



July 24, 2009

Eskinder Negash
Director
Office of Refugee Resettlement
The U.S. Department of Health and Human Services
901 D Street, S.W.
Washington, D.C. 20201
Via email: eskinder.negash@acf.hhs.gov

Dear Mr. Negash:

Thank you and your staff for meeting with Camille Palacio and me to discuss your priorities as the director of the Office of Refugee Resettlement (ORR) at the Department of Health and Human Services. We appreciated the opportunity to share our research detailing how the Individual Development Account program and the Microenterprise programs help ORR integrate refugees into American society and enable them to attain financial security.

Our goal is to encourage ORR to continue to invest in the Individual Development Account (IDA) and Microenterprise Development (MED) programs. Both the IDA and MED programs have had a significant impact in the refugee community, assisting many to purchase homes, attend college, find and retain employment and start or expand business.

As you mentioned, refugees have made great contributions in communities around the country, revitalizing neighborhoods and strengthening local economies. These two programs provide products which equip refugees with the financial knowledge and access to capital to achieve this impact and expedite this process.

For example, research has shown that IDA savers are 35% more likely to own a home, nearly twice as likely to start a business and 84% more likely to attend college than their demographically similar non-IDA counterparts. IDAs help economically-fragile families achieve stability and build wealth more quickly and reliably than relying on the market alone. Post purchase IDA studies have found that two years after the purchase, 99% still own their home, 95% have completed their degree and approximately 85% still own their business or have sold it at a profit. Other research reports that of those who entered the program receiving public benefits, more than half no longer needed such assistance after graduating.

In addition to their proven success in helping marginalized communities achieve economic self-sufficiency, these programs provide critical benefits and timely opportunities to the refugee

community, including financial training, access to resources, capital and jobs, and connections with local programs and lenders providing quality services and products.

Financial education and business assistance. Through the provision of matched savings and financial education, IDAs provide an incentive for refugees to access financial education and make a purchase that places them squarely on the path towards financial self-reliance. The incentive of a savings match dramatically increases the demand for and utility of financial education. ORR funds enable practitioners to provide culturally and language-appropriate financial education and training.

The scourge of predatory payday lending, check cashing, rent-to-own, and other fringe financial services robs families of their precious earnings. In general, low income people pay higher prices for basic necessities. Yet, in the daily struggle to learn a new language and begin life in a new country, families may lack the incentive or opportunity to pursue financial education. The “carrot” of the match encourages families to learn about credit scores, bank accounts, credit card fees, interest rates, and other critical financial decisions that further their ability to stabilize their finances.

In addition, business coaching and training enables entrepreneurial businesses to succeed and thrive. It also enables refugees to access credit, which is nearly always difficult for a start up business.

Resources for changing refugee needs. IDAs have the potential to be used as a central part of the solution to help refugees reclaim the profession of their home country. While some grantees have already identified this opportunity for using IDAs to assist refugees pay for professional recertification tests or training, this is an opportunity that can be more directly pursued. With the influx of educated Iraqi refugees and the difficulty many are facing obtaining quality jobs in the current economy, promoting an existing product - such as IDAs - to fill this need and help refugees practice their trained profession is a timely opportunity that should be pursued.

The IDA program’s flexibility to respond to the needs of the refugee population has allowed the program to expand the opportunity for vehicle purchases during this time. A vehicle increases opportunities for access to jobs – and consequently income. As unemployment rises, personal transportation to access jobs – and perhaps multiple jobs - that may not be located within the vicinity of public transportation is becoming more critical. This flexibility demonstrates the opportunity for adjustment of the program to respond to the needs of the refugee community in the future, including potential direction of resources for professional recertification, post-secondary education or housing depending on the specific needs of the community.

The microenterprise program enables refugees to receive assistance to start and grow a business, generating income and building wealth. Though many refugees may lack strong English skills, or an understanding of our financial and legal systems, they are hard workers and eager business owners. Through the ORR microenterprise program many new and former business owners have

been assisted in navigating America's financial system, accessing capital and getting a successful business off the ground. In an effort to foster business and employment opportunities for refugees while bringing other players into the resettlement process, the microenterprise program has facilitated greater partnerships with regional development agencies and organizations to expand local immigrant markets as one way to strengthen weak local economies.

Leveraging opportunities. In addition to the benefit of connecting to a network of local service providers, participation in these programs helps refugees leverage additional opportunities, including those for homeownership and business start up or expansion. For example, a refugee may use their IDA savings and match to leverage additional homebuyer assistance grants and loans which would not be available without the initial capital provided by their IDA savings. These connections also help to build a more extensive network of players, by bringing other programs and resources into the resettlement process.

Conclusion

As a leader in the IDA and microenterprise fields, CFED urges you to expand the IDA and microenterprise program for refugees. While we recognize that you have a limited budget, and many priorities competing for these resources, we want to underscore the fact that IDAs and microenterprise programs aid ORR in reaching its goals of quick integration and economic stability for refugee families. We believe these programs fulfill the ORR mandate and are critical to helping refugees become economically self-sufficient.

In making your budget decisions for FY 2010, we respectfully encourage you to adequately fund these programs. We would be glad to work with you to discuss priority areas for grants. We look forward to continuing to work with you, Omar Ayyash and Belay Embaye to ensure full utility of these economic opportunity strategies for refugees.

Sincerely,

Carol Wayman
Federal Policy Director

Cc: Omar Ayyash
Belay Embay
Ken Tota