financial Institutions Form.
- Participant takes Notification to Financial Institution Form to the appropriate financial institution.
- Financial institution writes a check for the savings amount in the name of the vendor.
- **Note:** At this point, Program Sites and RCOs can decide if:
The financial institution gives the check to the Participant who gives it to the vendor or Program Site.
OR
The Financial institution mails the check to the Program Site.

12. **Pull participant credit report** with at least one score matching the source of a score on the report pulled at entry. Review progress and help participant outline further steps to increase and insure good credit health.

13. **Complete Exit Program Form** (Form 13), **Participant Exit Survey** (Form 14) and **Participant Matched Withdrawal Form** (Form 11), and collect information and photo (preferably digital) for success story.

14. **Update participant contact information**, recording new address and phone number if participant will be moving.

15. **Enter data into Outcome Tracker.**

Note: For evaluation purposes, it is important to again collect the information recorded on the Participant Application Form. We hope to demonstrate that the IDA Program had a positive impact in various ways

XIV. ANNUAL REVIEW POLICY AND PROCESS

The annual review process is an opportunity for (1) staff and participant to jointly review the participant's participation in the program and identify and address any barriers to continued participation; (2) for participants to share their personal experiences in working to meet their saving goals; and (3) for staff to update information (in MIS IDA and participant files) on family size, address, income, employment or other information you may deem important.

One outcome of the annual review could be to readjust the savings goal based on the individual's participation in the program. In that case the participant must sign a revised Savings Plan Agreement and Individual Asset Plan.

The following steps are required to conduct the Annual Review.

Step 1: Program staff contacts participant to schedule an annual review at or around one year of program participation.

Step 2: Program staff explains the purpose of the annual review and assures participant that any increase or decrease of income will not disqualify them from participation in the program.

Step 3: Program staff reviews participant's participation in the program and provides feedback. It is important to point out and praise any and all achievements, no matter how small they may seem. Examples: completed 4 of 6 training sessions, made 11 of 12 scheduled deposits, deposited \$5 extra, paid off past due bill, etc. After pointing out all positive behavior then review what needs to be improved or completed. Example: missed deposits or made smaller than planned deposit, need to complete training or submit business or education plan, get pre-approved for mortgage, etc. *Note: IDA participants may see small strides as huge successes.*

Step 4: Ask participant to share their experiences in the program thus far. Example, ask what have they enjoyed the most in participating in the program; what have they liked the least; what obstacles or challenges have they had to face and how did they overcome them. Ask for their suggestions for improving the program, and if they are interesting in acting as a mentor to other IDA participants, or volunteer to work with IDA program in another capacity, such as helping with reminder notes, birthday cards, speaking at a peer meeting, greeting newcomers, etc.

Step 5: Share any new information with participant and review program guidelines and expectations. Encourage participants to maintain an open line of communication with program staff if needs or concerns arise.

Step 6: Begin collecting information for their success story. At the end of the program it can be difficult for them to remember all the challenges they faced while trying to succeed in the IDA program.

Step 7: Record any new or updated information on the participant contact log and enter new information into Outcome Tracker as needed.

XV. USING Outcome Tracker

Outcome Tracker is the tracking and evaluation software used by MIDAP to help program sites with case management, RCOs with technical assistance and regional coordination, and independent evaluators with research on the effectiveness of IDA programs in MIDAP. It is critical that all data be both complete and current. In addition, program sites are responsible for maintaining back-up for both data and staff trained to use Outcome Tracker.

When reviewing forms, be sure that all questions are completely answered, including all assets and all liabilities. If information is missing or unclear, be sure

- ✓ the potential participant understands what information they need to provide and why
- ✓ to set up a specific time when the client will bring the information back; and
- ✓ the potential participant understands that the information cannot be processed and they will not be enrolled until they provide that information

Prior to Enrollment

- **Income Eligibility Calculation Sheet:** complete with participant using required income documentation to determine eligibility for IDA program.
- **Potential Participant Application:** The Potential Participant Application is completed when the client wishes to apply for enrollment into the IDA program. It is recommended that the client complete this form with a program staff person. No lines may be left blank or unknown. For example, if a potential participant reports owning a house, the amount of their equity must be declared. It is not uncommon for potential participants to not understand what constitutes an asset or liability. Program staff will need to obtain backup documentation from the client to support enrollment into the program.

At Enrollment

- **Release of Liability:** the Release of Liability form should be completed at enrollment. Program staff needs to explain the release of liability and make sure the client understands all the points on the form.
- **Release of Information:** the Release of Information form should be completed at enrollment. Program staff need to explain the release of information and make sure the client understands all the information is secured and that only appropriate agencies will have access to their personal and account information.
- **Savings Plan Agreement & Individual Asset Plan:** both forms should be completed at enrollment. These forms are the contract between the client and the program and explain the responsibilities of the each party. These forms also outline the official date the client is enrolled, asset goal, savings goals, match rate and amount, savings end date, and deadline for qualified withdrawal. After enrollment, on RCO request send the Savings Plan Agreement and Participant Application to the RCO.
- **Open Account Authorization:** the Open Account Authorization form should be completed when the client is enrolled to the program. This form allows the client to open an IDA savings account at the financial institution. Once opened

participant will need to give account number and date of first deposit to program staff.

After Enrollment (information to update in Outcome Tracker)

For Sites With Outcome Tracker:

- **Financial Institution Account Statements:** Each month the financial institution should send either individual account statements and/or an electronic (EDI) file along with a summary report.
- **Training Completion:** Participants training sessions must be entered into Outcome Tracker
- **Participant Changes:** A participant may need to make changes while enrolled in the program (changes like name, address, phone number, asset goal, asset dollar amount, length of time to save). Any change in asset requires that a new asset purchase be completed and approved. Any change in contact information needs to be submitted on an application with the “change” box checked. In addition, whenever a participant submits a form Outcome Tracker should be updated. On or around the anniversary date of each participant’s enrollment, program staff should contact the participant to verify that all of the information on the application is correct. If the information has changed complete an application with the “change” box checked. Enter any changes into Outcome Tracker to maintain current information in the database.
- **Qualified Withdrawal Form:** the participant and program staff should complete this form when the participant has met all program responsibilities and is prepared to make the asset purchase. Once the proper approvals have been obtained, this form along with copies of the checks should be used to enter qualified withdrawal into Outcome Tracker.

For Sites Without Outcome Tracker:

- **Financial Institution Account Statements:** Each month the financial institution should send a summary of bank account activity report.
- **Training Completion:** A list of participants who successfully completed the training should be given to the RCO so it can enter the information into Outcome Tracker on behalf of the program site.
- **Participant Changes:** A participant may need to make changes while enrolled in the program (changes like name, address, phone number, asset goal, asset dollar amount, length of time to save). Any change in asset requires that a new Savings Plan Agreement and Individual Asset Plan be completed and approved. Any change in contact information needs to be submitted on an application with the “change” box checked. On or around the anniversary date of each participant’s enrollment, program staff should contact the participant to verify that all of the information on the application is correct. If the information has changed complete a change of information form (Form #) or an application with the “change” box checked.
- **Qualified Withdrawal Form:** the participant and program staff should complete this form when the participant has met all program responsibilities and is prepared

to make the asset purchase. Once the proper approvals have been obtained, this form along with copies of the checks should be sent to the RCO for entry into Outcome Tracker.

Reports

- **Individual Account Statement Reports:**
 - **Sites with Outcome Tracker:** At least each quarter, and preferably monthly, the Program Site will print and send Individual Account Statement Reports to the participants. At this time the Program Site also sends a summary report to the RCO.
 - **Sites without Outcome Tracker:** Each month the RCO will print Individual Account Statement Reports that will be sent to the program sites for review. Once reviewed the program sites will send the statements to the clients. At this time a summary report is also sent by the RCO to the program site.

XVI. TECHNICAL ASSISTANCE RESOURCES

The MIDAP Program provides technical assistance and consultation to RCOs and Program Sites in all areas of program implementation and administration. The process is designed to be collegial and supportive, as our mutual goal is to have the best IDA programs in the nation. MIDAP has put together a technical assistance team to meet program site needs:

General Technical Assistance: defined as technical assistance in program implementation, administration, marketing, collaborations, and general problem solving.

- **Program Sites:** Contact RCO, and other program sites. The program network's shared learning and growing experience is an important source of help.
- **Regional Coordinating Organizations:** Contact other RCOs, OCS, and/or the IDAnetwork listserv.

Outcome Tracker Assistance: defined as technical assistance in the areas of data entry and collection, report generation and general troubleshooting.

- **Program Sites:** Contact your RCO.
- **Regional Coordinating Organizations:**
 - **General questions:** Contact other RCOs.
 - **Specific issues:** contact CAA Jackson.

XVII. MIDAP ANNUAL PROGRAM ASSESSMENT PROCESS

As a requirement for participating in the MIDAP Program, Program Sites will be assessed on performance and adherence to program standards. This assessment process will include four (4) components:

- **Self-assessment process:** Program Sites will assess their performance in the program, including a review of program implementation and challenges and lessons learned.
- **Site visit:** RCO will meet with each program site to review program performance, Outcome Tracker and participant files, and successes, challenges, and barriers, among other things.
- **Partner Review Survey:** RCOs and Program Sites will have an opportunity to review each other's performance, as well as the performance of program partners (financial education providers, financial institutions, etc.)
- **Review of performance indicators:** Data on key performance benchmarks will be reviewed, including, but not limited to:
 - Number of active IDA participants in program in relation to the number of funded accounts and potential expansion goals for individual site
 - Break down of IDA Participants by intended IDA account use and TANF or Non-TANF eligibility
 - Attrition Rate for participants: the percentage and number of dropouts from the program
 - Timeliness and completeness of reports
 - Participation in regional and state training and capacity building activities, including meetings and conference calls
 - Staff development plan to ensure staff capacity is continually improving
 - TA requests

XVIII. DIRECT SERVICES BILLING INFORMATION

One of the challenges of this public private partnership is to balance the use of public sector funds with private sector funds. In tracking expenditures for direct services provided to IDA Participants, therefore, we must track TANF eligible and non-TANF eligible participants. This will ensure that appropriate resources are being utilized for their allowed purposes.

Currently the majority of direct service funds currently available to the Michigan IDA Partnership are TANF funds. In the billing statement you provide the Michigan IDA Partnership you are required to specify participants as TANF or non-TANF eligible. Please report the number of participants that are TANF eligible by account use, regardless of the source of funding for that account. This will allow us to see exactly how many TANF and non-TANF eligible participants are being served.

Direct services are generally funded at \$1,500 per account, generally paid over a 3-year period with a maximum payment of \$500 per year per enrollment slot. If a participant drops out of the program at any time, only the balance of the \$1,500 remaining is available to cover direct service costs for the next person enrolled in that slot. If the entire \$1,500 has been paid out on an account and a participant remains in that account, program sites are still obligated to serve that participant through their final qualified withdrawal, and to follow them and provide support services for at least one year following their asset investment. For this reason it is critical for Program Sites to

maintain a low attrition rate in their program because it will save time and resources available to manage the IDA Program.

A Direct Service Statement must be submitted for each quarter, regardless of whether any costs will be billed. If your Program Site is serving any IDA Participants you must submit a DS Statement to reflect the number of participants served by your site and the types of services they received for the quarter. If no costs were incurred for a quarter, a Direct Service Statement must be submitted showing zero \$ expended (for program sites not receiving direct service funds the same bill must be submitted for tracking TANF vs. non-TANF participants).

Billing Procedures for Direct Services

Program Site

1. Provides direct services to eligible program participants.
2. Prepares an IDA Direct Service Statement of Expenditures for direct services that were provided during the quarter.
3. Signs Direct Service Statement certifying accuracy of billing.
4. Forwards original copy of Direct Service Statement to MIDAP by the 10th of the month following the period being billed. If the 10th falls on a weekend or holiday the DS statement is due the last business day preceding the 10th.
5. Once DS statement is approved by MIDAP office, signs and forwards an original copy to RCO for final approval and payment.
6. Retains copy of Direct Service Statement with documentation to support the billed amount for the quarter. Supporting documentation could be sign-in sheets for group training/counseling sessions and a listing of individuals who received individual services. These records will be reviewed during program assessment site visits.

Direct Service Payment Roles and Responsibilities

OLHSA—As State IDA Funding Coordinator

1. Receives and tracks contracted Direct Service funds and contributions from state public and private sources
2. Contracts with approved RCOs to distribute IDA funds in each IDA region.
3. Disburses Direct Service funds to RCOs for approved Direct Service reimbursements.

MIDAP

1. Receives Direct Service Statement from program sites.
2. MIDAP shares copy with RCO.
3. MIDAP Reviews the Direct Service Statement for the following:
 - Appropriately billed items according to contract terms for services provided to IDA Participants (i.e. units of service).
 - Completeness – all required information appears on the Direct Service Statement. If not- either completes necessary information or returns to Program Site for required information.

- Accuracy - tabulations, totals are mathematically correct. If not, corrects amounts or returns to Program Site for correction.
4. Compares billed amount with contract payment record to ensure cumulative amount billed to date does not exceed total contract amount eligible to date. Also verifies amount billed against the Outcome Tracker record of open active IDA Accounts. If any discrepancy, calls Program Site and notifies RCO.
 5. Indicates approval for payment by entering signature and date on billing, or returns billing with notice of errors for correction and resubmission by the Program Site.
 6. Informs Program Site of approval status.
 7. Forwards Direct Service Statement Summary to RCO for processing.

RCO

1. Processes Direct Service Statements to request Direct Service Funds from OLHSA (as state funding coordinator)
2. Tracks Direct Service payments to Program Sites
3. Reimburses Program sites for approved Direct Service Statements upon receipt of funds from OLHSA.

Program Site

1. Receives payment within 30 days of submitting Direct Service Statement. Recent state budget difficulties has slowed the payment process in 2007, but the goal remains to pay sites within 30 days of reporting date, assuming funds are available.

Glossary of Payment Terms

Direct Service: a session, training or activity provided to an IDA participant, such as:

- Economic Literacy Training
- Counseling Session – individual or group counseling
- Asset Specific Training for Homeownership, Education or Business
- Other: any direct service that is not listed above that is provided to an active IDA participant. Indicate on the Statement of Expenditure what this service is.

IDA Direct Service Statement of Expenditures: document used to bill for direct services. See instructions on back of form.

Non-TANF Eligible Services: Direct Services provided to IDA participants who are not eligible for TANF services.

TANF Eligibility Guidelines: Household income must be at or below 200% of poverty level and there must be at least one child living in their home, related by blood, marriage or adoption, who is under 18 or 18 and attending high school full time, or the applicant or their spouse must be pregnant.

Unit of Service – a specific IDA participant.

