IDA AND IDA TAX CREDIT 2021 APPLICATION WEBINAR

March 18, 2021

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AGENDA

IDA Summary

IDA Tax Credit Summary

Application Overview

If you need a deeper explanation of how IDA works, check out last year's IDA020 program overview webinar, posted to our website: https://youtu.be/o356BTY8e7g

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IDA PROGRAM SUMMARY

The Individual Development Accounts Program, or IDA Program, helps low-income families achieve a greater level of self-sufficiency and economic stability through the **purchase of assets**.

Assets are defined as:
- Acquiring Education or Job Training
- Building or Expanding a Business
- Purchasing a Primary Residence in Indiana
- Repairing a Primary Residence in Indiana
- Purchasing a motor vehicle for the purpose of education, job training, or employment

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IDA PROGRAM SUMMARY

How does the program work?

- A household must be at or below 200% of the federal poverty level.

- Participant must have earned income and demonstrate the ability to save at least their savings goal each month/quarter.

- The participant saves ~$500 per year and is matched 3:1 with $1,500 in state resources. Participant will save $1,500 and be matched $4,500.

- Each participant receives financial literacy and asset goal specific training.

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IDA ADMINISTRATOR RESPONSIBILITIES

Program outreach for new applicants
Accept, review and approve individual applications
Guide participants through

      Account opening
      Savings process
      Asset purchase
      Account closeout

Provide financial education and asset-specific training to participants
Manage participant accounts (1 for savings, 1 for match) as well as
Administrator accounts (1 for admin, 1 for match)
Make claims for admin and match funds in **IHCDAOnline**
Provide required reporting to IHCDA (currently via claims)
Manage partnerships with Financial Institution, educational providers,
outreach assistants, etc.

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IDA FUNDING

$4,500 per account for match

$500 per account for admin – reimbursement based, not tied to performance
- Supporting documentation = revenue and expense reports, general ledgers, staff time sheets, invoices and receipts.

$250 per account in additional admin
- Asset Purchase Budget: $150 for a **FIRST** asset purchase
  - Supporting documentation = Asset Purchase Withdrawal Form

- Graduating Participant Budget: $100 for a participant's graduation, using at least $4,200 in match
  - Supporting documentation = Account Closeout Form

Total per account = $5,250 ($750 admin)

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IDA TAX CREDIT SUMMARY

Works the same way as the regular IDA program, except:
- Administrators do not make claims to or receive funds from IHCDA
- Funds for admin and match come from distributing tax credits to individuals or businesses in exchange for a donation
- Admin budget can be higher – up to 20% of first $100,000 raised in a year

Tax Credit Summary
- 50% credit - $1 credit for $2 donation
- Donation information is tracked and sent to IHCDA twice a year
- IHCDA send donation information to IDOR in January so donor's credit logged in time for tax season
- Credit is only for IN taxes

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IDA TAX CREDIT SUMMARY

IDA and IDA Tax Credits use same application but different contracts

DO NOT mix funds – assign participants either to IDA or IDA Tax Credits and follow through their time in program

DO apply for IDA Tax Credits if:
- You can handle more accounts then you've received in the regular IDA program
- You have donors interested in these tax credits

DO NOT apply for IDA Tax Credits if:
- You haven't used all of your regular IDA accounts in the last few rounds
- You struggle to distribute all your NAP credits or you don't have donors interested in this in general

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APPLICATION TIMELINE

1. Release Date: March 15

2. Webinar: March 18

3. **Due Date: April 19**

4. *Preliminary Decision* Announced: May 10

5. IHCDA Board Meeting***: May 27 or June 24

6. Contracts Issued by***: June 25

7. Signed Contracts due: July 1

8. IDA Tax Credits Can be Sold Starting: July 1

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Questions?

APPLICATION – ORGANIZATION INFO

Organization Information
- Name, address, staff contacts, etc.

Organization Eligibility
- EIN
- Confirmation of IRS not-for-profit designation – document upload
- Confirmation of Non-profit Domestic Corporation in Indiana
- Confirmation of good standing with Indiana Secretary of State – document upload

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APPLICATION – ACCOUNT REQUEST

"Did your organization open any accounts last calendar year?"
- No = you're considered a new organization, and limited to 5 or less accounts
- Yes = you're a "returning" agency and do not have a strict limit on your request

Returning agencies: "How many accounts did you open last year?"
- Request for this year should be similar to what you opened last year

Returning agencies can ask for more accounts, but they must provide detailed explanation for how they'll open so many more accounts
- Agencies that have struggled in past that can't provide a strong answer will have their request lowered to what they opened last year

Performance-based awards

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APPLICATION – TAX CREDIT REQUEST

Interested in tax credits? Y/N

If yes, how many accounts?

Tax Credit Math
- 80% for match, 20% for admin
- $4,500 per account for match, $1,125 per account for admin
- $5,625 per account total needed in funding
- Half that needed per account in tax credits

$2,812.50 in credits needed per account

Please consider making an even number account request ($5,625 in credits for every 2 accounts)

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APPLICATION – BANKING PARTNER

Every IDA Administrator must have at least one banking partner that hosts IDA accounts

Each banking partner that hosts IDA accounts must sign a MOA with IHCDA

Banking partners must be identified in application

MOA must be signed within a month of IDA grant agreements being signed

MOAs give IHCDA some authority to intervene with accounts now and in the future

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APPLICATION – SCORED QUESTIONS

Must earn 60/100 points to receive award

Narrative: describe your mission, current projects and how both related to IDA
- Full points (15) = providing both mission and projects AND tying both to IDA

Name the previous IDA rounds your agency participated in

NEW: Counties
- Name the counties your agency will do outreach in (for points)
- Name the counties your agency will accept applications from (for contact list)
- Identify underserved counties that your agency would accept applications from

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APPLICATION – SCORED QUESTIONS

"How will you provide services to Limited English Populations?"
- Narrative struck this year

Narrative: "Describe your recruitment plan"
- Up to 5 points per strategy
- More details for a particular strategy = more points
- If your program is small and you rely on gaining participants from one program, describe that program's recruitment strategy

NEW Narrative: "Describe your case management plan"
- Which staff positions will handle this?
- Planning for turnover: Who will handle files if a case manager position is vacant?
- How will interaction with participants be handled? Virtually or in-person? Individually or in a group? Monthly or quarterly?

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APPLICATION – SCORED QUESTIONS

Identify the assets your agency will allow participants to save towards

Narrative: "Describe your plans for financial and asset-based education"
- Describe the curriculum and the topics it covers
- Will the training be provided by your agency or another agency?
- Will the training be provided in-person, online or some combination?
- How will training be revised to fit the various levels of educational needs of different participants? (i.e. how the training would look for someone with absolutely no background knowledge vs. someone with a bit of experience in that area)

Tip: read questions carefully and answer all parts

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APPLICATION – CERTIFICATION AND SUBMISSION

Certify that everything is correct

Provide email and submit – should receive confirmation email after submission

Email ida@ihcda.in.gov if no confirmation email is received

AWARD PROCESS

Finalize requests:

- New applicants = 5 or less
- Returning applicants = same accounts as last year (or less), UNLESS valid explanation is provided for higher request
- IHCDA will propose final awards based on the following:
    - **Total available accounts**
    - Requested accounts
    - Past performance

IHCDA may not know total available accounts until mid-May or later

- IHCDA will let agencies know if their application was approved by IHCDA staff, and how many accounts IHCDA would be comfortable awarding them in general
- Once available accounts are known, IHCDA will confirm final award proposal with agencies before Board approval

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CHANGES TO MANUAL

- SSN is no longer a state program requirement – Administrators may still choose to collect it
- New section on IDA Administrator eligibility
- No more Outcome Tracker
- Guidance on dependents and foster kids now added
- Clarification: multi-unit homes can be purchased, as long as participant intends to live in one unit
- Clarification: pest control can be an acceptable home repair purchase, as long as it's not the ONLY purchase
- Clarification: participants can withdraw savings over $1,500 for a non-eligible purchase
- When returning funds, send to IHCDA Financial Ops and **include claim receipt**
- Clarification: if an Administrator provides too much match to a participant, it is the Administrator who must repay that, with unrestricted funds, not the participant

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Thank you for participating in this webinar.

If you have any unanswered questions, please contact us at IDA@ihcda.in.gov