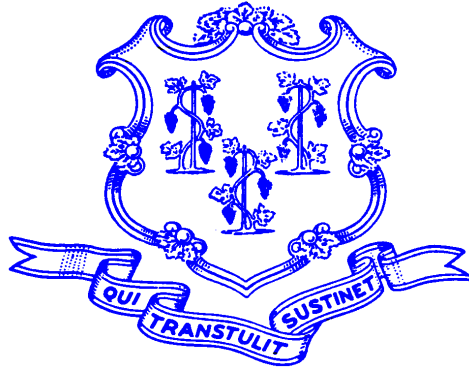


STATE OF CONNECTICUT



Department of Labor Individual Development Account Initiative

Annual Report

July 1, 2018 to June 30, 2019



Introduction:

Public Act No. 00-192 designates the Connecticut Department of Labor (CTDOL) as the administrator of the Connecticut Individual Development Account (IDA) Initiative. IDAs are matched savings accounts designed to help low-income individuals and families save money that can be used to purchase six allowable assets: a home (for primary residence), small business capitalization, post-secondary education or job training for the participant, education or job training for a dependent child, a vehicle if needed for employment and a lease deposit on an apartment.

Goals of the CT IDA Initiative:

- To provide the means for low-income individuals and families to achieve economic self-sufficiency by utilizing the asset-building approach of IDAs;
- To provide education and training to participants to give them the knowledge necessary to assist them in building their assets and in knowing how to use these assets in the most effective way;
- To encourage individual initiative and long range planning;
- To encourage lifetime savings habits in participant families;
- To familiarize low-income families with financial institutions and increase their comfort level with such institutions;

Background:

The 2014 CT IDA Initiative covers a five year period from July 1, 2014-June 30, 2019. In SFY19, the CTDOL administered the final state-supported IDA initiative which covered July 1, 2018-June 30, 2019 and the program was not funded beyond June 30, 2019. Because IDA participants can save funds toward their asset purchase over a five year period, many participants end up making their asset purchases in the last two years of the five year grant period since they spend years one through three saving toward their asset purchase.

The two IDA operators for the 2014 CT IDA Initiative were Community Renewal Team (CRT) in the North Central region and TEAM Inc., in the Southwest region. CRT had 35 program slots available and TEAM, Inc. had 30 program slots. Combined, the operators had a total of 65 participant slots available and 84 participants were enrolled in the program.

Note: The number of enrollees exceeds the total number of slots available due to the fact that some participants leave the program prior to completion and slots are then refilled with additional participants.

Eligibility:

IDA eligibility under the CT IDA regulations requires an individual to have a qualified disability and/or adjusted gross income equal to or less than two hundred percent of the Federal Poverty Level, or whose household adjusted gross income is at or below eighty percent of the area median income for their town of residence.

IDA Program Overview:

Case Management -

One-on-one case management is a critical component of the IDA program. It is an ongoing process that lasts for the length of the program and continues post-asset purchase. The case manager provides encouragement and support to help participants adhere to their Savings Plan Agreement, as well as ongoing counseling and crisis intervention. The specific roles of the case manager include:

- Assists with facilitating Orientation sessions
- Works with each family to develop a Family Self-Sufficiency Plan
- Assists participants with the development of their Savings Plan Agreement and Asset Purchase Plan
- Counsels participants on issues of budgeting, credit and the importance of saving to reinforce what was learned in the Financial Education classes
- Provides crisis intervention and assistance to prevent emergency withdrawals from participant's IDAs
- Works to ensure that participants retain their jobs, increase their earnings and/or move into better paying jobs, so that they can continue saving from earned income
- Reviews monthly banking account statements with participants
- Provides post-purchase follow-up and support for three to six months

Developing a Family Self-Sufficiency Plan is something the entire family can be involved in. By helping participant's families start to think and talk about their values and goals, case managers assist them in taking an important first step toward achieving their savings goal which is identified on the Savings Plan Agreement. The case manager works with each participant to develop their Agreement which also includes the proposed schedule of savings deposits and the rate at which the participant savings will be matched.

Monthly Meetings & Asset-Specific Training & Financial Education Courses-

Participants are required to attend monthly meetings for the duration of the time that they are in the IDA program. Monthly meetings provide information participants need to purchase and maintain their asset. Additional training and educational opportunities can be offered at monthly meetings. These might include: homeownership, mortgage pre-qualifications and application process, negotiating a deal for a vehicle, apartment hunting, rights and responsibilities as a renter, applying for financial aid, choosing a college, saving for a child's education, developing a business plan, etc. Participants are also required to attend asset-specific training to ensure that participants receive information and resources needed to

purchase and maintain the specific asset listed on their Savings Plan Agreement. Other groups that can be solicited to assist with asset specific training presentations are:

- Housing authorities
- Lenders/realtors
- Banks
- Women’s Business Development agencies
- Community Colleges
- Local Chamber of Commerce

Lastly, all participants are required to attend a minimum six-week (12 hour) financial education course. Some of the curriculum elements include:

- Developing household budgets
- Banking: checking and savings options
- Financial safety
- Tax return preparation
- Responsible credit choices and usage
- Repairing negative credit histories

Here’s How it Works:

An IDA participant is in the IDA program in order to save towards purchasing a vehicle to get back and forth to her/his job. The vehicle is the “Savings Goal” identified on the Savings Plan Agreement. That participant has up to five years to save a maximum of \$1,500 in their IDA banking account towards the purchase of that vehicle. The CT IDA program will match the participant’s savings at a rate of 2:1. So, if the participant has saved \$1,500, the IDA program would match those savings at a 2:1 ratio resulting in the participant getting an additional \$3,000 toward the purchase of the vehicle. The participant can now purchase a \$4,500 vehicle to get back and forth to work.

2014 CT Individual Development Account Initiative

July 1, 2014-June 30, 2019

Participant attendance is tracked for activities including: IDA Orientation, Asset-specific training, monthly meetings, case management meetings and financial education classes. To date, the CT IDA 2014 grant enrolled 84 individuals (75 females, 9 males), all of whom had at least a high school diploma and/or some post high school education. Of the participants who have enrolled in this grant, eighty-nine percent (89%) were female and eighty-seven percent (87%) were unmarried. Demographically, fifty-four percent (54%) identified themselves as African-American, twenty-three percent (23%) as Caucasian and twenty-five percent (25%) as Hispanic.

Slots/Enrollees by Operator

CT IDA Operators	Number of Available Slots for Entire 2014 Grant Period from July 1, 2014-June 30, 2019	Enrollees for Entire 2014 Grant Period from July 1, 2014-June 30, 2019
<ul style="list-style-type: none"> • Community Renewal Team, Inc. • TEAM, Inc. 	65	84

Basic Demographic Characteristics

Demographics	# Of Participants
Hispanic	21
African American	45
Caucasian	18
Asian	2
Other	2

Note: Participants can select more than one demographic characteristic.

Asset Purchases

Asset Purchases from July 1, 2014-June 30, 2019	# of Participants that purchased Assets
House	24
Vehicle for Employment	14
Lease/Rent Apartment	2
Job Training/Education	7
Business Capitalization	1
Child's Education	2

Account Summary

Summary of Final Grant from July 1, 2014-June 30, 2019	
# of Total Enrollees	84
# of Successful Exiters	50
# of Unsuccessful Exiters	34
\$ Deposited in Savings Accounts	\$86,895
Interest Earned on Accounts	\$207.00
Savings Used for Asset Purchase	\$71,034
Matching Funds for Asset Purchase	\$142,067

IDA Administrative/Overhead Costs

Summary of Administrative/Overhead Costs July 1, 2014 – June 30, 2019	
Connecticut Association for Community Action IDA Technical Assistance Contractor Costs	\$114,000
Department of Labor Administrative Costs	\$272,428
IDA Operator – Community Renewal Team, Inc.	\$18,530
IDA Operator – TEAM, Inc.	\$15,883

SFY19 IDA Annual Report
Subset of the 2014 CT Individual Development Account Initiative

*The data reflected below refers specifically to IDA Program activity between
 July 1, 2018-June 30, 2019*

Slots/Enrollees by Operator

Region	CT IDA Operator	Slots for July 1, 2018-June 30, 2019	Enrollees for July 1, 2018-June 30, 2019
North Central	Community Renewal Team, Inc.	35	11
Southwest	TEAM, Inc.	30	11

Basic Demographic Characteristics

Demographics	# Of Participants
Hispanic	3
African American	12
Caucasian	6
Asian	1
Other	0

Asset Purchases

SFY 2019 Asset Purchases from July 1, 2018-June 30, 2019	# of Participants that purchased Assets
House	15
Vehicle for Employment	4
Lease/Rent Apartment	1
Job Training/Education	2
Business Capitalization	0
Child's Education	0

Account Summary

Summary of Accounts July 1, 2018-June 30, 2019	
# of Successful Exiters	11
# of Unsuccessful Exiters	11
\$ Deposited in Savings Accounts	\$22,392
Interest Earned on Accounts	\$92.00
Savings Used for Asset Purchase	\$15,538
Matching Funds for Asset Purchase	\$31,075

2014 CT Individual Development Account Initiative Accomplishments:

The qualitative benefits of the IDA program to the State of Connecticut included, but were not limited to, the following: leveraging of non-monetary resources that enhanced the program and provided additional support to IDA participants; collaboration among partners and agencies was an important factor in program outcomes; and information on asset building helped families achieve economic security. The IDA Program assisted in the growth of supplemental asset-building services (e.g., free income tax preparation, credit counseling, financial education classes, etc.) that were provided to Connecticut citizens at no cost to the State. Importantly, asset ownership increases the state and local tax bases, helps to stabilize families and enhances the quality of life for Connecticut's residents.

In addition, IDAs created life-long savings habits that are effective in helping low-income families deal with emergencies, create economic stability and strengthen their families. The financial education in itself promoted positive changes in attitudes and behavior, increasing self-sufficiency opportunities for Connecticut's families.

2014 CT Individual Development Account Initiative Challenges:

One of the challenges identified was that participants were finding it difficult to meet with case managers for a one-on-one meeting or attend workshops during regular business hours. Because of this challenge, some evening meetings and workshops were incorporated to accommodate those IDA participants that were working or that had a family or other obligations during the day.

Finally, while the IDA program was impactful for the families that saved for and purchased an asset, from an administrative perspective, the program was too costly to operate given the relatively small numbers of participants served. In fact, many other states that run a similar program only allow one, two or three years to save for an asset whereas, Connecticut allows for participants to save for up to five years which contributes to the high administrative costs to administer the program. In addition, forty percent (40%) were unsuccessful Exiters due to unforeseen circumstances which led to their inability to save money receive the state match and therefore, an asset was not purchased.