

— PENNSYLVANIA. BUILT TO ADVANCE. —

# Family Savings Account

Program Guidelines

January 2016

ARCHIVED

Commonwealth of Pennsylvania  
Tom Wolf, Governor

Department of Community & Economic Development



[newPA.com](http://newPA.com)

## Table of Contents

---

<b>Section I</b>	<b>Purpose</b> .....	1
<b>Section II</b>	<b>Assets Eligible for Purchase with Family Savings Account Grant Savings</b> .....	2
<b>Section III</b>	<b>Background</b> .....	2
<b>Section IV</b>	<b>Eligibility Requirements for Individuals or Families</b> .....	3
<b>Section V</b>	<b>Eligibility Requirements for Subgrantees</b> .....	3
	A. Program Administration .....	3
	B. Subgrantee Responsibilities .....	4
	C. Saver Responsibilities .....	5
	D. Technical Assistance .....	5
<b>Section VI</b>	<b>Application Process</b> .....	5
	A. Application Procedures .....	5
	B. Application Evaluation .....	6
<b>Section VII</b>	<b>Program Inquiries</b> .....	6

ARCHIVED

## Section I – Purpose

---

- A. The purpose of the Family Savings Account (FSA) is to assist low income families or individuals in Pennsylvania to become financially independent by helping them to acquire a long lasting and life changing asset.
- B. The FSA will be based on the federal Assets for Independence Act (AFI).
- C. The FSA helps participants save earned income in special-purpose, matched savings accounts called Individual Development Accounts (IDAs). Every dollar in savings deposited into an IDA by participants is matched dollar for dollar by FSA, up to \$2000.00, promoting savings and enabling participants to acquire a lasting asset that can help individuals or families escape poverty.
- D. The FSA provides basic financial management training and supportive services, such as financial education on owning and managing a bank account and a credit card; credit counseling and repair; guidance in accessing refundable tax credits and specialized training in owning particular assets for the long term.
- E. The FSA stimulates financial empowerment by helping participants focus on long- and short-term financial goals as it encourages savings and asset development to empower individuals. FSA also economically strengthens communities in Pennsylvania.
- F. The FSA will address the issue of under-banked and un-banked citizens in rural areas. The percentage of unbanked and underbanked Pennsylvanians is almost 30%. Most of those people live in rural areas. PNC Bank and DCED have partnered together to focus on 14 rural counties to make inroads into this problem.
- G. The FSA program is open to all areas of the state of PA; however, the primary focus will be the following non-metro counties: Clarion, Clearfield, Crawford, Elk, Green, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Somerset, Venango, Warren and Wayne. DCED encourages collaborations within these counties. In addition, proposals will be considered to suggest a multi-area or regional approach.
- H. All applicants shall follow the same Eligibility Requirements.

ARCHIVED

## Section II – Assets Eligible for Purchase with FSA Grant Savings

---

Families or individuals in the FSA use their IDA savings, including the matching funds, to achieve any of three objectives:

- acquiring first home;
- capitalizing small business;
- enrolling in postsecondary education or training.

## Section III – Background

---

Act 23 of 1997 established Pennsylvania's Family Savings Account (FSA) Program. The FSA Program was a community building initiative established for the purpose of promoting financial empowerment for lower income Pennsylvanians through a matched savings program. Based on an approved plan, the matched savings could be used to help finance the purchase of a home, pay for post-secondary education expenses, start a business and other purchases.

The Assets for Independence Program was established under the Assets for Independence Act (AFI); Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Pub. L. 105-285, 42 U.S.C. 604 Note). DCED, a grantee of AFI, uses available funds to increase the AFI match for approved eligible activities.

The combined program, known as FSA in Pennsylvania, ran from 1999 – 2008. Open enrollment for savers ended in 2011. Some outcomes from that program: \$7 million were matched; \$8.3 million were saved by individuals; 556 individuals furthered their education; 544 homes were purchased; and 114 savers began their own business.

## Section IV – Eligibility Requirements for Individuals or Families

---

An individual or family who resides in this commonwealth and:

- Is Temporary Assistance for Needy Families (TANF) eligible or
- Meets the following requirements:
  1. total household adjusted gross income for the twelve months immediately preceding the date of application is not more than 200% of the Federal poverty standard;
  2. *or* is eligible for the Earned Income Tax Credit (EITC);
  3. *and* whose household net worth does not exceed \$10,000.

## Section V – Eligibility Requirements for Subgrantees

---

To be eligible to apply to become a subgrantee an agency must be a private or public nonprofit institution or corporation with a 501(c) (3) ruling from the Internal Revenue Service that encourages and assists local community building. All agencies that apply for the FSA grant should have a mission of working with individuals and families that includes at least one of the following:

- financial literacy,
- entrepreneurial endeavors,
- home purchase,
- post-secondary education, or
- strong partnership with another non-profit that offers one or more of these services.

### A. Program Administration

- The deadline to submit an application is February 17, 2016.
- The contract will run from the date of the award letter until March 31, 2017, with the possibility of a one year extension.
- A saver that does not accomplish their goal is referred to as a “drop-out” for reporting purposes.
- 15% of an AFI grant may be used for administrative cost. However, of that 15% not less than 2% shall be used for data collection and not more than 7.5% can be used for general program administrative cost. The remainder shall be used for non-administrative functions, such as Case Management, budgeting, economic literacy and credit counseling.
- Savers will save their money in custodial accounts that will need to have a signature from an employee of the subgrantee to withdraw funds.

## B. Subgrantee Responsibilities

- Recruit, enroll and retain eligible savers.
- Maintain confidential client files that include documentation of income eligibility, approved plan, savings and financial information, progress notes, and follow-up reports on the use of the funds.
- Return any unused or unmatched funds due the commonwealth annually until the end of the contract, at which time all remaining unused or unmatched funds will be returned.
- Maintain fiscal records adequate to document the expenditure of funds and create an audit trail to establish contract compliance. DCED may conduct fiscal monitoring.

For **program technical assistance** contact DCED at 717.720.7441.

For **fiscal technical assistance** contact DCED at 717.346.9023.

In addition to ensuring that the saver is enrolled in a program already working towards one of the three allowable assets, the agency must provide for a minimum of ten hours in basic economic literacy, including topics such as budgeting, credit repair, loans and grants resource development, personal financial planning, i.e., savings and investments, insurance, wills, and tax planning and obtaining tax credits.

An agreement with a financial institution(s) to allow deposits under the FSA Program. This agreement should include a waiver of all fees to FSA participants.

Subgrantees will submit progress reports on a quarterly basis. The subgrantee will also complete an annual AFI report. Other reporting may be required during the duration of the grant at the request of DCED.

Subgrantees will invoice DCED on a monthly basis. If, on any given month, the subgrantee does not need to request funds from DCED, the subgrantee will submit a \$0 invoice. DCED will permit the subgrantees, in their first monthly invoice, to invoice for and receive an advance payment for administrative, counseling and data collection costs. The advance payment may not exceed 1/6 of the allowable 15% of the total grant funds for such costs. All other administrative, counseling and data collection costs, as well as savers' match costs, will be invoiced monthly on an as-needed basis. The subgrantee may deposit the match in the saver's custodial account.

A Financial Status Report will be submitted with each invoice.

Other considerations for subgrantees:

- Subgrantees may focus on one goal if the mission of their agency only applies to that goal, i.e., a housing authority may choose to only allow savers to save to buy a home.
- Subgrantees are strongly encouraged to leverage other funds to increase the match from sources such as foundations, corporations, social entitlements, scholarships, local governments, local community enrichment organizations, etc.
- Subgrantees should keep in mind that the FSA is a tool for consumers to be used in conjunction with other services offered to reach one of the 3 allowable assets.

### **C. Saver Responsibilities**

In order to receive the 1:1 dollar match within the FSA program a saver must follow these procedures:

1. Be enrolled in a program working towards one of the 3 allowed assets.
2. Identify a long-term benefit in the form of an attainable asset goal for the use of the savings and match at the end of the designated saving period.
3. Save an average of \$40 per month for not less than 6 months in a custodial bank accounts which will have to have a signature from an employee of the subgrantee to withdraw funds.
4. Attend a minimum of ten hours of training that shall cover such topics as budgeting and credit repair, loans, and personal financial planning, i.e., savings and investment, insurance, wills, and tax planning and any other topics of financial literacy to enable the saver to become financially literate.

### **D. Technical Assistance**

DCED will provide Technical Assistance and information, especially in the areas of leveraging and establishing partnerships. All subgrantees are encouraged to communicate regularly with DCED staff regarding questions, issues, problems, success stories, etc.

## **Section VI – Application Process**

---

### **A. Application Procedures**

Agencies must apply electronically through the Single Application for Assistance system located at [www.newPA.com](http://www.newPA.com). The application must have a project narrative which includes the following:

- the programs you already have in place that you are going to incorporate with the FSA;
- how your agency will leverage additional matching funds;
- how your agency intends to recruit and retain savers;
- partnerships that are relevant to the FSA grant and how you will use these partnerships.

The application must also include the following:

- MOUs if appropriate
- Budget
- Budget justification
- descriptions of appropriate staff
- Conflict of Interest Provision
- Non-discrimination policy
- Proof of 501 (c) (3) ruling

## B. Application Evaluation

Highest priority will be given to the subgrantees that demonstrate:

1. missions/programs congruent to the 3 allowable assets or that can demonstrate strong partnerships with entities that have this, (along with your mission statement, include MOUs or proof of partnerships in your application);
2. positive past performance (if applicable) on reporting, saver retention and record keeping;
3. capacity to cover and serve one or more of the targeted counties utilizing a potential regional or multi-area approach to the delivery of an FSA program (if applicable);
4. innovative ideas for marketing, retention, leveraging matches and/or partnering;
5. a history of working with rural residents to address under-banked and financial insecurity issues with low-income populations;
6. a copy of an agreement with a financial institution(s) to allow deposits under the FSA. An agreement should include a waiver of all fees to FSA participants and address the custodial accounts in which the savers will deposit their money.

## Section VII – Program Inquiries

---

Program inquiries should be directed to:

PA Department of Community and Economic Development  
Center for Community Services  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225

Phone: 717.720.7441  
Fax: 717.214.5399