

COUNTY OF SAN MATEO
Interdepartmental Correspondence

Date:06/12/01
Hearing Date:06/19/01

TO: Honorable Board of Supervisors
FROM: Maureen D. Borland, Director, Human Services Agency
Glen H. Brooks, Jr., Central Region Director

SUBJECT: Presentation on Individual Development Accounts

RECOMMENDATION:

Adopt the report as presented.

BACKGROUND:

Individual Development Accounts are an innovative antipoverty strategy that helps working families accumulate assets. In addition to a matched savings program, IDA participants complete comprehensive money management training and financial goal planning. They choose from among four savings goals: home ownership, education, business start-up or retirement. Family savings are matched \$2.00 for \$1.00 saved up to a total match of \$4,000. Families can eventually accumulate \$6,000 toward their IDA goal.

In August 2000, PeninsulaWorks Daly City piloted an IDA program for 50 families. Upon completion of their money management training, the participants began their monthly savings practice. Significantly 92% are making a regular pattern of savings. 84% are meeting or exceeding their monthly savings goal. These measures exceed the performance measures set at the beginning of the project. The IDA account holders have saved \$9,396; match money totals \$18,792; total savings are \$28,188 toward IDA goals.

Human Services Agency (HSA) has partnered with several public, private and non-profit agencies for this successful venture.

DISCUSSION:

Because of the success of the initial pilot at PeninsulaWorks Daly City, HSA is prepared to expand the IDA program to the other PeninsulaWorks sites within the County. The Assets for All Alliance including the Center for Venture Philanthropy (Peninsula Community Foundation) and Lenders for Community Developments (a consortium of 23 banks) have teamed with HSA to bring 115 new families into the project. Families will be recruited from PeninsulaWorks San Carlos and PeninsulaWorks Redwood City.

PERFORMANCE MEASURES:

1. Eighty percent of families will demonstrate a regular saving pattern.
2. Seventy-five percent of families will attain their asset goal.
3. Families meeting asset goals will show evidence of increased financial literacy and management of family finances, increased self-sufficiency, increased self-esteem and feelings of hope.

FISCAL IMPACT

Upon successful completion of their three-year savings plan with the project, the 165 families will each have their \$2,000 in savings matched with \$4,000 from the project, requiring a total of \$660,000 in matching funds.

Matching funds of \$400,000 for families whose income is below the 200% of the Federal poverty income level will come from the Agency's CalWORKs incentives funding at no Net County Cost. Matching fund of another \$260,000 for families with income below 80% of the County median income will be provided by Center for Venture Philanthropy, also with no Net County Cost.

For families that do not save their \$2,000 during the project period, unused matching funds would be returned at the end of the project to Human Services Agency and/or the Center for Venture Philanthropy respectively.