

Family Assets for Independence in Minnesota (FAIM) 2015 Coaching Proposal

Background

- FAIM provides a strong return on investment to the state of Minnesota, demonstrated by University of Minnesota research results in 2013.
- Over the last 14 years, very low income FAIM account holders earned and deposited nearly \$3 million into local savings accounts statewide.
- Over 2100 assets have been acquired.
- Over 4000 participants completed 12 hours of financial education, increasing the financial fitness of Minnesotans working to leave poverty permanently. These new skills are modeled and passed on to the next generation, decreasing the likelihood of intergenerational poverty.
- FAIM asset purchases boost local economies through increased home ownership property taxes, newly created jobs, local small business purchases, and increased professional skills.
- A key element to the success of this program, according to University of Minnesota and other research, is the one-to-one personalized coaching that FAIM accountholders receive. Coaching is considered to be one of the greatest assets of this program.

Problem

- Current state and federal funding for the FAIM program supports the matched savings account element of the program, enabling about 320 new Minnesota households to open savings accounts across the state. No funding is appropriated, however, for the delivery of these services through support for coaching.
- When state FAIM funding was temporarily lost in 2011, a number of FAIM partner agencies struggled to continue providing services, and eventually eliminated the program due to lack of funding support. Most of these organizations serve diverse communities that no longer have local access to this asset building resource, creating gaps in our statewide service provision. Among the former providers are Heartland Community Action, Scott Carver Dakota Community Action, CAP of Suburban Hennepin, Western Community Action, Kootasca, and BiCAP. These agencies have all expressed an interest in re-initiating FAIM again if coaching funds become available.
- There is increasing interest in the provision of Individual Development Accounts through FAIM from increasingly diverse communities, but the resources to support their provision of FAIM coaching services is currently unavailable. Several new agencies have entered the FAIM partnership and are struggling to piece together the funding to support the required coaching for this program.

Proposed Solution

- Seek a \$250,000/year state appropriation for FAIM Coaching funds—while also seeking other non-state sources of funding support. Appropriation of state funding would enable FAIM network providers to leverage other local, state, and federal funding support.
- Currently there are 18 FAIM partner agencies. These new FAIM coaching funds would cover one-third of the cost to support 23 partner agencies with 1 FTE per/agency.
- It is estimated that one FTE can serve about 50 FAIM participants per year to successful acquisition of financial education and a FAIM asset. Average cost for 1 FTE= \$64,480 (salary+ benefits). A \$250,000 annual appropriation would enable the FAIM network to serve an estimated additional 250 Minnesota households per year.