



September 1, 2009

Bill Corr
Deputy Secretary
US Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

*Re: CFED Recommendations for Assets for Independence Act Reauthorization – HHS
Priority Requested*

Dear Mr. Corr:

The Corporation for Enterprise Development (CFED) promotes policies that expand economic opportunity for low-income families. For thirty years, we have identified ideas, tested those ideas and crafted and promoted successful policies that enable Americans to start and grow businesses, attend college, own a home, and save for their children's and own economic futures. A major area of focus for CFED in this effort is around matched savings policy.

As you know, in 1998, the Assets for Independence Act (AFIA) (P.L. 105-285) authorized the Department of Health and Human Services (HHS) to establish and administer a five-year, \$125 million demonstration of Individual Development Accounts (IDAs). Assets for Independence (AFI) is a federal grant program that enables community-based nonprofits along with State, local and Tribal government agencies to implement and demonstrate an asset-based approach for enabling low-income families to connect to the financial mainstream, build wealth and move out of poverty.

Though AFI receives near full funding each year, the program authorization expired in 2003. CFED encourages the Administration to aggressively seek reauthorization of AFI to enable even more low-income families to move up and out of poverty.

AFI is administered by the Office of Community Services (OCS) through the Administration for Children and Families (ACF) at HHS. AFI funding is determined as part of the Labor, Health and Human Services, and Education

appropriations process. Over the past nine years, it has received nearly full funding (\$24 million of \$25 million). President Obama, as well as the House and Senate, have included \$24 million for AFI in their proposed FY 2010 budgets.

Research on the outcomes and impact of IDA programs has revealed the positive impact of saving in an IDA. Today there are more than 1,100 organizations providing matched savings to more than 62,000 AFI IDA savers across the country. Since 1999, 85,000 IDA savers have made more than 9,400 new home purchases, 7,200 educational purchases and 6,400 small business start-ups or expansions. *Nearly every IDA program in the country has a waiting a list.*

AFI evaluation reports reveal that *IDA savers are 35 percent more likely to become homeowners, 84 percent more likely to become business owners and nearly twice as likely to pursue post-secondary education or training.* Independent studies conducted in California and Ohio report that two years after the purchase of an asset, 99% of IDA savers still own their home, 95% are on track to complete their degree or had graduated, and nearly 80% still own their business or have sold it at a profit. A five-year AFI Impact Study released in 2008 reports that through FY07 more than 500 grants equaling approximately \$149 million in federal funds have been made with an equal amount of non-federal contributions committed. Over the past ten years, participants have saved \$45.3 million in personal savings, purchased \$70 million in assets, and leveraged an estimated \$325 million in their communities.

In addition to seeking reauthorization, we urge the administration to make as many improvements to the program as possible through regulation while awaiting action from the Senate Health, Education, Labor and Pensions Committee and the House of Representatives Ways and Means which have jurisdiction over the bill.

CFED Recommendations:

Attached are CFED's [draft legislative language](#) and a [summary of our recommendations](#). We have developed these recommendations through collaboration with legislative staff, practitioners, state agencies and other partners. Some highlights include:

- Raising the authorization limit from \$25 million to \$75 million; almost every program has a waiting list.
- Lowering the federal to non-federal match rate from 1:1 to 3:1.

- Funding required financial education and economic literacy components as direct program costs.
- Simplifying interest calculations and asset purchase processes.
- Permitting State, local and tribal governments to apply directly.
- Providing matches for all funded state IDA Programs.
- Expanding eligibility standards to include 80% of Area Median Income to align with other programs.
- Permitting people with disabilities to use SSI/SSDI for match.
- Expanding to include home repair and replacement of substandard homes.
- Implementing technical changes through regulation and legislation recommended by the field to enhance effectiveness of AFIA IDA projects.

Resource Information:

For additional information on the Assets for Independence program please consult the AFI Impact study at

http://www.acf.hhs.gov/programs/ocs/afi/AFI_Final_Impact_Report.pdf.

The Annual Report to Congress is here:

<http://www.acf.hhs.gov/programs/ocs/afi/research.html> or

<http://www.acf.hhs.gov/assetbuilding>

My colleague, Carol Wayman, CFED's Federal Policy Director, and I would be pleased to meet with you or the appropriate members of your staff to discuss the bill.

In conclusion, HHS's AFI program has ushered in a commitment to asset building as a critical component to enable families to leave poverty. HHS has run a tremendous program and we are eager to improve and expand it. We hope to see HHS promote a reauthorization bill as part of its legislative agenda. Reauthorization of AFIA presents an important opportunity to make small, but critical modifications to increase AFIA's utilization and ensure its success over the coming five years.

Warm regards,



Andrea Levere
President

cc: Yolanda Butler, Acting Director, Office of Community Services
Mark Greenberg, Deputy Assistant Secretary for Policy, ACF
David Hansell, Acting Assistant Secretary
Joan Lombardi, Deputy Assistant Secretary and Inter-Departmental
Liaison for Early Childhood Development
Carmen Nazario, Consultant
Eskinder Negash, Director, Office of Refugee Resettlement
Sharon Parrott, Counselor to the Secretary
Vicki Turetsky, Commissioner, Office of Child Support Enforcement