IDA Focus Group Feedback
July 28, 29, 30, 2008

Introduction

- 53 IDA practitioners and FOs attended the sessions held in Eugene, Portland and Salem
- The purpose of the focus groups was to:
  - Provide an update on the IDA Initiative and Tax Credits
  - Gather input on fall RFP Process
  - Gathering input to assist in creation of our IDA policy agenda

Tax Credits

- Historical Allotment & Contribution Amounts
  - 2003 $500,000 / $394,366
  - 2004 $500,000 / $500,000
  - 2005 $2,000,000 / $1,340,514.16
  - 2006 $4,000,000 / $3,584,179.19
  - 2007 $6,000,000 / $6,000,000
  - 2880 $8,000,000
- Existing Ramp Up and Agreement between OHCS, Department of Revenue and Legislature
  - 2004 $500,000
  - 2005 $2,000,000
  - 2006 $4,000,000
  - 2007 $6,000,000
  - 2008 $8,000,000
  - 2009 $10,000,000
  - 2010 $10,000,000
  - 2011 $10,000,000
  - 2012 = Sunset
- Reality of our world – economic environment
  - We have only met the cap twice
  - The economy is down
  - The Feds may change AMT which could make the credits less desirable
  - The legislature views tax credits as forgone revenue
  - Our legislative champions have moved on

Feedback: Decrease, Increase, or Maintain the current ramp up agreement?

- Increase:
  - Increased money = increased service
  - Used up 2008 allocation in first six months
  - Increase money to meet capacity / demand for youth IDAs
    - Low income kids and education – only 5% of low income kids make it through a four year college – 50% of idle income kids do
    - Knowing they have access to college holds kids in the IDA program

- We have:
  - Capacity
  - Strength of partners
  - Educated public
  - Word of mouth about IDAs
  - Necessary skill set of FOs and Partners
- We have increased the momentum of the IDA Initiative
  - Community education and word of mouth takes awhile to build up
  - Having a wait list is a giant step back in the process
- With new asset classes we need to expand access
- If demand is strong - increase
- Demand supports increase - Current waitlist for "slots"
- Now is good timing for first time home buyers
- Grow each year based upon demand and outcomes
- Continue to keep waiting list to document needs

- <u>Increase Questions</u>:
  - Do we need more partners?
  - We need additional outcome info from PSU
  - Is demand increasing?
  - What's the long-term economic impact of IDAs?
  - Can we see more success information?

- <u>Maintain</u>:
  - Monitor demand and evaluate success
  - Ramp up allows FOs/Partners to build capacity
  - Ramp up allows growth to be more exponential
  - Planning for legislative needs to begin early and be very comprehensive
  - Gather success stories and build our case
  - Focus more on capacity then on money
  - If demand and success are both up go back in 2011 and ask for increased capitol
  - Balance money with capital and outcomes on the ground
  - Recruit new champions and continue working very close with past champions
  - Keep documentation of waiting list[s]

Award Allocations

- Funds are allocated at the beginning of the year following the fall RFA
- Currently there are 7 Fiduciary Orgs. Following are their 2008 Awards:
  - CASA $3,200,000 (approx 40 partners)
  - Lane MicroBusiness $152,500
  - MercyCorps NW $225,000
  - NAYA Family Center $150,000
  - PHC $562,500
  - Umpqua CDC $2,000,000 (14 partners)
- As an FO, tax credit funds are limited in use
- The average Account is open for 1.5 years
- Terminations happen and the process starts all over
  - Example of $100,000 award to an FO:
  - 5% for Admin ($5000 for 1.5 year) covers
    - Salary and Benefits
    - Outreach and Marketing
    - IDA Policies, Procedures, Forms
    - Review of participant bank statements

      - Data Tracking at Intake and Exit
      - Evaluation Data and Follow-up Surveys
      - Quarterly Reporting
      - Monthly FO Calls
      - Quarterly Trainings
  - 20% for Case Management ($20,000 for 1.5 years)
      - Provide Financial Management Training
      - Provide Asset Training
      - Provide Participant follow up
  - 75% Match = $75,000 = 19 participants

Feedback Should NPF Limit # of FOs? Pro's / Con's: Why? Why not?

Reason for more FO's

- Allow for "Niche" organizations
- Additional FOs:
  - Target Geo / Demo needs
  - Underserved communities
  - Specialists in certain asset classes
- Partnerships may limit programmed design
- Fill gaps in service
- Develop criteria for why an organization should be a partner versus an FO.

Reasons to PARTNER

- Open access to IDAs widely
- Do what you do best
- Need to balance efficiency of scale with access. Increase geographic access
- There is an economy of scale
- Start as partner first then become FO
- Does the cost to administer balance with the number of slots available
- FOs have expertise running programs
- FOs have the ability to bring in additional funding to support program
- Approx 15% drop out rate – need to consider the cost of that too
- It costs to be a part of this program – you need to count on investing your program's money in a start up

Questions:

- How many orgs want to be FOs?
- Does more FOs = diluted funding?
- Are there the same opportunities for partners and FOs to receive participant slots?

Asset Classes - Current Asset Classes and breakdown of accounts/allocation (6-30-08)

- Home Purchase: 766
- Small Business: 561
- Education: 231
- Home Repair: 0
- Assistive Technology: 0

Feedback

- Are there other asset classes to consider?
  - 401[k] / Retirement
  - Auto / transportation
  - Citizenship
  - Accreditation

- Credit repair [debt]
    - Debt [student loans]
    - First / last months rent / deposits
    - Foster care transitions
    - Medical expenses / dental insurance
    - Mortgage rescue
    - Room-board expenses for post-secondary school

- Should we emphasize any asset class?
    - Asset classes should be demand driven
    - Priorities change
    - Could hurt FOs that focus on "low priority" assets
    - Keep it flexible
    - Broaden existing assets versus adding new
    - Add new broad category: "Barriers to Independence" (medical debt, mortgage debt, empowerment strategies)
    - More assets violate KISS rule
    - If asset helps cycle people out of poverty – keep them

Additional Policy Issues to Consider

- Create an incentive for tax credit contributions early in year – phase down through the year
- Create incentive for small businesses to contribute to tax credits
- Build broader awareness of Asset Building
- Additional education
- Make exception on 2 / household rule for "Youth" IDAs
- Change $100,000 Max on contributions
- Make exception for retirement accounts on income eligibility (like home, car)
- Build coalition in Oregon
- Consider another conference like the "Convergence"

Close / Next Steps

- IDA Meeting & Training September 4th in Salem. Victor Merced and Rick Crager to attend