

**CITY OF SAN ANTONIO
DEPARTMENT OF COMMUNITY INITIATIVES
CITY COUNCIL AGENDA MEMORANDUM**

CONSENT AGENDA

FILE NO. 20

TO: Mayor and City Council

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

SUBJECT: Grant from the U.S. Department of Health and Human Services and multiple matching grants for the Individual Development Account Program

DATE: April 7, 2005

SUMMARY AND RECOMMENDATION

This ordinance authorizes acceptance of a grant from the U. S. Department of Health and Human Services (DHHS), Administration for Children and Families, in the amount of \$300,000 for the period October 1, 2004 to September 30, 2009 to support the Families SAVE Individual Development Account (IDA) Program. This ordinance also authorizes the acceptance of four IDA matching grants: \$50,000 from Citigroup; \$25,000 from the Young Women's Christian Association (YWCA); \$10,000 from Frost Bank and \$5,000 from J.P. Morgan Chase Bank One (through San Antonio Housing Trust). This ordinance also authorizes the transfer of \$50,000 from the Council District 9 Human Development Services Fund to the IDA reserve account. The ordinance further authorizes the allocation of \$20,000 per year for FY 2006 through FY 2009 from the Department of Community Initiative's General Fund allocation to be used as program-matching funds consistent with the awarding of the DHHS grant, adopts a revised budget, and authorizes acceptance of future grants for local matching funds in an amount up to \$300,000.

BACKGROUND INFORMATION

Pursuant to City Council's family strengthening policy, the Department of Community Initiatives (DCI) has developed the Family Economic Success Program (FESP) to improve the economic security of San Antonio families. FESP efforts strengthen families through proactive asset building and asset protection while reducing reliance on the reactive approach of community safety net and emergency assistance programs. Financial literacy, Volunteer Income Tax Assistance, Earned Income Tax Credits and Individual Development Account (IDA) participation all serve as the principal activities to support DCI's asset building model.

For the past three years, DCI has operated the Families SAVE IDA program through two U.S. Department of Health and Human Services (DHHS) Assets for Independence Act (AFIA) grants. The IDA program focuses on low-income working families who live in Bexar County and meet the DHHS requirement of 200% of the Federal Poverty Level (for example, \$38,700/year for a family of four). Through the IDA program, low income working families save money, become financially literate, build wealth, and achieve economic independence.

Participants in the DCI Families SAVE IDA program save up to \$1,000 that, upon completion of program requirements, is matched at a four to one ratio. IDA savings may be used either for post-secondary education costs or to purchase a home. Upon enrollment, participants set their

savings goal and identify the amount they will contribute on a monthly basis. Participants also complete six hours of basic financial education prior to opening their savings account. In order to promote savings as a family strengthening economic practice, they are required to make deposits for a minimum of six months and participate in at least six additional hours of asset specific financial education training before withdrawing any funds to purchase the asset. In addition to this training, IDA case management staff meets with participants on a regular basis to offer support and referrals for additional services.

The Families Save IDA program operates through multiple partnerships with financial institutions, funders, and community based organizations. Current funding partners include the Alamo Community College District Foundation, Annie E. Casey Foundation, City of San Antonio, City Council Human Development Services Funds, Citigroup, J.P. Morgan Chase/Bank One, Goodwill Industries, and Frost Bank. Account holding financial institutions are Frost Bank, Security Service Federal Credit Union, Southside Credit Union, and Wells Fargo. Partnerships with community-based organizations for outreach and supportive services include San Antonio College Center for Women, Goodwill Industries, housing agencies, school districts, community service providers and other City of San Antonio departments.

POLICY ANALYSIS

On August 1, 2004, DCI submitted an application to DHHS in response to their request for AFIA Demonstration Program proposals. DHHS awarded \$300,000 to expand and continue the program through FY 2009. This grant will enable DCI to serve approximately 150 additional participants.

While DHHS has made a total of \$1,300,000 available to the City for IDA accounts, AFIA grants require a dollar for dollar cash match from non-federal sources. DCI draws down these federal funds as we secure and deposit local matching funds. New accounts are only opened after local matching dollars have been deposited and the federal portion is drawn down. This process ensures that the City has available matching dollars for everyone enrolled in the program.

This ordinance also authorizes the acceptance of \$50,000 from Citigroup Service Center to be used as matching funds for the purpose of homeownership or post secondary education. Citigroup Service Center has made an annual contribution to the IDA program since 2001 and is the largest grantor of matching funds for this program, providing a total of \$175,000 to facilitate asset development for San Antonio families. This \$50,000 donation will support approximately 25 new IDA accounts during 2005.

This ordinance also authorizes the acceptance of grant funds from the YWCA, Frost Bank and J.P. Morgan Chase Bank One through the San Antonio Housing Trust. The Levi Strauss Foundation provided a grant to the YWCA to enable West Side residents affected by the closing of the Levi's plant to open a micro-enterprise business. The YWCA has granted the Levi Strauss funds to DCI in order to leverage an additional \$25,000 in federal AFIA funds. Frost Bank is providing \$10,000 for general local IDA matching funds. J.P. Morgan Chase Bank One has provided \$5,000 specifically for the purpose of facilitating homeownership in the West Side Making Connections neighborhood.

To improve participation in higher education for students of Council District 9, Councilman Schubert has allocated \$50,000 from his HDSF to the Families Save IDA program. These HDSF funds will be used as matching funds to support CD 9 residents saving for higher education. This allocation will support a minimum of 25 participants.

DCI has secured 100% of the required match for Grant I and 75% for Grant II. More than 50% of the match required for Grant III has been identified. DCI will continue to develop partnerships to secure the remaining matching funds. To date, 82 families have successfully completed the program and purchased their assets. Thirty-six have purchased their first home, 36 are enrolled or have completed post-secondary education, and ten have started a small business. Currently, 382 IDA participants are in the process of completing their financial education and savings requirements.

FISCAL IMPACT

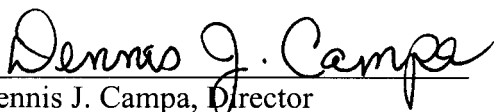
This ordinance accepts \$300,000 from the Department of Health and Human Services (DHHS) Administration for Children and Families to support the Families SAVE 3 Individual Development Account Program, effective October 1, 2004 through September 29, 2009. This ordinance also accepts a total of \$80,000 in matching funds from multiple organizations and transfers \$50,000 from the Council District 9 Human Development Services Fund account to the IDA reserve account. In addition, it is necessary to authorize the continuation of the annual contribution of \$20,000 from the Department of Community Initiative's annual allocation from the City's General Fund, contingent upon availability of funds, to be used as a match contribution as required in order to draw down the DHHS grant each year for FY2006 through FY2009.

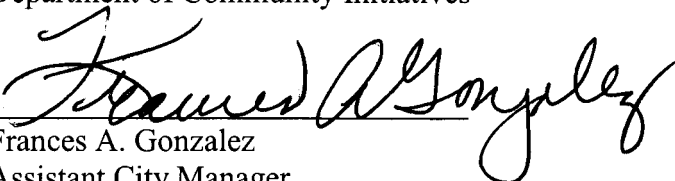
COORDINATION


The Department of Community Initiatives coordinated the submission of this ordinance with the City's Attorney's Office, Neighborhood Action Department, Finance Department, Office of Management and Budget, and Council District 9.

SUPPLEMENTARY COMMENTS

Provisions of the Ethics Ordinance do not apply.


Dennis J. Campa, Director
Department of Community Initiatives


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