

Creating Pathways Out of Poverty >>>



IDA Programs in LA County

Obstacles and Opportunities for
Large-Scale Models

The IDA Landscape in Los Angeles



Name	Funding	Type of asset	Match	Income limit	scale	Capacity to enroll	
CD Tech	Employer-based	ME-PS & HO (IDEA)	2:1 \$5000	80% AMI	350	10	
City of LA / CFRC	AFIA	HO-ME-PS	4:1 \$1000	200% PG	212	212 + 100 (5yr)	
EI Rescate	ORR	HO-ME-PS-AU-CO	2:1 \$1000	200% PG	400	0	
LANHS	Private	HO	5:1 \$4000	150% AMI	300	25-30 per year	
Helpline	Private	Youth IDA – Voc/Ed	1:1 \$100	Low-mod income	0	50	
UWGLA	AFIA	HO-ME-PS	2:1 \$1000 and \$1800	200% PG	1200	200	
AMI:	Area Median Income				Total:	2462	300 to 500
PG:	Poverty Guideline						

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Opportunities and Obstacles



The policy level

- Funding
- Types of Use
- Universal eligibility income limits

Program design level

- Costs
- Vision

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The Policy Level



Funding:

- Still a demonstration program
- No state funding

Types of Use:

- Support other asset-related investments

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The Policy Level



Universal Eligibility Income Limits

Cost of living differences are too large to ignore:

- In LA, a family of 4 with an annual salary of \$45,000 cannot enroll in an IDA program.
- But the purchasing power of this household is equal to a family living in Tucson, AZ with an annual salary of \$28,320 who would qualify for an IDA.
- The Tucson family is paying 13.2% less on groceries, 65% on housing, 20.4% on utilities, 8.2% on transportation, and 11.4% on healthcare compared to the LA household.

Source: <http://cgi.money.cnn.com/tools/costofliving/costofliving.html>

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Program design level



Costs

- Average cost per account for IDA programs is around \$732 per year.
- Other savings products such as 529 accounts and 401(k)s are available at a much lower per annum cost.

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Program design level



What can UWGLA do to reduce costs?

- Maximizing enrollments
- Grant sequencing
 - Long-term commitment to assetbuilding
 - Year-round enrollments
 - Minimize effect of staff turnovers
- Performance-based funding
- Increasing participant retention

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Program design level



Vision

- What do we want the IDA program to accomplish?
- What is the definition of success?
 - Results
 - Behavioral change
 - Integration into economic mainstream

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Program design level

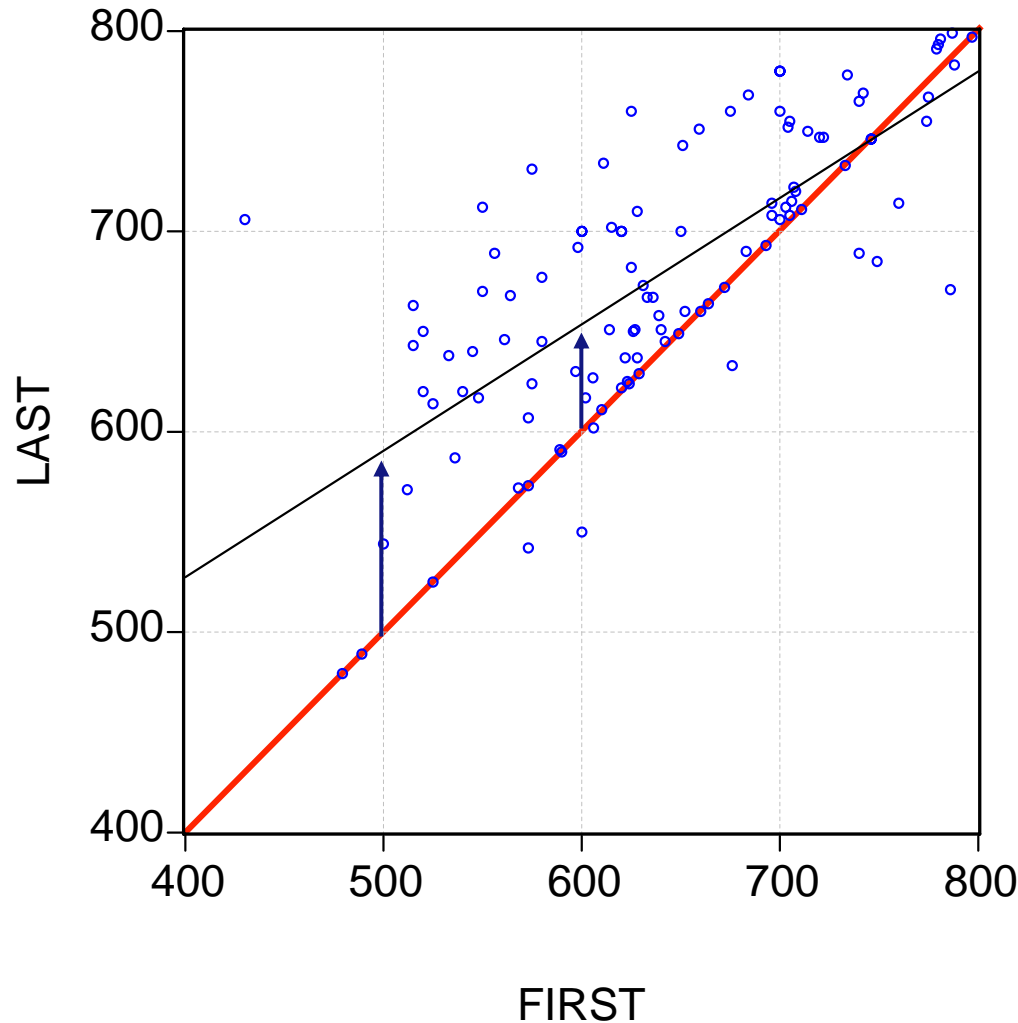


Changed Behavior?

Financial Literacy Training	Pre	Post
Savings has increased since training		69%
Do you have / plan to open account	22%	59%
Plan to use budget for expenses	6%	81%
Working toward a financial goal	11%	84%
I am in control of my money	35%	53%
Comfortable working with banks/CU	16%	89%

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Credit Scores



- Sample size 253 (110 with first and last scores)
- Average amount approved \$318,000

First	Last	Years
636	679	23 mo.

- Only in the first 2 years, the sub-prime borrower pays \$8,000 more in pure interest payments.

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Recommendations



- Commit to long-term involvement
- Advocate for policies that impact LA
- Concentrate on cost-efficiency
- Support research to measure SRR
- Use other innovative savings products

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