



FIRST NATIONS DEVELOPMENT INSTITUTE

Educating Grassroots Practitioners – Advocating Systemic Change – Capitalizing Indian Communities

“We believe that, when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual, and cultural well being of their communities.”

Native Financial Education Coalition (NFEC) Policy Priority Three Individual Development Accounts (IDAs)

Specific Action Required

This factsheet supports NFEC’s recommendations that Congress:

- #1 Amend federal law to allow and encourage both tribal government agencies and Native nonprofit organizations to apply directly for IDA funding, and directly deliver IDA programs to Native communities.
- #2 Follow the lead of other successful federal and state asset-building policies by creating a Native set-aside in AFI, or other appropriate federal program, to more effectively serve the needs of Native communities.

Further, and more specifically, it recommends that Congress:

- Enact the Savings for Working Families Act S 922/HR 4751
- Support a refundable Saver’s Credit as part of the Pension Bill House-Senate conference

Background Information

The success of matched savings vehicles in America generally, and Native communities particularly, is undeniable. Regrettably, Individual Development Accounts (IDAs) are part of a history of federal asset-building policies that have excluded Native communities. With the 1998 enactment of the Assets for Independence (AFI) Act tribes were explicitly excluded from receiving direct funding to administer an IDA program. In spite of this exclusion from accessing the only federal funding source dedicated to IDAs, Native IDA programs have been on the forefront of innovation and have successfully provided financial education to over 1000 Native people and seen hundreds of people save for and purchase assets, such as a home, small business, and post-secondary education.

Recent developments in state IDA legislation offer proven models and promising practices to encourage the expansion of funding for IDA programs in Native communities. The Oregon legislature amended their 1998 act in 2001 to include “federally recognized tribes and bands” as eligible fiduciary organizations for state IDA funding.¹ The Washington legislature unanimously passed similar legislation in 2005 and appropriated \$2 million funding for the first two years of the program.² Most promising of all the state initiatives, the New Mexico legislature passed the Family Opportunity Account Act of 2006 that included tribes as eligible fiduciary organizations and a Native American set-aside of at least 12 percent of the initial \$1.5 million appropriation.³ State legislatures have acknowledged the challenges identified in NFEC policy priority 1, that tribal governments, government agencies, and Native nonprofits, often implement programs that are the domain of 501(c)3 organizations, outside of Indian Country. The acknowledgement of this fact has

1 Passed 1998, HB 3600. Amended 2001, HB 3391.

2 Passed 2005, SHB 1408.

3 Passed 2006, HB 112.

actually led to program innovation that has better served all citizens of those states.

Numerous federal programs currently offer forms of ‘Native set-aside’ funding streams. Examples include: the Native American Initiatives of the Department of the Treasury’s CDFI Fund, the Department of Housing and Urban Development’s Native American Housing Assistance and Self Determination Act (NAHASDA) funding, and the Department of Health and Human Services’ Indian Community Development Block Grants and Indian Community Services Block Grant programs (ICDBG and ICSBG). The State of New Mexico’s Family Opportunity Account Act built upon the success of these programs (and various state-level examples) when proposing to provide set-aside funding to meet the unique needs of Native communities.

Successful federal set-aside programs, promising practices from state legislation, and the historic exclusion of tribes from accessing asset-building programs provide compelling arguments for the Congress to create a Native set-aside program within the AFI program, or other appropriate federal program, to more effectively meet the needs of Native communities. Tribes should also be exempted from the requirement to partner with nonprofit organizations as it is an unnecessarily onerous burden that prevents significant segments of the country from being served by IDA programs.

The Savings for Working Families Act would create a tax credit to support 900,000 Individual Development Accounts. The identical house and senate bills provide a \$1.2 billion tax credit for financial institutions that match the savings of working families and individuals who participate in financial education classes and save for an asset goal (homeownership, business start-up, or post-secondary education). Both bills include \$20 million for nonprofits and tribes to provide financial education to savers. We endorse this legislation as an important step in providing funding for IDA match and operations that will allow the field to ‘scale up’ and include tribes in a federal asset-building program.

We also support other efforts to increase the savings rate like the proposal of a refundable Saver’s Credit as part of the Pension Bill House-Senate conference.

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