
Promising Practice Fact Sheet – Workforce Development SNAP Financial Access: Refugee Individual Development Accounts - Spokane, Washington

Program

Description:

SNAP Financial Access is one of many programs offered to the community by the largest private human services agency in Spokane County, which connects and provides access to resources. These resources create opportunities for low-income families. Spokane Neighborhood Action Partners (SNAP) is a private, non-profit Community Action Agency that was begun in 1966 and operates neighborhood offices all over Spokane. Its subsidiary, SNAP Financial Access, offers Individual Development Accounts (IDAs), money management and small business (microenterprise) development to help low-income people become financial stable and build assets.

Target Population:

Refugees in the Spokane area who are ready to move towards permanent economic change and growth; maximum income of 200% of the Federal Poverty Level and less than \$10,000 in net assets

Goals:

- Provide-low income refugees with access to needed resources, and to help them make the kinds of connections that create financial opportunity and economic self-sufficiency.
- Offer an IDA savings program that provides financial training and an incentive to save.
- Provide opportunities for low income refugees to build assets such as a home, business, education or vehicle.

Cost:

The IDA program is made possible through a variety of partnerships with public and private sector organizations:

- Current funding for refugees participating in IDAs comes from the Federal Office of Refugee Resettlement (ORR), Administration for Children and Families
- Funding for all other participants comes from a mix of state general funds through the Department of Commerce, matched 1:1 by funds from the Federal Assets for Independence Program and the US Department of Health and Human Services; and funding from financial institutions for operating costs to support the program.
- Financial institution partners also provide savings accounts, mortgages, and help with financial education and matching funds.
- The YWCA offers a special financial education program for participants who are victims of domestic violence

Evidence:

Of the 63 refugees who have been served by the ORR funded accounts:

- 16 have started businesses with money from their IDA, 8 have purchased homes, and 1 has pursued a college education.
- 8 withdrew from the program after having saved an average of \$1400.
- Of the 33 accounts that remain open, the average savings is \$1213.
- A total of 68 refugees have purchased assets since the IDA program began in 2001.

Caseload Data:

There are currently 104 active “savers,” of whom 33 are refugees.

Services Overview:

- An Individual Development Account (IDA) is a matched savings account that provides the training and motivation to "save your way into prosperity."
- SNAP provides basic financial training intended to assist refugees in understanding the American financial system, and training focused on the specific savings goals. The specialized training ensures that refugees receive appropriate information on purchasing and managing their asset purchases. For example, grantees provide training on how to purchase a home and how to develop a business plan for a microenterprise.
- For every dollar a participant saves in the Refugee IDA, SNAP Financial Access adds an additional dollar.
- Participants save up to \$2,000, which is matched by a grant of up to \$2,000. The accounts must be used for:
 - Down payment on a first-time home (anyone who has not owned a home in 3 or more years)
 - College or vocational education
 - Capitalizing a small business
 - Purchasing a vehicle (limited number of accounts)
- The program involves these steps:
 - Develop a savings plan with the help of the IDA Case Manager.
 - Open an IDA at a participating financial institution and begin saving according to your plan. You must save at least a minimum amount every month for at least six months.
 - Complete the IDA Financial Skills class during your first six months.
 - Complete classes that will give more information and education about the asset you plan to buy. In the case of business capitalization, a business plan must be completed.
 - When ready to purchase, participants pay the vendor for ½ of the asset cost from their IDA and Access pays the vendor for the other ½ of the asset cost. This may happen in multiple purchases.

Details of IDA Program:

- Participant determines their monthly deposit amounts.
- Participant savings and interest remain in their ownership and will not be lost if they withdraw from the program. However, the match is only available at the time of asset purchase when program requirements are met.
- The program encourages regular savings habits and only allows early withdrawals in specific emergency situations.
- All participants must complete both financial skills training and asset-specific training prior to the purchase of their chosen asset.
- In many cases, participants are eligible for additional loan funds for their asset purchase.

Eligibility:

- Annual income is less than 200 percent of the poverty level and net assets, exclusive of a personal residence and one vehicle, are less than \$10,000.
- Applicants must be employed at least six months prior to enrollment
- If accepted, participants must meet the following conditions to remain enrolled.
 - Complete the financial skills course before the IDA is opened
 - Open an IDA at a participating financial institution
 - Make a savings deposit of at least \$10 every month for the duration of enrollment
 - Make only authorized withdrawals
 - Complete asset-specific instruction within the first six months of enrollment
 - Submit all required documentation

Findings: In the general population of IDA graduates, including refugees

- 48 graduates surveyed upon graduation (not statistically significant)
- 81% still saving on a monthly basis, most for emergencies, a few for retirement
- 93% are still tracking their spending and 83% are still following a budget.
- 15% had used a payday loan in the past year

- 100% were still employed
- 33 post-grads surveyed 1 year later (not statistically significant)
- All homebuyers still own homes, all businesses still open, all education completed or still pursued
- Savings rate has dropped to 55% (from 81% at graduation), still high
- Only 1 had used payday loan
- 88% still track spending, and follow a budget
- 97% were still employed

Implications for Policymakers and Program Developers to Consider:

There is no more effective program for building assets and wealth among low income working families than IDA. According to extensive research conducted by the University of Kansas, assets:

- Are associated with economic household stability
- Decrease economic strain on households
- Are associated with educational attainment
- Decrease marital dissolution
- Decrease the risk of intergenerational poverty transmission
- Increase health and satisfaction among adults
- Increase property values
- Decrease residential mobility
- Increase property maintenance
- Increase local civic involvement

Resources:

<http://www.snapaccess.org>; Kerri Rodkey, SNAP Financial Access Director, (509) 456-7111, rodkey@snapwa.org;
<http://www.acf.hhs.gov/programs/orr/>