

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
DEPARTMENT OF COMMUNITY INITIATIVES**

TO: Mayor and City Council

FROM: Dennis J. Campa, Director, Department of Community Initiatives

THROUGH: Terry M. Brechtel, City Manager

COPIES: Frances A. Gonzalez, Assistant to the City Manager; City Attorney's Office; Finance Department; Office of Management & Budget; File

SUBJECT: ORDINANCE AUTHORIZING THE ACCEPTANCE OF AN ASSETS FOR INDEPENDENCE ACT (AFIA) GRANT FROM U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND ACCEPTANCE OF A GRANT FOR INDIVIDUAL DEVELOPMENT ACCOUNTS FROM CITICORP FINANCIAL

DATE: March 27, 2003

SUMMARY AND RECOMMENDATIONS

This ordinance ratifies submission of various grants and authorizes the acceptance of a grant award from the U.S. Department of Health and Human Service (DHHS), Administration for Children and Families in the amount of \$900,000 for the period of September 30, 2001 to September 29, 2006. This ordinance also authorizes the acceptance of a grant award from Citicorp Financial for the Families Save – IDA program in the amount of \$50,000.

Staff recommends this ordinance be approved.

BACKGROUND INFORMATION

To assist low-income families transition out of poverty and achieve economic self-sufficiency, DCI has developed the Family Economic Success Program (FESP). This program operates on two strategies: asset building and asset protection. FESP efforts strengthen families while reducing reliance on a reactive community safety net and emergency assistance approach. Financial literacy, Volunteer Income Tax Assistance/Earned Income Tax Credits and Individual Development Account (IDA) participation serve as the principal activities to support DCI's asset building model.

For the past two years, DCI has operated the Families Save IDA program through an Assets for Independence Act (AFIA) grant in the amount of \$100,000 from the U.S. Department of Health and Human Services (DHHS), authorized through Ordinance No. 93078, passed and approved on December 14, 2000. The grant matches participants' savings through IDAs for the establishment of a business, first time homeownership or attaining higher education. This grant focuses on low-income working families in the Edgewood School District neighborhood.

Participants in DCI's IDA program are able to save up to \$750, which is matched at a four to one ratio. Upon enrollment, participants set their savings goals and identify the amount they will contribute on a

monthly basis. Participants also complete six hours of basic financial literacy goals prior to opening their savings account. In order to promote savings as a family strengthening economic practice, they are required to make monthly deposits for a minimum of six months and participate in at least six additional hours of asset specific financial literacy training before withdrawing the funds to purchase the asset. Currently 52 families have completed general financial literacy, opened IDA savings accounts, and are actively saving toward their goal.

On August 1, 2001, the Department of Community Initiatives (DCI) submitted an application to the DHHS in response to their request for AFIA Demonstration Program proposals and was awarded an additional \$900,000 to expand the program to participants City-wide. This grant will enable DCI to serve approximately 510 more participants for one of the three asset goals.

HHS has made \$900,000 available to the City for IDA accounts. The City only draws down these funds as we identify and secure local matching dollars. New accounts are only opened after local matching dollars have been secured. This process ensures that the City has available matching dollars for everyone enrolled in the program. Human Development Services Funds serve as an excellent source of matching dollars for this effort.

Both IDA grants require a dollar for dollar cash match from local sources. DCI has fully matched the first \$100,000 grant and has identified over \$250,000 of local match for this \$900,000 award from various corporate, grant and general fund sources to date. Upon acceptance of this grant the Department will have the capacity to open approximately 167 IDA accounts immediately. Over three years remain to identify the remaining match funds to implement the program and DCI will continue to develop partnerships and open accounts as additional local matching funds are identified.

	Federal Award	Local Match Identified	Number of Accounts/Participants
Grant I	\$100,000	\$100,000	60
Grant II	\$900,000	\$250,000	510*

* Over entire grant period

This ordinance also authorizes the acceptance of grant funds from Citicorp for the purpose of providing matching funds. On October 1, 2002, DCI submitted a proposal to Citicorp Financial and was awarded \$50,000 to provide matching funds for Individual Development Accounts for 2003. Citicorp has made an annual contribution to the IDA program since its inception.

Council District 10 invested \$15,000 in HDSF in an IDA scholarship program. This effort will be matched with \$15,000 from this grant. The \$30,000 will provide eligible high school students in Mac Arthur, Madison, Reagan, and Roosevelt High Schools the opportunity to save for their college education.

Current community partners in the Families Save and Savings for School IDA programs include the San Antonio Education Partnership, Citicorp, Annie E. Casey Foundation, Goodwill, Wells Fargo Bank, and Security Service Federal Credit Union. To support this larger grant, DCI proposes to expand our current IDA network to include additional financial institutions and local organizations including Broadway Bank, Frost Bank, San Antonio City Employees Federal Credit Union, United Way, Project QUEST, Family Services Association, and other COSA departments.

POLICY ANALYSIS

This action is a continuation of existing City policy to provide human development and wealth building opportunities and to help better prepare working families and high school students to be financially successful. It also supports the City's goal of raising the education and skill level of San Antonio residents.

FISCAL IMPACT

The ordinance authorizes acceptance of a grant application in the amount of \$900,000 from the U.S. Department of Health and Human Services (DHHS) Administration for Children and Families to continue the Families SAVE IDA Program, effective September 30, 2001 through September 29, 2006. This ordinance also authorizes the acceptance of \$50,000 from Citicorp to support the Department's IDA program. This ordinance does not require a match from the City or other additional general funds.

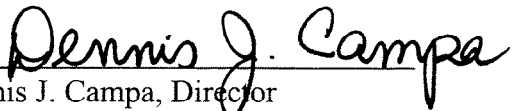
COORDINATION

Coordination has occurred with the City Attorney's Office, Finance Department, and Office of Management and Budget.

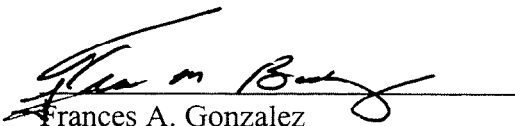
SUPPLEMENTARY COMMENTS

The Families SAVE IDA Program operates independently of the IDA program Goodwill Industries implements through a subcontract with the City. To date, Goodwill Industries has opened 95 IDA accounts and completed one.

Provisions of the Ethics Ordinance do not apply.



Dennis J. Campa, Director
Department of Community Initiatives



Frances A. Gonzalez
Assistant to the City Manager

Approved:



Terry M. Brechtel
City Manager