Long-term Success for Low-Income Entrepreneurs: 
An Independent Evaluation of the Washington Community Alliance for Self Help 
(C.A.S.H.) Individual Development Account (IDA) Program 

Final Evaluation Report

Prepared for Washington C.A.S.H.

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ABSTRACT:

The Individual Development Account (IDA) program at Washington Community Alliance for Self Help (C.A.S.H.) encourages low-income entrepreneurship through microenterprise development in King County, Washington. Like many other microenterprise development organizations in the nation, Washington C.A.S.H. is concerned with issues of poverty. The organization has over ten years of experience providing low-income entrepreneurs with assistance through IDAs but has newly taken a more active role and in 2011 began administering its own IDA program. Given the high cost of administration, the range of potential alternative interventions and the variety of IDA programs being delivered across the nation, an evaluation that assesses the organizations’ past performance in the form of a longitudinal, quasi-experimental research design was sought to inform future program activities.

The evaluation found that the IDA program was successful at assisting clients in asset-building through microenterprise. Based on economic outcomes, the IDA graduates stood out in a number of ways. Of the Washington C.A.S.H. clients who wanted to start a small business, former IDA participants did so 55.7% more than nonparticipants after completing the program. For clients who wanted to expand their small business, although IDA graduates had only achieved that goal slightly more than non-participants, they were still in business at the time of the evaluation 21.2% more than non-participants. In addition 70% of the total IDA entrepreneurs were still in business at the time of the evaluation compared to 43% of non-IDA entrepreneurs. Interestingly, self-reported “ability to pay” levels were extremely similar among both groups yet questions designed to assess the general psychological impact of these conditions were starkly in contrast; 60% of the IDA group reported feeling “Somewhat Satisfied” with their current financial situation while only 23% of the nonparticipants did, and conversely 50% of nonparticipants reported feeling “Somewhat Dissatisfied” with their current economic situation while only 20% of the IDA graduates did. In addition, many IDA program graduates reported the program as being “the best thing they could have done for their business”. However both groups were found to have real business ownership challenges including the difficulty of paying for healthcare needs as well as the challenge of managing growth in their business. The program has only reached approximately fewer than 200 participants in its entire history and has some limitations for increasing scale and impact. Comparing longitudinal results of the treatment group before and after treatment also generated interesting results. The average pre-treatment income was $14,911.72 and the post-treatment income average was much higher at $23,950.

Recommendations and considerations to the organization include clarifying the mission behind the IDA program, ways to leverage the impact of the IDA program and suggestions to institutionalize asset-building and microenterprise development that will help provide a steady stream of funding for the future.
# Table of Contents

**Introduction** .......................................................................................................................... 4

**Definitions** ............................................................................................................................. 5

**Part 1: NEED FOR INTERVENTION** .......................................................................................... 7

  - Context ................................................................................................................................. 8
  - History of IDAs ..................................................................................................................... 10
  - IDAs in Washington ............................................................................................................. 13
  - Evaluating IDAs .................................................................................................................. 15
  - The Need for an Evaluation of Washington C.A.S.H.’s IDA program ................................. 16

**Part 2: EVALUATION** ............................................................................................................. 17

  - Research Method/ Design ................................................................................................. 18
  - Findings ............................................................................................................................... 23

**Part 3: IMPLICATIONS** ......................................................................................................... 34

  - Discussion ........................................................................................................................... 35
  - Recommendations ............................................................................................................ 37

**Citations** .................................................................................................................................. 38

**Appendices** ............................................................................................................................. 40
Introduction

This report was developed through a solemn inquiry into the nature of poverty and a desire to see, understand and change the ugliness that poverty has on individuals, families and communities. It is divided into two main sections that cover relevant topics. The first section provides an understanding for the need to intervene in the lives of impoverished Americans. The second section encompasses the evaluation of Washington C.A.S.H.’s IDA program – an intervention in poverty.

Acknowledgements

Thank you to Washington C.A.S.H. for allowing a student open access to your organization and for proving to be transparent and curious at every step of the evaluation.
Definitions

Assets

While there are many competing definitions of assets, the definition used and referred to in this paper is taken from the general concept provided by Sherraden, Huang & Nam:

“Assets are rights or claims related to property both tangible and intangible. Such rights or claims are enforced by cultural expectations, formal laws and regulations, or both.”

Assets can improve the quality of life for families in a way that is uniquely positive. By possessing assets, individuals can achieve upward economic mobility by leveraging those assets when needed. This ability to leverage one’s assets has many outcomes that include the generation of wealth or to serve as a buffer in times of economic hardship. This paper does not provide a theoretical discussion about assets and their potential implications, rather it is based on the assumption that building long-term, high-return assets over an individual’s “life-cycle” is desirable, and can serve low-income families in a way that accomplishes more good (both public and private) than income transfer programs alone.

IDA

An Individual Development Account (IDA) is the blanket term for a type of subsidized asset-building process that attempts to achieve individual as well as societal goals. Account holders are selected by government or non-profit program administrators based on quality of life indicators such as income and asset wealth. Generally non-profit organizations deliver the program services and funding is provided largely by the federal government with other supplementary sources such as local and private grants.

IDA participants tend to be female, in their thirties, often single with children, with at least some postsecondary education, living in urban areas with household incomes at the poverty level (Mills, Lam et al. 2008) (Loibl et al., 2010). By subsidizing the IDA savings accounts at a matched ratio of 2:1 or greater, administrators hope to affect behavior and habits of those who participate. Participants work towards a savings goal that when reached, they can withdraw the entire amount (both their savings as well as the matched funds) for use in the purchase of a high-return asset. Each IDA program has

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1 See appendix 1 for a table of American Indian assets as an example of the way assets extend beyond the financial sphere.
2 For discussion about the potential costs of asset-holding see Ch. 6 “Benefits and Consequences of Holding Assets” (Sherraden & McKernan, 2008).
3 “A family’s financial welfare is in many respects better conceptualized as the product of a long-term, dynamic process rather than an accounting of income over a limited time.” and “This focus on the ‘life-course’ includes the importance of context shaped by historical time, cohorts, transitions, trajectories, life-events and turning points that are critical to individual development.” (Sherraden & McKernan, 2008).
4 IDAs are designed, implemented, and evaluated through public/private partnerships with governments creating the basic programmatic structure and non-profit organizations delivering the service (Loibl et al., 2010).
slightly different restrictions about what constitutes an asset and what the funds can be used for.

At the societal level, interest and support for IDAs has revolved around the potential for poverty relief as well as a vehicle for reducing welfare transfers. The desired impact on individuals who are accepted into IDA programs is long-term and programs are designed to respond to the institutional and systemic nature of poverty by helping participants build wealth through assets. Using a market-based strategy, IDAs attempt to alleviate poverty by “engage[ing] the market for social ends and by encouraging market-oriented behavior in the poor” (Cooney & Shanks, 2010). The underlying assumption being that by providing institutional access to the financial tools of: financial literacy education; capital and; facilitation, the barriers to asset accumulation faced by low-income individuals can be overcome.

Microenterprise

A business with five or fewer employees that requires less than $35,000 in start-up capital and that does not have access to the traditional commercial banking sector – focusing on business owners (or would-be owners) who are low-income, or struggling to make ends meet.

Microenterprise development

Microenterprise development refers to the process by which entrepreneurs start and grow their businesses.

High-return Assets

High return assets have generally been limited in asset building programs to: home ownership, post-secondary education and microenterprise development.
PART 1: NEED FOR INTERVENTION

History and luck cannot easily be changed but policy, circumstance and choices can be shaped, encouraged and guided to create better outcomes.
Context

The quality of life of many Americans is dramatically impacted by the context in which they live out their lives. This context has been and is being shaped by a layered mix of history, policy, circumstance, choice and luck. History and luck cannot easily be changed but policy, circumstance and choices can be shaped, encouraged and guided to create better outcomes.

Pockets of Persistent Poverty

Federal policy has thus far failed to be instrumental at increasing the quality of life for the majority of the nation’s poor. While U.S. society relies heavily on the market to meet families’ life-course needs, there are significant barriers to participation in the market for the poor. Intervening through asset-building is based on the belief that persistent poverty can be “broken if people are allowed to invest in their own futures by increasing access to the institutional asset-building mechanisms that are key wealth generators for those in the middle- and upper-income brackets” (Cooney & Shanks, 2008). Poverty policy in the United States has focused on income maintenance and transfers that have not allowed families to build wealth that might afford them the opportunity to become self-sufficient. But because poverty is more complex and has been shown to follow an intergenerational pattern – focusing on income alone ignores the hugely significant role assets play for families. “Although there are historic instances in which national policy favored asset building (Shanks 2005), these efforts were not broadly inclusive.” (Cooney & Shanks, 2010).

The problem for minority populations especially those who have been established in the United States for centuries is worsened by policy that has been steeped in history and forged an enduring legacy of disadvantage. The Homestead Act of 1886 for example gave citizens an opportunity for upward mobility by developing land and a home as an asset. The policy allowed for the transfer of 287.5 million acres of the public domain in the form of a direct grant or sale to homesteaders. Of the total 1.5 million homesteaders that received land, only 4-5 thousand were black yet there were approximately 4 million blacks who had been living as slaves in the United States up until that time (Williams, 2003). Given their skills in the agricultural industry, it is surprising that only a small portion were able to benefit from the legislation. In 1944 the GI Bill also failed to meet the needs of African American families who had fought for the country in WWII. The bill promised to assist veterans in building high-return assets such as home ownership and higher education but racism rendered the policy inaccessible for numerous black veterans and their families. The situation for Native Americans is similar and past federal Indian policies have resulted in “benefits derived from American Indian assets, flowing away from reservations” (First Nations, 2009). It is therefore no surprise that Native Americans continue to have the highest poverty rate and the highest unemployment rate in the nation.

Income/ Assets gap between the rich/ poor

Asset inequality is growing. Like marginalized African-Americans and Native Americans who have not been fully included in U.S. asset building policy, the poor and more recently the

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5 NEED CITATION
middle class are falling behind. An analysis found that “less than 3 percent of the benefits from federal asset building programs went to the bottom 60 percent of households as measured by income. The top 20 percent, by contrast, received nearly 90 percent of the benefits.” (McKernan & Sherraden, 2008). Much of the reason for the growing gap is based on tax policies that favor asset-building for those with the most assets, “The most important asset-building policies of the twenty-first century are embedded in the federal tax code and are so poorly understood by the general public that one writer has dubbed them the “hidden welfare state…” (Miller-Adams, 2002). The most egregious tax policy seems to be the Federal Mortgage Interest Deduction established in 1913. Although it cost “an estimated 75 million to taxpayers in the fiscal year 2000” and “91% of the benefits from the home mortgage interest deduction go to families earning over $50,000 (fewer than half the households in the United States), while the remaining 9 percent is shared by all families earning less than $50,000” (Miller-Adams, 2002) the program remains popular with lawmakers. Asset accumulation by the poor is hampered by other tax policies including: the Earned Income Tax Credit (EITC) of 1975 as well as; employer sponsored retirement savings provisions that provide for tax free contributions and other credits/ deductions that subsidize the behavior of the wealthy but do not offer options to America’s low-income.

Low U.S. Savings Rate

The savings rate for U.S. households has climbed in recent years from a low of 0.8 percent in April 2008 to 3.6 percent in April 2010 but there are many families that have no savings, or live in debt. In 2009, total household debt equaled 122.5 percent of income. A full one-third of all low-income households were spending nearly twice what they were earning. By contrast, 8 out of 10 of the wealthiest families were saving approximately one-third of their household income in 2009.
History of IDAs

Federal

IDAs are the most common asset-building vehicle and were started in the 1990s when scholar Michael Sherraden successfully argued in favor of legislation and policies that would allow the poor to build personal wealth and assets. As a result of Sherraden’s scholarship and the Experimentation of small scale IDAs through the American Dream Demonstration (ADD), the Assets for Independence Act (AFIA) (112 Stat. 2759 [1998]) was passed in 1998 (See Appendix 2 below to see the main players and key events involved in pushing the legislation forward).

AFIA awards contracts to fund IDA programs through the U.S. Department of Health and Human Services, was amended in 2000 (114 Stat. 2763A-74; 42 USC sec.604), and continues to provide money to help fund IDA programs throughout the country. The 1998 act also has a provision for monitoring the IDAs it funds, and under this provision (112 Stat. 2764). In 1996 legislation included IDAs as a state option and at least 40 states adopted some type of IDA policy with hundreds of community organizations doing so as well locally (Edwards and Mason 2003).

State

In 1993 Iowa became the first state to offer IDAs to its low income citizens. Following this there was a surge in 1997 of state-level experiments with IDAs and “Between 1997 and 2002, 31 states passed IDA legislation, and just as many included IDAs in state welfare reform plans.” (Edwards & Mason 2003). These small-scale, short-term demonstrations were an early hallmark of IDA policy at the state level. And federal policy began to assist the state level efforts. Many states married the new social development tool of IDAs with the pre-existing state TANF program which received funding under PRWORA. The merger was confusing and caused implementation and disbursement of funds to be delayed. It also stigmatized IDAs within the bureaucratic process, “a consequence of using TANF funds for IDAs has been the perception, by lawmakers that IDAs are part of the state welfare program, and not part of a state’s broader scope of asset-building policies.” (Edwards & Mason 2003).

Local/ Community

Understanding IDAs and their unique adaptability to contextual problems is best seen at the community level. In 2002, Michelle Miller-Adams captured some moving accounts of IDA programs that describe some of the country’s most innovative programs for asset building. Out of these stories it is clear that there are some key aspects of IDA programs that contribute to successful outcomes for program participants.
Role of a strong non-profit presence

Non-profit organizations are the lifeblood of IDA programs. They shoulder the burden for fundraising, program delivery and evaluation. The demonstration nature of IDA programs even at the smaller community level is both staff intensive and costly. By putting expectations on smaller non-profits to somewhat mirror the larger ADD demonstration model that includes:

- Recruitment
- Financial Education
- Credit Advice
- Account Monitoring
- Program Evaluation

These organizations must make strategic choices about how many IDAs can be opened and therefore how much of an impact they can achieve. They are also the ones left with the responsibility to forge relationships that develop conditions conducive to leveraging their assets in the community which in turn help the individuals they reach in greater depths. Yet often those activities are complex, timely and have costs associated. For example, in 2003, a CFED study found “that a wide array of organizations, institutions and agencies across the country are pursuing initiatives that are meant to encourage greater entrepreneurship in rural America but their efforts aren’t community-driven, regionally oriented or collaborative and didn’t focus on the needs of the entrepreneurs themselves but were instead more programmatic. (CFED, 2003). The lack of a community driven approach is often for lack of the necessary resources to make this happen.

The role of a strong non-profit organization to play the intermediary between a large and impersonal federal or state government and a struggling individual is enormous. Researchers Edwards & Mason acknowledged this reality saying, “Non-profit partners have been the primary fundraisers for state IDA programs and, in many states, IDAs would not have been established without efforts by non-profits to raise funds for operating expenses and matching funds.” (Edwards & Mason 2003). Federal non-profits have served as clearinghouses of information and resources and in many cases funding that helps local non-profits in their efforts. The Center for Enterprise Development (CFED) and the Center for Social Development (CSD) at Washington University in St. Louis have been two of the most influential in the field and stories of their research and staff are often intertwined in the stories of individuals being reached in local organizations.
The Institute for Social and Economic Development (ISED) is an example of a highly engaged microenterprise development organization that has learned to leverage their financial assets in collaboration with others. ISED coordinated with local banks and persuaded them to set aside a pool of money for ISED clients and used their initial grant of $25,000 as a form of insurance to guarantee the loans being made through the local banks (Miller-Adams, 2002).

Role of Hope

Taken from Michelle Miller-Adams interviews with IDA participants and non-profits administering IDA programs – the following quotes highlight the role of hope in the process:

“Denise can recall Kim’s words as though it were yesterday: ‘If you believe that I can help you, I can help you’”

“Unlike a bank or a mortgage company, Neighborhoods is willing to help potential clients address the barriers they face on the road to home ownership.”

“They say – ‘Let’s work out a plan to get you out of this trouble’”

“This town is feeling like a victim” she remembers saying “like they don’t have anything to offer this world”

“Downtown revitalization, the business incubator, and plans for affordable housing are signs of hope for Hayfork’s economy... The Watershed Center is one of the focal points for those invested in Hayfork’s future”

“Jane’s mission was not just to teach but to serve as her client’s link to the business world, providing information and the kind of networks that can be crucial to business success.”

“I mean, you have thoughts and you think, ‘maybe I can do this, but I can’t. And Jane gives you the information, gives you the resources to do what you want to do, and she’s right there behind you.”

“what I needed was a coach, a mentor, someone who believed in me and was with me every step of the way. You cannot get that in a book. I had no one to tell me I could make it; no one who understood what I was going through. That is what these microenterprise programs are all about. They give you the tools and they give you the hope and encouragement. Jane is still there when I need her, and she is my cushion, my comfort, and my friend.”
IDAs in Washington

In 2005, the Washington State Legislature passed the Saving, Earning and Enabling Dreams (SEED) Act, dedicating $1 million in state general funds to provide IDAs to working families in Washington State. Asset building policy in Washington suffered a setback in the 2009-2010 biennial budget when funding for IDAs was eliminated. Up until then, more than 512 IDAs have been started with over $1.2 million in savings generated and approximately $1.8 million in federal and private funds leveraged (Prosperity Blueprint, 2011). There is currently little investment in Washington State dedicated to IDAs as a successful and effective social policy intervention.

United Way of King County

The United Way of King County in collaboration with 13 Community Based Organizations (CBOs) including Washington C.A.S.H. made IDAs available in King, Snohomish and Pierce counties. In keeping with their mission the goals of program were to use it as a strategy to prevent or decrease the risk of homelessness & increase the financial stability of low-income individuals and families through asset development (Stromski and Holcomb, 2008). They created a diverse collaborative with agencies that had a wide reach of populations by: geography, asset specific experience, language and cultural competency and experience working with the immigrant and refugee population (Stromski and Holcomb, 2008).

Intended program outcomes:

- Increased asset acquisition and retention
- Increased self-sufficiency
- Increased utilization of financial institutions and instruments
- Decreased dependency on public assistance
- Reduced poverty

All of the UWKC IDA accounts, with the exception of the CTED accounts in 2001 were funded through AFIA. The program was considered a success and “Since 2002, the UWKC IDA program has accepted a total of 912 investors, graduated 110 new homeowners, assisted 33 investors with their education and helped 83 investors start new businesses” Overall, participants improved their housing situation, decreased use of public benefits, increased their income and reported a more positive outlook on their future. (Stromski and Holcomb, 2008). Almost 1/3 of participants completed the program and made an asset purchase or were in the process of purchasing their assets in 2003. Interestingly, those that used the IDA to start a business completed the program at a higher rate than those who saved for a home or education – 46% of business investors completed the programs. Although UWKC was looking at scaling up their IDA program in 2003 (Johnson, 2003) the economic climate forced the organization to make severe budgetary cuts and in 2010 UWKC discontinued their role of administering the IDA collaborative6.

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6 I spoke with Terra Holcomb at UWKC about this - she said it was an extremely difficult decision to stop administering the program but that in the economic climate tough choices about service delivery were required. Given their mission around ending homelessness and the high cost of managing the program, they would be forced
Washington C.A.S.H

Washington C.A.S.H. has made the decision to continue providing IDAs as part of their client services and has taken on the role of administrator for their individual IDA program. C.A.S.H. has a vision of “a world where self-employment with access to capital is a viable avenue to the alleviation of poverty and to the full development of individual potential.” They attempt to facilitate this vision, “through education, mentorship, microloans and a powerful peer network [where] our clients obtain the resources they need to leverage the resources within themselves.” (WashingtonCASH, 2010). The Washington C.A.S.H. IDA program began in 2001 and generally resembles many small-scale IDA programs around the nation. Eligibility is based on income, residency, graduation of training programs and the applicant must be either starting or expanding a small business. Participants enroll in the program and are given 3 years to work towards a matched savings goal of $6,000 where they contribute $2,000 and they are matched $4,000. A minimum of $10 must be saved each month with no more than 4 missed months each year. There have been approximately 150 participants since 2001, with 30 additional accounts recently inherited from another program. Currently there are approximately 45 active accounts with a new funding cycle recently secured with a mix of private and AFI funding scheduled to fund an additional 83 accounts over the next five years. Microenterprises represent 17.4 percent of all Washington employment and 86% of all Washington businesses (Prosperity Blueprint, 2011).
Evaluating IDAs

Federal

IDAs got a boost in credibility from the findings of the American Dream Demonstration (ADD) that occurred between July 1997-2003. The study was conducted over six years at 14 different locations across the United States. There were 2,350 low-income participants and the average match rate was 1.88:1 with an average accumulated total of $1,609 in IDAs (principal and matched) per participant. The biggest and most widely cited information from this study is that “poor people can save if given the appropriate incentives and that individual characteristics, such as income, employment status, and welfare receipt are only weakly associated with savings outcomes (Schreiner, Clancy, and Sherraden 2002 Schriener and Sherraden 2007a)” (Cooney & Shanks, 2010).

State

Oregon has a state-sponsored IDA program where IDAs are available to eligible Oregonians all over the state. Seven non-profit organizations currently serve 29 urban, rural and frontier counties. Eligibility for an Oregon IDA is limited to low income and low asset holding individuals. Other requirements are a willingness to save, a desire to purchase one of the asset types supported by the program, and a commitment to participate in the educational aspects of the program. Like C.A.S.H.’s program, all IDA participants receive financial literacy education, one-on-one counseling, asset-specific training, and personal support to meet their goals. Programs provide these services within a variety of structures and formats to meet the needs of their specific populations. Participants agree to make monthly deposits to their IDA account within a 3 year timeframe, based on their Individual Development Plan. The initiative is funded by contributions to a designated non-profit partner that are eligible for a 75% state tax credit. This model allows Oregon to leverage the state committed dollars with funds contributed by community organizations. The IDAs are matched at a 3:1 – 5:1 ratio by IDA Initiative funds when the participant’s savings goal has been reached, with payments going directly towards purchasing their asset. Participants who are not able to complete their savings plan may withdraw their own deposits but do not receive matching funds. Neighborhood Partnerships, the coordinating entity for Oregon’s IDA program, engaged the Regional Research Institute at Portland State University (PSU) to evaluate the initiative, beginning in 2008. The launch of the evaluation coincided with a ramping up of the program beyond its early pilot stages (Yatchmenoff, 2010). Three surveys were used, two exit surveys (one for program graduates and one for non-completers) and a one-year follow up survey. See Appendix 3 for a summary of the evaluation methodology.

Local/Community

Tulsa Oklahoma

One of the AFIA sites in Tulsa, Oklahoma was selected to employ an experimental evaluation design and Abt Associates an independent firm was hired to conduct the evaluation. The evaluation compared a sample of the AFIA-IDA participants to a control group of people
who had not opened an IDA. Sample-wide there was an increase in homeownership; an increase in home improvement; an increase in non-degree educational coursework; an increase in business ownership at 48 months (for Caucasians only); an increase in retirement savings; and an increase in real assets (Mills, 2005). The researchers cited that the study’s major finding was that IDAs do promote asset building, especially through first-time homeownership and especially for African-Americans, but perhaps not through intended increase in savings.

Nuestra Casa

Although not an evaluation of an IDA program, the Nuestra Casa program in Texas was an asset-building effort to increase a first generation immigrant community’s sustainability and overall health. The evaluation structure was thorough and attractive as a guide for evaluation methodology. Using a multi-dimensional approach, the study incorporated both quantitative and qualitative analysis tools “in order to gather and analyze the different aspects of the relevant information.” (Guisti, 2007). See Appendix 4 for a table of the evaluation methodology.

The Need to evaluate Washington C.A.S.H.’s IDA program

The field of Microenterprise development varies widely by service provider and program. This diversity leaves room for a wide range of success as well. Although Washington C.A.S.H. is one of only a few Microenterprise Development Organizations (MDOs) in Washington State targeting low-income entrepreneurs quality and efficiency of service delivery is desirable. Calls for additional efforts at the state level to promote low-income asset accumulation through small business ownership are continually surfacing and success at Washington C.A.S.H. could promote asset building in Washington State further. The evaluation will serve as an example of a successful and effective asset building program as well as help identify some of the organization’s potential limitations in meeting the demand for IDAs given existing external & internal factors. The key research question on which to base future decisions is, “Is the IDA program at C.A.S.H. successful at what it is attempting to do? Is the program effective?”
Part II: EVALUATION
Methodology

This evaluation is in the form of a summative evaluation that was used to assess the impact and effect of the program (Fitzpatrick, Sanders & Worthen, 2004). It is quasi-experimental due to the fact that although evaluation participants were selected randomly, the IDA program participants were not selected to participate in the IDA program randomly. A mixed method of quantitative and qualitative strategies was used and triangulation was employed to get multiple perspectives from a variety of sources. In addition, a measure of personal discretion was utilized for assessing observations given the evaluator’s expertise on the subject and intent to work in the field. Methods commonly used in the literature have focused on establishing a positive association between asset building programs and participant outcomes rather than establishing causation. This is partly due to the complex nature of history, policy, choice, luck and circumstances described in the Need for Intervention section above. Researchers refer to this problem as the endogeneity of assets.7 The ability to account for all potential variables other than assets in order for the evaluation to be completely unbiased is a feat for a much larger and better funded evaluation than this, however by making comparisons longitudinally and with a control group are regarded as doing a “better job of controlling for endogeneity than analyses without comparisons” (Lerman & McKernan, 2008).

Data Sources & Methods for data gathering

To develop the criteria and standards of the evaluation, Cronbach’s method of gathering information through a “divergent process” in order to determine an array of potential areas of inquiry that was employed followed by a “convergent process” where the critical areas of inquiry were selected among the identified topics. This process took the form of initial project drafts being submitted to Washington C.A.S.H.’s IDA Program Manager and the organization’s Evaluation Coordinator for feedback and determining relevance. For the divergent process stakeholders and experts were solicited for input; relevant frameworks such as objectives-oriented, participant-oriented and expertise-oriented evaluation techniques were employed in addition to the larger Summative framework (Fitzpatrick, Sanders & Worthen, 2004). The basic data sources format used in both the Nuestra Casa and Oregon State IDA evaluations were used.

Main Data Sources

- Interviews
- Database - OTTO
- Hard copy files
- Program staff
- Partner Organization white papers – YMCA
- Organization culture observations

Interviews

7 “Technically speaking, a variable is endogenous if it is correlated with the error term of a statistical regression equation for any reason. Practically speaking, the problem of endogeneity arises when other factors (e.g. education, financial literacy) are correlated both with the outcome variable (e.g. good citizenship or parenting) and with the explanatory variable of interest (e.g. homeownership)” (Lerman & McKernan, 2008).
A total of 60 interviews were conducted, 30 treatment group participants and 30 control group participants. Sampling for the treatment group was random and came from a pool of 111 former Washington C.A.S.H. IDA participants. Replacement was used for participants selected that were unreachable and followed the same random selection. Given the small pool of former participants to draw from – matching similar characteristics for replacement participants was attempted but not exact. Sampling for the control group was random and came from a pool of approximately 5,000 former and current clients of Washington C.A.S.H who had not participated in the IDA program. The clients were selected from the same time period that the IDA client participation occurred between 2002-2011. Minimal replacement was required for this group and matching replacement was based on similar services received at Washington C.A.S.H. versus matching demographic information (see limiting factors section for a discussion of implications). Contact was initiated via email, telephone and Facebook but interviews were conducted solely via telephone and lasted approximately 30-45 minutes for IDA graduates (that included a recorded portion during the qualitative section) and approximately 15-20 minutes for control group participants. For the Treatment group the interviews began in a structured manner (where questions were fixed) and ended with a section that was unstructured (where questions were formulated but administered informally and adapted to interviewees responses). For the control group the interviews were solely structured to gain the necessary quantitative data. Each group of participants were entered into a drawing for a $100 gift card to Home Depot or Target and a winner for each group was selected and mailed their choice of gift card the week after the last interview was completed.

Outcome Tracker Database

UWKC, the former administrator for Washington C.A.S.H.’s IDA program used Outcome Tracker as the IDA database system. This database was intended to provide an electronic record of each participant’s file including information related to their application information and transaction history. The database was supposed to link different information from various members of the collaboration involved in the program. Specifically, financial partners would be able to upload monthly IDA account transactions for each participant so that program administrators and service providers could monitor the participants’ performance. Unfortunately the quality of data is not uniform for each participant and there had been issues with the upload syncing feature so that the transaction history for some clients was unreliable (see potential limiting factors for discussion). The database still provided useful information about application dates and pre-program statuses.

Hard Copy Files

Participants have hard copy files that vary in size and detail. Most participants had the original application in the file with information about pre-program statuses that could be cross-referenced against the information in Outcome Tracker.

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8 As suggested by Josie Gregg – IDA Program Manager
Program staff

Josie Gregg – Washington C.A.S.H. IDA Program Manager
I met with Josie a number of occasions to discuss the evaluation and ask questions as the evaluation unfolded. These discussions were mostly informal with one single interview that was recorded and transcribed (See Appendix 5 for the transcript).

I met with Brittany briefly on a few occasions to discuss measures of success and data sources. Brittany provided some guidance about sampling and potential indicators of interest. She also expressed interest in providing some input on process.

Terra Holcomb – United Way of King County Former IDA Director
I met with Terra once. She provided some guidance about interviewing and the need for an incentive to get a greater participation response. She also provided copies of surveys that had been administered program wide. She provided evaluations reports completed for United Way and confirmed interest in having a longitudinal study of participants.

Washington C.A.S.H. & Partner Organization white papers – United Way of King County
Josie and Brittany both provided internal documents for reference. These documents included:

- All IDA Accounts Spreadsheet with historical data tracked for participants
- Application Form
- Surveys
  - Washington C.A.S.H. Financial Management Certification Program (FMCP)

The reports shared by Terra Holcomb were incorporated into the literature review and provided additional knowledge about the variables important to the field of Asset-building and the way to structure the reporting of findings. These documents included:

- United Way of King County Application Form
- Surveys
  - United Way of King County IDA program IDA 18 month Follow-up Survey
  - United Way of King County IDA program Yearly Investor Follow-up Survey
  - United Way of King County IDA program Exit Survey
  - United Way of King County IDA program Intake Survey
- United Way of King County IDA Final Report and Evaluation – August 2008

Organization culture observations
Washington C.A.S.H.’s volunteer Coordinator, Mary Ericksson-Humphrey, requested that in order to balance the time program staff would need to spend assisting in the evaluation, that I volunteer an approximately equal amount at Washington C.A.S.H. working with Josie Gregg and assisting in IDA related activities. I volunteered approximately four hours every other Friday from December to June. This afforded me an opportunity to observe the operations of Washington C.A.S.H., especially Josie in daily operations.
Limitations

Evaluation costs
Program evaluations can be extremely costly in both time and money. Unfortunately, given my limited budget of $200 total for incentives, I had to structure the interviews in a way that would maximize participation. Ideally, interviews would've been comprehensive with additional questions about each participant’s financial picture and would’ve been conducted in person to facilitate ease of truthfulness, gauge the body language of participants and get a fuller understanding of the individual’s personal environment. When the comprehensive federal evaluations of the American Dream Demonstration were conducted each participant was given a financial incentive and was interviewed in person for approximately an hour or more. As a result of the low budget and to ensure that I was able to reach the threshold of interviews needed for both the treatment group and control group I had to lower the expectations of participant commitment and move from the desired format of in-person interviews to telephone interviews.

Replacement sampling
To achieve the sufficient participants in the evaluation, those in the treatment sample who could not be reached via email, telephone or Facebook were replaced with other former participants. The process for replacement followed the same random sampling that the original participants were selected with. For the treatment group, 13 participants were from the group originally sampled, while 17 were replacements. Only 1 replacement was selected because an original investor refused to participate. Participants who were chosen as replacements for the treatment group already matched on pre-treatment characteristics such as income and asset levels which are two of the most important indicators in the evaluation so no additional matching was done. In addition, indicators such as gender and program completion indicators were very similar between the two groups.

The process for replacement of control group participants followed the same process. Those who could not be reached via email or telephone (Facebook was only used to contact former IDA participants) were replaced by random sampling. No significant observable differences between the replacement individuals and originally sampled individuals was noticeable.

Transaction Histories
Data from copies of bank statement records that provided the account holders full history of deposits & withdrawals were only available for three of the 25 treatment group participants (five participants never opened accounts). This is partly because some of the account holders participated more than two years ago, and the bank doesn’t typically keep account histories longer than that. In addition, because three separate banks were used to house the IDA accounts, only one of the three banks is still an active partner with Washington C.A.S.H. and time didn’t allow for the coordination between Washington C.A.S.H. and the former financial institution partners. Data for Deposits and Withdrawals was pieced together from information in the All IDA Account Spreadsheet and OTTO records. The OTTO records for IDA account transactions were unfortunately unreliable for two main reasons. First there was an error in the way that the system was syncing information from financial institutions which was supposed to automatically input transaction details for each month in the system. Second, some participant’s transactions histories were completely non-existent. The IDA Account Spreadsheet data also had some reliability issues. The deposit and withdrawal information didn’t seem to align as would be expected. Often withdrawals were in excess of participant deposits or weren’t recorded for some
participants at all. The IDA Account Spreadsheet issues seemed to be mainly a problem with the withdrawal data because the deposit data – when cross-referenced with available transaction histories in OTTO matched, where the withdrawal data did not. Therefore account history findings have been limited to deposit data.

Findings

Measures of Success

Success is measured by comparing differences in outcomes between the control group and the treatment group as well as comparing longitudinal differences of the treatment group participants. ISED assesses IDA program performance by counting how many people complete its training program, how many start businesses, and for how long those businesses survive. Similar questions were asked in this evaluation to assess economic outcomes: Did the participant complete the program? Did the participant start or expand a small business? Is the business still in operation? If not, why? In addition, psychological variables are measured as well. Marguerite, an IDA participant in Iowa, told a congressional committee she testified before about her experience saying, “I learned more than how to run a business, I learned that I am important. I learned that I am a strong and intelligent person.” (Miller-Adams, 2002). In this evaluation, psychological impacts were assessed by whether or not the former IDA participant indicated an improvement in self or business perception. Therefore, two types of indicators used for C.A.S.H.’s evaluation are economic and psychological.

<table>
<thead>
<tr>
<th>Economic</th>
<th>Psychological</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Self-esteem</td>
</tr>
<tr>
<td>Business ownership</td>
<td>Self-worth</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Positive experience</td>
</tr>
<tr>
<td>Savings habits</td>
<td>Confidence/ Hope</td>
</tr>
</tbody>
</table>
Overview of Findings

Economic

Figure 1: Overview of Findings

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Pre-Program</th>
<th>Treatment</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Ownership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wanted to Start a Business</td>
<td>x</td>
<td>47%</td>
<td>60%</td>
</tr>
<tr>
<td>Amount of businesses started (of those who wanted to)</td>
<td>x</td>
<td>86%</td>
<td>33%</td>
</tr>
<tr>
<td>Wanted to Expand a Business</td>
<td>x</td>
<td>53%</td>
<td>33%</td>
</tr>
<tr>
<td>Amount of businesses expanded</td>
<td>x</td>
<td>88%</td>
<td>80%</td>
</tr>
<tr>
<td>Total Businesses started or expanded</td>
<td></td>
<td>87%</td>
<td>47%</td>
</tr>
<tr>
<td>Total Businesses still in operation (including somewhat)</td>
<td></td>
<td>70%</td>
<td>43%</td>
</tr>
<tr>
<td>Percentage of group that started or expanded a SB that are still open (including only somewhat in operation)</td>
<td>x</td>
<td>81%</td>
<td>93%</td>
</tr>
<tr>
<td>Completed the program</td>
<td>x</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>Income (Based on 2010 income)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants Receiving Income from some source of employment</td>
<td>90%</td>
<td>97%</td>
<td>80%</td>
</tr>
<tr>
<td>Avg. Total Income</td>
<td>$14,911.72</td>
<td>$23,950.00</td>
<td>$23,815.00</td>
</tr>
<tr>
<td>Median</td>
<td>$14,911.72</td>
<td>$18,000.00</td>
<td>$21,500.00</td>
</tr>
<tr>
<td>Lowest/ Highest</td>
<td>$307/ $32,339.45</td>
<td>$4900/ $61,000</td>
<td>$900/ $62,000</td>
</tr>
<tr>
<td>Participants Formally Employed</td>
<td>60%</td>
<td>57%</td>
<td>53%</td>
</tr>
<tr>
<td>Avg. Income from formal employment</td>
<td>$14,272.48</td>
<td>$20,970.59</td>
<td>$20,506.25</td>
</tr>
<tr>
<td>Median Income</td>
<td>$14,033.77</td>
<td>$17,000.00</td>
<td>$16,500.00</td>
</tr>
<tr>
<td>Lowest/ Highest</td>
<td>$307/ $34,152</td>
<td>$300/ $55,000</td>
<td>$900/ $62,000</td>
</tr>
<tr>
<td>Participants Self Employed</td>
<td>53%</td>
<td>73%</td>
<td>40%</td>
</tr>
<tr>
<td>Avg. Income from self employment</td>
<td>$8,571.27</td>
<td>$15,365.91</td>
<td>$20,288.33</td>
</tr>
<tr>
<td>Median Income</td>
<td>$8,178.00</td>
<td>$10,000.00</td>
<td>$16,000.00</td>
</tr>
<tr>
<td>Lowest/ Highest</td>
<td>$1273/ $28,000</td>
<td>$300/ $50,000</td>
<td>$960/ $48,000</td>
</tr>
<tr>
<td>Participants Formally/ Self Employed</td>
<td>27%</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>Avg. Income from formal/ self employ.</td>
<td>$12,081.02</td>
<td>$27,954.55</td>
<td>$13,290.00</td>
</tr>
<tr>
<td>Median Income</td>
<td>$11,270.88</td>
<td>$25,500.00</td>
<td>$14,500.00</td>
</tr>
<tr>
<td>Lowest/ Highest</td>
<td>$5741/ $20,383</td>
<td>$10,000/ $61,000</td>
<td>$5,160/ $21,000</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle ownership</td>
<td>73%</td>
<td>87%</td>
<td>83%</td>
</tr>
<tr>
<td>Avg. Value of Primary Vehicle</td>
<td>$3,967.95</td>
<td>$4,157.68</td>
<td>$8,046.00</td>
</tr>
<tr>
<td>Home ownership</td>
<td>10%</td>
<td>17%</td>
<td>37%</td>
</tr>
<tr>
<td>Education level - 4 year degree or &gt;</td>
<td>30%</td>
<td>37%</td>
<td>43%*</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Card balance</td>
<td>53%</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Average Amount Outstanding</td>
<td>$4,508.35</td>
<td>$1,495.54</td>
<td>$5,359.29</td>
</tr>
<tr>
<td>Student loan debt</td>
<td>40%</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Average Amount Outstanding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding medical bills</td>
<td>57%</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>Average Amount Outstanding</td>
<td>$10,143.87</td>
<td>$9,625.00</td>
<td>$15,620.00</td>
</tr>
<tr>
<td>Money owed to family and friends</td>
<td>33%</td>
<td>37%</td>
<td>17%</td>
</tr>
<tr>
<td>Average Amount Outstanding</td>
<td>$948.99</td>
<td>$2,583</td>
<td>$3,290.00</td>
</tr>
<tr>
<td>Past due household bills</td>
<td>33%</td>
<td>50%</td>
<td>23%</td>
</tr>
<tr>
<td>Average Amount Outstanding</td>
<td>$4,144.00</td>
<td>$2,818</td>
<td>$12,544**</td>
</tr>
</tbody>
</table>

*Surprisingly, 8 participants had Master level degrees

**This high average is largely due to an outlier of $50,000 owed by one participant
Business Ownership

Figure 2: Business ownership distribution comparisons

Business Ownership Distribution

- Still Somewhat in Existence
  - Control: 2
  - IDA Investors: 7
- Still Fully in Existence
  - Control: 11
  - IDA Investors: 15
- Businesses Started/ Expanded
  - Control: 14
  - IDA Investors: 26

Figure 3: Business ownership by employment status at the time of the evaluation

Business Ownership by Current Employment Status

- Self Employed more than full time
  - Control
  - Treatment
- Self Employed FT
  - Control
  - Treatment
- Self Employed PT
  - Control
  - Treatment
- Self Employed Sporadically
  - Control
  - Treatment
- Unemployed - looking for work
  - Control
  - Treatment
- Unemployed - disabled
  - Control
  - Treatment
- Unemployed - retired
  - Control
  - Treatment
As you can see in the first column of Figure 4 below, of the program graduates who wanted to start a business, 86% of them did so while the first column in Figure 6 highlights that in the control group of those who wanted to start a business, only 33% did so. Using the difference of proportions z-test, to test \( H_0: \ P_1 = P_2 \) \( H_1: \ P_1 > P_2 \), the difference in new business start-ups between the IDA graduates and the control group was found to be statistically significant at the 0.05 level with a p-value of 0.001.

**Figure 4**: Treatment group business status by intention to start a business

**Figure 5**: Treatment group business status by intention to expand a business
Figure 6: Control group business status by intention to start a business

![Control Group Business Status by Intention to Start a Business](image1)

Figure 7: Control group business status by intention to expand a business

![Control Group Business Status by Intention to Expand a Business](image2)
Figure 8

IDA Investor Business Ownership by Education

Figure 9

Control Group Business Ownership by Education
**Income**

**Figure 10: Total income distribution for all groups**

![Total Income Distribution](image)

Figure 10 above displays the income distribution for each group. It is meant to show that the post-treatment group income at all levels is consistently higher than the control group and pre-treatment groups. The individual participants axis does not reflect volume of individual participants but rather signifies the number each individual participant represents. For example participant 25 for each group lies on the same plane and is marked by the point corresponding to the income point of the y-axis that they earn.

**Figure 11: Income distribution by U.S. Census Income brackets**

![Income Distribution by U.S. Census Income Brackets](image)
For both charts above the counts on the left side of the graphs represent actual participant counts. For example, in the second graph "Control Group Income by Education Level" there are three participants who hold a high school diploma or GED and make less than $10,000 in annual income. The table below compares the two groups based on participant education status as a 4-year degree or greater compared to those with less than a 4-year degree.

<table>
<thead>
<tr>
<th>Education Status</th>
<th>Control</th>
<th>Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-year degree or greater</td>
<td>$19,735.38</td>
<td>$29,759.09</td>
</tr>
<tr>
<td>Less than a 4 year degree</td>
<td>$18,529.41</td>
<td>$24,376.32</td>
</tr>
<tr>
<td>Percent holding a 4-year degree or greater</td>
<td>43%</td>
<td>37%</td>
</tr>
</tbody>
</table>
Figure 14

IDA Investors' Income by Age & Gender

Figure 15

Control Group Income by Age & Gender
Employment Status
Figure 18

Current Employment Status of Control & IDA Graduates

<table>
<thead>
<tr>
<th>Employment Status (Currently)</th>
<th>Treatment</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal Employment Only</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Part-time</td>
<td>3%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Self-Employment Only</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>33%</td>
<td>27%</td>
</tr>
<tr>
<td>Part-time (including sporadically)</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Combinations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal Employment/ Self Employment</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Unemployed</strong></td>
<td>7%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Findings

Psychological

Alice
It gave me the confidence to believe that I could actually start a business and succeed. It helped me come out of my shell and know that I could succeed in a business. I found it very helpful.

Brenda
That I could manage to come up with the money somehow, some way to uh buy the things that I need… So I could make things work. They gave me a lot of tools to be more focused in how to like negotiate with my clients and I had the same tools when I applied for my job. It has been more useful in every place.

Candy
That the IDA program was the best thing I could've done for my business. It helped me move forward with my business. It gave me money that I needed up front, to help me and I'm very happy with the program and I'm still using that system that they taught me.

Doris
I wish there was a way to do it again, it would be really nice to do something like that to get to the next level again.

Erika
I own a business. I've used the IDA to buy a vehicle. I don't know if you've ever had to have the stress of having a vehicle that breaks down all the time, but knowing that I had the confidence to be there when I needed it to be to operate my business and where my customers needed me to be gave me a lot of peace of mind in running my business.

Fawn
They taught me how to manage my business well, and I'm still using that system that they taught me.

Gretchen
I thought that the program was great. It was wonderful. I mean it really, really helps. It helps without the funds I couldn't have done half of the things I bought and dealt with.

Harriet
It allowed me to focus on getting more clients and making more money instead of struggling to pay for supplies and an office, it just really gave me a good strong base, strong footing and the ability to slowly save money over time and then reap the results, the benefits of having it matched for you and that's a great incentive to just start the habit of saving.

Ingrid
On the case manager: She was definitely supportive, knowledgeable, what she didn't know she'd find out for you. I bow to say about C.A.S.H.: they've definitely made a big impression on my life.

Jane
I am actually ligated me doing what I was doing in my home environment.

Jen
We did all kinds of different things to get people communicating and sharing ideas and talking about our business — networking and then it was funny because some people would have totally different businesses than I did but then we would come up with an idea that would help me for my business.

Kristen
I've definitely become more conscious of spending and business practices.

Laurel
There was a responsibility put on you as a participant to actually get out there and put your match in there and actually do the work and market analysis and do the research that it takes, of course we all have ideas but to actually get out there and put it into action I think that is most helpful.

Mary
It was a wonderful thing that I would suggest for anyone that is in business trying to do business, to get involved in. It's an excellent opportunity.

Nancy
I think the IDA program was good, it was reasonable, very helpful.

Olive
I feel like I got a lot of exposure personally from the IDA program and that was really good for me and my business so I mean it was definitely helpful because I remember being able to buy a lot of major equipment.

Prudence
It really taught me how to save and make a plan cause I never really did that before. You can advance your business by being able to move it forward in a professional way by the things you can purchase.

Rachel
To me it was a positive program, when you call down there and when you needed your money for a purchase, it was no hassle people went out of the way to make sure people got the checks to you.

Stella
It helped me get up to trying and doing new things, to make money for ourselves, to get an idea and make it come to pass, to be your own boss.

Trudy
I feel like it helped me become established as an entrepreneur. It helped me get all of these major items for business to help me start it up — I was already started up but I got some really major things that help me expand.

Ursula
It was a blessing in my life to get where I am, even though I know I'm not making as much money as I will in the future its really benefitted me in my life.

Victoria
When you're putting a business plan together and how you're putting the numbers behind your idea, you are visualizing it and that makes it more attainable.

Wendy
It's a great program.

All names have been changed to protect the participants' privacy.
Part 3: IMPLICATIONS
Discussion

I. The IDA program appears to help its graduates achieve their goals of starting or expanding a business.

- Of the 30 participants who wanted to start or expand a business, 26 or 86.7% of them did so. Of the 28 control group participants who wanted to start or expand a business only 14 or 50% did so.

II. Overall the IDA graduates report better outcomes than they reported at the time of application for the IDA program, most notably in terms of income, business ownership and asset accumulation.

- At the time of application their average income was $14,911.72 and the median income was $12,678.00. At the time of evaluation, their average income was $23,950.00 and the median income was $18,000.00.
- There was a small increase in high return asset ownership. At the time of application, 73% of participants owned a vehicle, 10% owned a home and 30% had a 4-year degree or higher and at the time of the evaluation 87% owned a vehicle, 17% owned a home and 37% had a 4-year degree or higher.
- There was a small reduction in credit card liabilities but an increase in those behind on household bills. At the time of application, 53% of participants had an outstanding credit card balance – with an average for the group of $4508.35. At the time of the evaluation, 43% had outstanding credit card debt with a balance average of $1495.54.
- At the time of application, 33% of participants had past due household bills amounting to an average of $755.34 but at the time of evaluation, 50% of participants had past due household bills amounting to an average of $2,967, this seems to be a significant increase in participants and amount over due.

III. IDA graduates had higher rates of employment including mixed self/formal employment than the control group but without any clear advantage over the control group in terms of education, in fact, 27% of the control group participants held graduate level degrees while only 3% of the IDA graduates did.

- While only 7% of IDA graduates were unemployed and either looking for work, disabled or retired, 43% of the control group were unemployed at the time of the evaluation.
- The IDA graduates were more likely to receive income from a combination of self-employment and formal employment than the control group. 20% of former IDA investors used a combination of self/formal employment while only 3% of the control group did so.
IV. Former IDA investors had only slightly more total income on average than the control group, however those investors who had a combination of income sources had higher average income and median income than the control group at all forms of employment.

- IDA investors who had a combination of formal/ self-employment had an average income of $27,954.55 with a median income of $25,500.00. The control group’s highest average income for any form of employment is $23,815.00 with a median income of $21,500.00.

V. Former IDA participants think highly of the program

- 25 of the 30 former participants (including some who had not completed) had extremely positive experiences and feedback.
- Common responses focused around business legitimacy, an increase in confidence in the ability to save and start a business and providing a good business foundation.
Potential Action Steps

I. Clarify the mission behind the IDA program
IDA programs can be implemented for a variety of different reasons with a wide range of policy goals. Many organizations with clearly defined mission, vision and values further identify the specific goals of their IDA programs and how that fits within the larger framework. This is especially important in an organization that offers a range of services that may have very specific goals. Clarifying the purpose of the Washington C.A.S.H. IDA program can help future evaluation efforts by creating a clear way to measure success. This would answer the following questions:

1. What is the main goal or purpose of the IDA program? Poverty relief, behavior changes? Small business ownership? Community development? Confidence building?
2. How does this goal fit within the larger Washington C.A.S.H. mission, vision and values?

II. Leverage the IDA impact in as many and as much ways as possible
In clarifying the purpose of the program it may be useful to imagine what can possibly be achieved through the IDA program beyond the apparent benefits of increased small business ownership. Leveraging the benefits in a way that has ripple effects across a variety of aspects that relate to quality life issues of clients may be desirable.

III. Assess the Desired Scale of the IDA Program
The positive impact of the IDA program on participants may not be easy to quantify in economic statistics but the individual testimonies of former participants provide a good idea of how influential the program really is on their perceived economic conditions. This confidence can make a difference in all aspects of their lives, improving their overall quality of life dramatically. Given this positive impact, Washington C.A.S.H. should identify how many clients it is desirable and feasible to reach. Consideration should be given to the fact that as scale increases, a certain level of personalization is lost, and personalization is critical to aspects of program success.

IV. Consider what Institutionalizing the IDA program could mean for clients
ISED, a Microenterprise Development Organization in Iowa has positioned itself as the authority on microenterprise development in the state and has developed a robust statewide IDA program. ISED has achieved scale and a steady stream of funding to support the organization’s work. They serve as the clearinghouse and “chief repository” of expertise on microenterprise development information & efforts for helping small business organizations in the state. This helps keep microenterprise development from becoming fragmented or duplicated. They maintain a close relationship with the state’s economic development division and have previously received 12 years of funding from DHS to work with welfare recipients. Their size and presence has afforded them influence at the state level as well as in D.C. – keeping microenterprise development for low-income folks on the policy agenda.
Citations


Community for Enterprise Development (2003). *Entrepreneurship*


Loibl, Cazilia, Michal Ginestein-Weiss, Min Zhan & Beth Red Bird. (Spring 2010)


Shanks, Trina R. Williams & Cooney, Kate. (March 2010) “New Approaches to Old Problems: Market-Based Strategies for Poverty Alleviation” Social Service Review. The University of Chicago.


Appendix 1

Table 2: Identification and Definition of American Indian Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td>Most common form of a community’s or individual’s wealth, including stocks, bonds, savings, trust funds and other forms of monetized investments. Financial assets are the most liquid form of assets and can be readily used or exchanged to acquire other assets.</td>
</tr>
<tr>
<td>Physical Assets</td>
<td>The physical infrastructure within tribal communities, such as transportation, utilities and technological systems are critical for economic activity. Although primarily important as a means to enhance the productivity of other assets, physical assets can generate income streams for a community and increase access to information and expand communication.</td>
</tr>
<tr>
<td>Natural Assets</td>
<td>Land and natural resources, including: oil, gas, minerals, agriculture, wildlife and forests are the assets that build the basis of economic development in Native communities and demand a form of production and use of resources that is sustainable.</td>
</tr>
<tr>
<td>Institutional Assets</td>
<td>The institutions and organizations within a community can attract resources to the community and recycle them there. Such institutions may include the creation of financial intermediaries, nonprofit organizations and philanthropic institutions.</td>
</tr>
<tr>
<td>Human Capital</td>
<td>The skills, knowledge, education and experience of people within a community are human capital. Nurturing the productivity, innovation and creativity of people is foundational to community well-being.</td>
</tr>
<tr>
<td>Cultural Assets</td>
<td>These refer to the customs, traditions and indigenous knowledge that are specific to the tribal community. Language is a cultural asset, as is tribal intellectual property. Cultural assets are often “intangible” elements that underpin a community. However, the material expressions of culture can generate income and other assets.</td>
</tr>
<tr>
<td>Social Capital</td>
<td>Social relations and networks (e.g. kinship systems) within a community can support the building and maintenance of assets, but do not themselves generate income. Leadership development, community empowerment and social justice are ways of increasing the social assets of a community.</td>
</tr>
<tr>
<td>Political Assets</td>
<td>The legal rights and claims that a Native community may have can support the ownership and control of economic assets. Similarly, “political” assets, such as sovereign status, tax immunity or decision-making power can create economic opportunities.</td>
</tr>
</tbody>
</table>
Appendix 2
Appendix 3

Oregon IDA Initiative Evaluation Methodology Main Components

<table>
<thead>
<tr>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey</td>
</tr>
<tr>
<td>Three surveys. One to program graduates (77% response rate), one to non-completers (46% response rate) and a one-year follow up (20% response rate). Open-ended questions on the surveys provided stories and quotes that were highlighted in the findings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome Tracker</th>
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</thead>
<tbody>
<tr>
<td>A web-based management info system to which Oregon IDA Fiduciary Organizations submit info on all account holders, transactions, and payments.</td>
</tr>
<tr>
<td>- Allows examination of statewide results, distribution of participants across the state among residents from different ethnic and racial groups.</td>
</tr>
<tr>
<td>- Reveals characteristics of participants such as:</td>
</tr>
<tr>
<td>- Age</td>
</tr>
<tr>
<td>- Income</td>
</tr>
<tr>
<td>- Education</td>
</tr>
<tr>
<td>- Employment</td>
</tr>
<tr>
<td>- Marital status</td>
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<tr>
<td>- Sub group membership</td>
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<tr>
<td>- Enables compilation and analysis of data on:</td>
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<tr>
<td>- Graduation rates</td>
</tr>
<tr>
<td>- Savings accrued</td>
</tr>
<tr>
<td>- Matching funds utilized</td>
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<tr>
<td>- Change in net worth</td>
</tr>
<tr>
<td>- Predictors of success in the population served</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews/Discussions</td>
</tr>
<tr>
<td>- Structured - questions, wording and sequence were fixed and identical from respondent to respondent</td>
</tr>
<tr>
<td>- Unstructured - the interviewer knew types of info needed and was free to ask any questions to get it</td>
</tr>
</tbody>
</table>
## Appendix 4

**Nuestra Casa Program Evaluation Methodology Main Components**

<table>
<thead>
<tr>
<th></th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survey</strong></td>
<td>The experimental group - those who actually obtained loans</td>
</tr>
<tr>
<td></td>
<td>The control group - those who, living in the same area, have never applied for or received a loan under the program</td>
</tr>
<tr>
<td><strong>Questionnaire</strong></td>
<td>36 questions based on five topic areas: Demographics and socioeconomic information, Housing improvement information, Loan information, Impact in the community and, Loan application/ staff evaluation</td>
</tr>
<tr>
<td></td>
<td>Applied face-to-face via &quot;promotoras&quot; - outreach workers from the Nuestra Casa community (recommended by CRG staff, interviewed and hired independently by Dr. Gisuti)</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Stratified Random - chosen from CRG records</td>
</tr>
<tr>
<td></td>
<td>Margin of error 5%, Confidence level of 95%, Response distribution of 50% led to an ideal sample size of 236 respondents</td>
</tr>
<tr>
<td><strong>CRG Database</strong></td>
<td>Info on more than 600 loans with details including: loan payments, rates of default and loan origination year</td>
</tr>
<tr>
<td></td>
<td>General info about the colonia programs administered by CRG, the time allocation of staff members of each program and, repayment of loans</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interviews/ Discussions</strong></td>
<td>Structured - questions, wording and sequence were fixed and identical from respondent to respondent</td>
</tr>
<tr>
<td></td>
<td>Unstructured - the interviewer knew types of info needed and was free to ask any questions to get it</td>
</tr>
<tr>
<td><strong>Focus Groups</strong></td>
<td>2 conducted</td>
</tr>
</tbody>
</table>
Appendix 5

Stakeholder Interview
Josie Gregg, WashingtonCASH IDA program manager
March 4th 12:34pm
Farestart Cafe
Seattle, WA

Maia: Okay so I’m here with Josie Gregg and it’s March 3rd… 4th at 12:30pm.

Maia: Okay so, Josie as you know I’m conducting an evaluation of WashingtonCASH’s IDA program and I’d like the information that I collect to be useful to you especially yourself, the organization, especially you. At this stage I’m interested in fully understanding your perceptions about the program and how you feel the evaluation could be useful to you. Um, I’m looking for guidance in setting program boundaries, ugh or eval… program evaluation boundaries, evaluation questions, making recommendations about data collection and analysis and interpretation so… can we start by your telling me what you know about the program?

Josie: So should I do a program description?

Maia: Yeah.

Josie: So, the IDA program has been in existence with WashingtonCASH for about ten years and during that time we’ve had about 150 accounts. And the IDA program is essentially a matched savings program ugh participants are business owners that are low income that have below ten thousand dollars in assets and ugh participants once enrolled in the program every dollar that they save is matched with two dollars up to 2000 dollars so they can save up to two thousand dollars and we match it with four thousand dollars for a total of six thousand dollars that they can put towards their assets as well as improving their business and turning their business into an asset. So the purpose of the program is to help participants become more financially self-sufficient and secure by having assets and building savings habits um and a big focus is that change in behavior of putting money aside for emergencies, putting money aside to go towards goals, to go towards assets um that can help the long-term wealth of an individual.

Maia: Perfect, okay - What is your perception of the program? Do you like, how do you feel about it?

Josie: Yeah, I think it is one of the most effective programs at helping people change financial behavior. I think education is essential um and financial education is really important. This is one of the few programs um where there is some level of control both by the participant and the educator or the administrator um that helps people practice what they’re learning and see their own success in what they’re learning. I’ve seen so many clients come up to me exstatic that they’ve saved two thousand dollars, um and um saying, “I never thought I could really do this” and that level of accomplishment because there was a little bit of that structure and a little bit of… a lot of incentive changes their mind and changes their behavior for the long term.

Maia: Great, okay – so you like that aspect about it, Is there an aspect you don’t like about it?
Josie: Yeah, um. There’s some – with any program there’s a balance between flexibility and um what’s the word, um restrictions around the program to make it effective and also accountable to our grantors and ugh I do feel sometimes like there’s are a lot of hoops for our participants to jump through because of our grantors and our accountability systems that are not user friendly to our participants. So the whole withdrawal process is pretty cumbersome and also unrealistic in the banking world. They won’t see that in any transactions or any other purchasing situations with their business. So they are getting some relationships with a bank which is good, but it’s not necessarily realistic. So that’s a big part, I wish it was um a little easier to access their funds when they’re ready.

Maia: Okay. Um, you kind of touched on this already but what do you perceive as the main purpose or goals of the program in terms of like the guiding philosophy, so if that’s what you meant then great but if not, if you have something to expand on then…

Josie: Yeah, it’s like two main things in my opinion, changing behavior to improve long-term financial behavior and also giving people access to capital that may otherwise not have access to that $6000 capital to build their business. So we have our lending program but to get to that $5000 level it can take them easily several years. They have to start at $1000 loan pay that back then $2000, $3500 then $5000. So uh for a lot of individuals that are starting micro-business, $6000 is a very good amount to get their either their business up-and-running or to really take it to the next step.

Maia: Okay, um. Do you think that the problems that the program addresses are severe so for clients do you think the problem of not having access to capital or not having savings behavior is a severe issue? Classified as a mild social problem or where do you see it on the spectrum…

Josie: Um, I think it really varies, I can’t say exactly, cause I think in my mind it’s severe in the total population of low income individuals um the idea of getting off public assistance and building wealth isn’t ever part of the communication um or I should say getting off public assistance is but building wealth for the long-term isn’t part of the discussion of alleviating poverty in the direct service world and I think that’s a pretty severe issue in our country but as far as individuals go, it kind of goes case by case um how severe their habits were before they came to our program.

Maia: So you think the overall problem, the structural problem is server but on the individual level that can either be severe or it can be a range

Josie: Yeah, some people come to us with amazing savings habits and it’s a great opportunity for them but for other people they really have to work and changing their habits.

Maia: Okay, great. Um. Which program components, this is more just program specific, which program components do you think are most critical to its success?
Josie: Um, I think pairing this program with financial education, so requiring that financial education in addition to the minimum requirements each month or the depositing requirements is important, so to have this program without education I don’t think it would be as effective.

Maia: Um, what about the role of the case manager, yourself... how...

Josie: Yeah, that’s actually probably the number one thing, having that relationship and that’s true of any most of our programs unless there’s a relationship the chances of success um are much smaller. So having a relationship with that participant and a high amount of touch with that client uh really helps with success.

Maia: Which program components don’t work as you thought they would?

Josie: Uh, let’s see, as I thought, like before I started?

Maia: Yeah before you started, when you knew about the program and you understood how it worked um was there were there certain things that you noticed or identified that working as you thought or expected them to work?

Josie: Yeah um, it’s been a long time I’m trying to think back um, I need to think about that one.

Maia: Sure. What concerns do you have about the program?

Josie: Um it’s a very expensive program to run, um, and raising the non-federal match to fund the program I think will be a lasting challenge for us to keep the program going long-term um some other challenges are just the growth of how we’re going to grow the program we’ve grown a lot in the last two years when I started here there were 6, 7 employees and now we have almost 30 employees so there’s that growth and then we also have these new programs cropping up such as our own IDA program which is not new to me as a case manager but new to us as an organization so managing those new roles as an administrator and then growing that program and being realistic about how that’s going to influence other departments like the finance department and still keeping it at a high level of functionality cause right now we have a finance department of one person.

Maia: Do you have any concerns about the program and the outcomes of participants? Um or are you just more focused on operations? Like some that you’ve seen already come through?

Josie: I have some concerns about our financial education, I don’t know, I have some concerns about the delivery of the financial education, um I’m trying to think about the best way to put this. My fear is that people are going to leave the program having these savings habits but without the structure, maybe not using those savings habits in the most effective ways for them. So that could be even just setting up an emergency account so they don’t have to go to payday lenders or overdraft their account whatever it is and so I guess that the long-term since we’ve never done a longitudinal study I’m concerned that what I think are long-term savings habits maybe they aren’t maybe it’s very restrictive to this program. So I don’t even know if that’s so much financially but whether that knowledge and that experience carries for the long-term.
Maia: Um and what do you hope to learn from the evaluation?

Josie: I think just that, I would love to know what the take away was long-term uh and if any of that behavior change and knowledge has carried through after the 2-3 years they were in the program um I’d love to hear how we could be more effective or uh or how the clients could see the program as more effective so I would love client feedback both in case management styles versus what they got or didn’t get and wanted more of, whether that’s business help or personal finance help or more frequent follow up or anything like that.

Maia: Um well that kind of answers my next question what information would most helpful to you in order to better manage or deliver the program, same answer or?

Josie: Um yeah, I think just hearing qualitative data would be very valuable to me. Real experiences about what they liked and didn’t like.

Maia: Okay, if there was only one question that I could collect from participants what would you want to know?

Josie: I guess has the program improved or changed their life or their financial situation today. Or have they seen it help them for the long-term.

Maia: Okay, how can you use the information provided by the answers to these questions.

Josie: It’d be great success stories for people that are entering the program, to give them the uh hope and motivation uh kind of help them as they are making sacrifices to complete the program to know that they are making an investment in their future I think that would be awesome. Obviously funders love to hear that so it would really help with the sustainability of the program. Yeah, so it couldn’t hurt in any aspect. Or how we could improve the program, if that’s if I’m incorrect, what can we do to change.

Maia: Okay, um for the previous funding cycles was the program running on time and in budget to the best of your knowledge?

Josie: Yeah it’s really hard to say because we didn’t manage the grants. So I know before I got there we gave clients extensions but I don’t know that so that probably wasn’t on schedule but it was still probably within the grant qualifications. For the most part WashingtonCASH has been pretty successful in being given say 10 accounts and completing ten people through those accounts, it’s not the same 10 people that maybe we started with but we’ve been pretty effective in using the funds and having it go to our participants.

Maia: Would you say on the part of WashingtonCASH that the program or those aspects where you have gotten accounts were implemented as planned or were there unexpected things that came up?
Josie: Well the last round was entirely unexpected. It was basically ugh the funding was available from the state, CTED that was not being utilized that was expiring in September of this year so they were up against a deadline to utilize that money um so they came to the Seattle Community and said how can we use this money to go towards IDAs if the United Way program is going to close and WashingtonCASH stepped up cause it’s the right fit as a business account to fill that void so we never expected to have these 30 accounts. Is that the right unexpected?

Maia: Well like also once you got the accounts um your perception of what your role in taking those accounts would look like from that moment on, when you assumed responsibility was there anything unexpected oh okay we thought it was going to be like “This” but actually it’s like “This”.

Josie: Um and I shouldn’t be surprised by this cause I know our clients are eager about the program but we’re starting to reach that six month mark where people can start spending the money um so we’re some clients had reach there in February and some are reaching there now, and I’m starting to have people coming in excited to start spending their money and uh sometimes my experience is kind of half and half, you either have people eager to start spending or they wait till the very last minute in September when they finishing saving to buy everything at once so I’m starting to see people coming in voluntarily and I’m sending out reminder emails that this is a good thing to do but I think I’m seeing more than I expected which is great. Yeah, we also were not expecting to get this new IDA program up and running um or I should say we weren’t expecting to get it funded.

Maia: Why?

Josie: Cause we didn’t know if we were going to get that Paul G. Allen grant. Until we knew that we couldn’t start our own IDA program so there’s a little bit up in the air there so this year is going to be full of unexpected surprises of balancing those clients that are finishing up with the YMCA grant and those that are part of the new initiative that we are starting.

Maia: Well that’s about it for the questions I had planned is there anything else that you think I should know?

Josie: Yeah, let’s go back to the question that I think we had skipped…

Maia: Um, do you have concerns….

Josie: Uh, my perception of when I first started this program was it different than what I first expected and I thought of it but then it just left my mind…

(Both trying to remember what the original questions was)

Maia: Um oh right when you weren’t in this position but you were working at CASH doing something else and it was being implemented did you see something going differently than you expected it to so when they first explained you know what an IDA program is oh okay it should happen like this and you saw something different occurring.
Josie: Um and I just lost it again, sorry. I think I was a little surprised about what we ask our clients to do to access the funds and maybe it’s because I’m a big softie and I basically just want to do whatever is going to be easiest for them and we need to have some accountability in place as well so I understand it’s a balance but I was a little surprised that it’s a little convoluted for a low-income person that maybe doesn’t have a relationship with banking it’s not very friendly to them. After a couple times it is but um it’s not something it’s not a process where if I went on vacation I would ask Irene to do because there are so many questions that come up.

Maia: Um so, let me come back to the concerns about the program, um do you think that anything related to outreach, bringing clients in, is there anything around that that you feel is an issue or that you might approach differently

Josie: Its always I’m trying to its always a delicate balance I guess because there’s it is such an incredible program and basically you are getting a $4000 grant so it’s very easy to generate interest but it’s a lot of work for the participant to get there so ugh, there’s been a few different tactics before I was here and while I was here, having on-going orientations and outreaching all the time and generating a waitlist of people so we can fill accounts rapidly um and because there is an income requirement sometimes that doesn’t work. If their income goes up and the account becomes available a year from now they wouldn’t be qualified anymore. Maybe, maybe not. So it’s always been a frantic rush to kind of get people into the accounts as soon as possible cause we didn’t have an ongoing waitlist and just having a good way of managing that and managing people’s expectations. And another challenge I’ve seen too is having a screening process to get the right clients in – cause some of that, a lot of that is objective but some of its subjective obviously income qualifications, you have to want to start a business those things are pretty cut and dry, there’s the asset limits but then there’s also that real conversation with someone saying, you have a debt load that doesn’t look like it’s going to permit you to do this or you don’t have enough income to make your expenses each month, how are you going to make this work? And I try to give all participants the benefit of the doubt and have them tell me how they’re going to do it but it’s always been hard to me as an individual make that decision about whether that person’s going to be able to fulfill that goal um and because it’s such a high demand program it’s a weird situation to be saying no to people that are setting goals, you know. So I’m looking at with this new program about maybe setting up a committee and it would be program staff that already know the business owners, know where they are with their business and if we do have a really high demand running it through 3-4 different people and we can discuss say the 30 applicants and um put those that we feel like would make the most change and be the most effective in the accounts or a combination and those are kind of strange conversations to have… cause we just don’t we don’t want to just help people that are going to be able to save very easily we want to help people that are not good at saving right now and it maybe could do a lot more in their lives so it’s like a balance so I’d love to get program staff input about where they are in the business, if this is the right time for them to really be investing in their business in this way or if they should wait a year and if so they should be put on the waitlist and come through the next wave.

Maia: Is that just a function of limited resources or would you still, like for example, say you had the funding to take it to scale in Washington State would that process still something you would be interested in doing?
Josie: I think that would be a lot harder, it’s already um such, it takes, the program already is very time consuming for staff and it’s hard to get funding for staff. It would be hard to take that to scale. And I think that it would probably if we could take it to scale is all relative. It could be WashingtonCASH scale or Washington State scale. Washington State we would probably join a collaborative like we did with United Way in which case it would go back to the case manager model in which case the case manager would get to know the client and make that judgment call. But we have this great opportunity it would be nice to try it out and see if it’s helpful or not.

Maia: Great, okay that’s all I have if there is anything else you think would be important to know let me know.

Josie: Okay great.

Maia: Thank you.