



Office of Refugee Resettlement IDA Program

The Office of Refugee Resettlement's (ORR) Individual Development Account (IDA) program is designed to assist refugees in purchasing assets as a means of increasing their financial independence. For years, ORR recognized that despite holding low-paying jobs, many refugees were excellent savers however, despite saving, moving out of poverty was a significant challenge. After some preliminary research, ORR and ISED Solutions discovered that most refugees did not understand America's financial system and, based on previous experiences in their homeland, some did not trust it. ORR sought to accelerate the acculturation process to the U.S. economy by creating a program to assist refugees build assets, connect to the financial mainstream and achieve self-sufficiency. ORR began funding IDA programs in October 1999.

Program Details:

The Refugee IDA Program represents an anti-poverty strategy built on asset accumulation for low-income refugee individuals and families with the goal of promoting refugee economic independence. The objectives of the ORR IDA program are to:

- Encourage regular saving habits among refugees;
- Promote their participation in American financial institutions;
- Promote refugee acquisition of assets to build individual, family, and community resources;
- Increase refugee knowledge of financial and monetary topics;
- Assist refugees in advancing their education;
- Increase home ownership among refugees; and
- Assist refugees in gaining access to capital.

ORR invites qualified entities to submit competing grant applications for five-year projects that will establish, support, and manage IDAs for eligible low-income refugee individuals and families. Grantees, including refugee resettlement agencies, economic development organizations, community action agencies and more are expected to develop collaborative relationships with financial and other agencies.

ORR IDA grantees provide matched savings accounts to refugees whose annual income is less than 200 percent of the federal poverty level and whose assets, exclusive of a personal residence and one vehicle, are less than \$10,000. Grantees provide matches of up to \$1 for every \$1 deposited by a refugee in a savings account. The total match may not exceed \$2,000 for individuals or \$4,000 for households. Upon enrolling in an IDA program, a refugee commits to and signs a savings plan agreement which specifies the savings goal, the match rate, and the amount the refugee will save each month.

IDA grantees provide basic financial training which assists refugees in understanding the American financial system, budgeting, saving, and credit. ORR IDA grantees also provide training focused on the specific savings goals. The specialized training ensures that refugees receive appropriate information on purchasing and managing their asset purchases.

Under the ORR IDA program, the matching funds, together with the refugee's own savings from their employment, are available for purchasing one (or more) of following assets:

- Homeownership or renovation
- Microenterprise capitalization
- Post-secondary education
- Vocation training or recertification
- Automobile purchase (if need to maintain or upgrade employment and limited to 10% of total funds)
- Computer purchase (for one's education or microenterprise)

Program Outcomes:

Over ten years, The Office of Refugee Resettlement has awarded 54 grants totaling \$78 million in Federal funds. IDAs have enabled refugees to attain assets, encouraged greater participation in U.S. financial institutions, and advanced the education and homeownership levels of refugees.

Since 1999, more than 22,000 refugee families have saved through an IDA. Seventy-eight (16,900) have used \$74.5 million in savings and match to purchase assets valued at more than \$351 million. This represents a 748% leverage of match funds. An average of \$4,503 was used by each refugee saver to purchase an asset. Over \$226 million has been leveraged in loans for refugee asset purchases.

Policy Details:

The ORR IDA program is funded at the discretion of the Director. Investments rates have ranged from a high of \$18 million to a low of \$2 million. Some years new funding is offered and some years no new funding is available. ORR has begun to allocate returned funds from other programs to the ORR IDA program.

Recommended Action:

Include \$10 million for the Office of Refugee Resettlement's IDA program in the president's FY 2011 Budget. History has shown that without clear guidance from the President and Congress, this critical integration innovation does not receive adequate or reliable funding.

Legislative Language:

[Senate Report 108-345](#) on the FY05 appropriations bill for the Department of Health and Human Service's Office of Refugee Resettlement (ORR) included an authorization of \$19 million "for social services for increased support to communities with large concentrations of refugees whose cultural differences make assimilation especially difficult, justifying a more intense level and longer duration of Federal assistance." This inclusion led to the \$18 million authorization by ORR. Previous committee reports included similar language. Similar language such as "\$19 million for social services including Individual Development Accounts and microenterprise programs that enable communities with large concentrations of refugees whose cultural differences make assimilation especially difficult."

Resource Information:

http://www.acf.hhs.gov/programs/orr/programs/ind_dev_acc_prg.htm

<http://www.ised.us/doc/Insights%20from%20the%20Field%20FINAL.pdf>

<http://www.acf.hhs.gov/programs/orr/programs/2007IDAProgramAnnouncement.pdf>

<http://www.ised.us/template/page.cfm?id=104>

<http://www.ised.us/template/page.cfm?id=19#Refugees>

For more information:

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