

IDA AND IDA TAX CREDIT 2023 APPLICATION WEBINAR

April 17, 2023

2:30 PM

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AGENDA

- IDA Summary
- IDA Tax Credit Summary
- Application Overview
- Questions/Updates

Additional resources can be found on the IDA partner website:

<https://www.in.gov/ihcda/program-partners/individual-development-accounts-ida/>

IDA PROGRAM SUMMARY

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

For IDA, 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



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.

IDA ADMINISTRATOR RESPONSIBILITIES

- Program outreach for new applicants
- Accept, review, & approve individual applications
- Provide case management to participants
 - 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)
 - Administrator accounts (1 for admin, 1 for match)
- Make claims for admin and match funds in **online.ihcda.in.gov**
- Provide required reporting to IHCD (currently via claims)
- Manage partnerships with financial institution, educational providers, outreach assistants, etc.



IDA FUNDING

Total per account = \$5,250 (\$4,500 match and \$750 admin)

Match:

- \$4,500 per account for match

Admin:

\$500 per account for regular admin

- Reimbursement based, not tied to performance
 - Supporting documentation = revenue and expense reports, general ledgers, staff time sheets, invoices, and receipts

\$250 per account for 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



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 donations
- 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 sends donation information to Indiana Department of Revenue (IDOR) in January so donors' credits are logged in time for tax season
- Credit is only for IN taxes

IDA TAX CREDIT SUMMARY

- IDA and IDA Tax Credit Programs use the 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 than you have received in the regular IDA program
 - You have donors interested in these tax credits
- DO NOT apply for IDA Tax Credits if:
 - You have not used all your regular IDA accounts in the last few rounds
 - You struggle to distribute all your NAP credits or do not have donors interested in this in general

APPLICATION TIMELINE

1. Application opened Wednesday, April 12, 2023
2. Webinar: April 17, 2023
3. **Due Date: Monday, May 8, 2023, 5 PM Eastern Time**
1. IHCDA Board Meeting***: June 22, 2023
2. Contracts Issued by***: June 26, 2023
3. Signed Contracts due: July 1, 2023
4. IDA Tax Credits Can be Sold Starting: July 1, 2023

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

APPLICATION – ACCOUNT REQUEST

“Did your organization open any accounts last calendar year?”

- No = you’re considered a new organization, and limited to 5 or fewer 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 the number of accounts you opened last year

Returning agencies may ask for more accounts, but they must provide a detailed explanation for how they will fill these additional accounts

- Agencies that have struggled in past and/or cannot provide a strong answer will have their request lowered to the number they opened last year

Performance-based awards

APPLICATION – TAX CREDIT REQUEST

Is your organization interested in IDA 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)

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 Memorandum of Agreement (MOA) with IHCDA

Banking partners must be identified in the 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



APPLICATION – SCORED QUESTIONS

Must earn 60/100 points to receive award

Narrative: Describe your mission, current projects, and how both related to IDA. (15 points)

- Full points = providing both mission and projects AND tying both to IDA

Name the previous IDA rounds your agency participated in (2 points for 2022, 1 point for all prior years, 4 points maximum)

Counties

- Name the counties your agency will do outreach in (2 points per county, 10 points maximum)
- Name the counties your agency will accept applications from (no points, for contact list)
- Identify underserved counties your agency would accept applications from (1 point per county, 5 points maximum)

APPLICATION – SCORED QUESTIONS

“How will you provide services to Limited English Populations?” (1 point per step, 5 points maximum)

Narrative: “Describe your recruitment plan.” (up to 5 points per strategy, 15 points maximum)

- 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

Narrative: “Describe your case management plan.” (10 points)

- Which staff positions will handle this?
- Planning for turnover/continuity of service: 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?



APPLICATION – SCORED QUESTIONS

Identify which assets your agency will allow participants to save towards (1 point per asset, 5 points maximum)

Narrative: “Describe your plans for financial literacy and asset-based education.” (16 points for financial literacy, 4 points each for each asset type)

- 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 each question carefully, and answer all parts.

APPLICATION – CERTIFICATION AND SUBMISSION

Certify that everything is correct.

Provide email and submit – you should receive confirmation email after submission.

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

AWARD PROCESS

Finalize requests:

- New applicants = 5 accounts or fewer
- Returning applicants = same number of 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

UPDATES

- New Federal Poverty Guidelines Chart - 2023

2023 Federal Poverty Guidelines		Maximum Eligible Household Income for IDA (200% FPG)		
Household Size	100% Annual Poverty Guidelines	Annually	Monthly	Bi-weekly
1	\$14,580	\$29,160	\$2,430	\$1,122
2	\$19,720	\$39,440	\$3,287	\$1,517
3	\$24,860	\$49,720	\$4,143	\$1,912
4	\$30,000	\$60,000	\$5,000	\$2,308
5	\$35,140	\$70,280	\$5,857	\$2,703
6	\$40,280	\$80,560	\$6,713	\$3,098
7	\$45,420	\$90,840	\$7,570	\$3,494
8	\$50,560	\$101,120	\$8,427	\$3,889
<i>For each additional person over 8 add:</i>	\$5,140	\$10,280	\$857	\$395

UPDATES

- 2023 Updates:
 - Reporting/Tracking Updates
 - Semi-Annual Account Reporting
 - Use of Sharepoint Shared Folders
 - More to Come at Post-Award Webinar in July
 - Clarification: IDA Tax Credits
 - Can request tax credits even if not requesting regular IDA accounts
 - Strongly recommend demonstrated success in regular IDA program
- 2022 Reminders:
 - Clarification: Agency Staff Accounts
 - 3 accounts or ten percent (10%) per accounts awarded to the IDA program. For example, if you have 3 program year agreements active, this applies to each specific PY.
 - Clarification: Home Purchases
 - On home purchases, participant may or may not be the only person on the title and mortgage (Relatives, etc. may be listed in addition)

Thank you for participating in this webinar.

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