A Note to the Credit Unions

Dewey, Patti, and I have spent much time thinking about technical assistance and support for community development type activities among credit unions after June 2002. Carolyn Miller from MCUL is working with us on creating a manual for credit union IDA design and development. However, we want you to know that the support network for reaching low income populations is broader than Michigan.

The National Federation of Community Development Credit Unions could be a positive thread for all the Michigan credit unions. Any credit union whose mission is to serve their community, and in particular, those individuals least served by financial institutions, are welcome to join the National Federation. The National Federation was created by a coalition of credit unions in 1970, and now over 200 credit unions throughout the United States are members with credit union asset size ranging from over $799m to less than $1m.

The National Federation’s mission is to advocate and provide resources for credit unions who serve their low income communities. The National Federation provides customized technical assistance and financial resources to its members, as well as training, networking, and marketing assistance for groups of credit unions who offer Individual Development Accounts, specific youth programs, or who serve specific geographic or ethnic communities.

The Center for Urban Affairs would like to extend assistance in offering each of eight Michigan credit union-IDA-VISTA sites a membership to the National Federation, until June 2003. There is no obligation to do anything with the membership except receive newsletters and invitations for tailored technical assistance and/or training. We are asking each credit union to think about the membership as an extension of community development-type assistance to enhance their services to low income member communities.

Superior IDA: A Superior Idea

Superior IDA (SIDA) was organized as a non-profit (501©(3)) corporation to assist credit unions in developing IDA programs for their communities. In forming SIDA, it was not the intention of its directors to control any IDA site, but to simply provide the tools to allow easy formation of IDA programs, and to provide a conduit for charitable donations and grants that would not otherwise be available to credit union IDA programs.

We see Individual Development Accounts as an ideal vehicle to assist the underserved and low-income population in creating a stake within their communities; thus creating a deeper involvement in their own development. SIDA will be receiving their 501c3 designation letter shortly and is looking for your assistance and guidance in developing programs and processes that will assist credit unions, both individually and as a group.

Our current advisory board consists of James Borowicz, CEO of Straits Area Federal Credit Union in Cheboygan, Ann Chastain, CED Cheboygan County MSU Extension, and Rachel Dugal, Program Director of Bridge to Savings IDA in Cheboygan.

SIDA’s mailing address is 201 Locust Street, Cheboygan, MI 49721.

We can be reached by email at rachil@visto.com.
Microenterprise Individual Development Accounts: News From Other Credit Unions

What about IDAs and small business start up or expansion?

Chris Foley, a graduate student at the Center for Urban Affairs, talked to credit unions offering assistance to members who were trying to grow their small businesses & with a credit union's help. He surveyed six credit unions across the country this past year, asking these credit unions several questions about how they decided to assist their micro-entrepreneur members by offering them IDAs. He found four consistent themes:

In terms of the overall decision making process to offer IDAs, the decision to move forward was initiated from within the credit unions themselves, and, that IDAs were a value added to a micro-lending service already offered to members. The role of the IDAs, then, was to further the small business development success of its members through the financial literacy and equity investment in their microenterprise.

Microenterprise-IDA programs rely on strong relationships with various organizations within the credit union communities. This allows the microenterprise-IDAs to become embedded within the existing community service network and distributes the ownership of the program throughout the community. These two features in turn enhance the access and support structures available to IDA holders.

The credit unions also indicated that, although the most obvious success is the completion of the IDA program and the purchase of a high-return investment/asset, this is not the only measurement of overall success. Numerous examples of success were cited, each unique to the individual IDA holder.

Quantifying these success measures, however, would be appealing to potential private funding sources.

With regard to potential IDA funding sources outside the credit union, a credit union's "social capital" developed within its community seems to aid in the generation of match funds for such programs.

A copy of the report is available at the CUA.

VISTAs Getting Things Done

Rachel Dugal: Straits Area Federal Credit Union

A Bridge to Savings means more to Straits Area Federal Credit Union than just the name of Straits Area IDA program. Rachel Dugal put her skills and time into an idea that would go beyond her site's IDA coordination: the creation of a tool to bring in other sources of money for credit unions in Michigan. Superior IDA, a separate 501©(3) nonprofit, was created as a vehicle for Michigan credit unions to use to advance their work serving low-income communities. Rachel stated that credit unions have barriers to receiving resources even through they are non-profit entities. Superior IDAs' Articles of Incorporation were carefully crafted to include any credit union desiring to offer IDAs. Thanks, Rachel, for understanding community development is accomplished through many avenues.

From the Field: Credit Unions Offering IDAs

- Santa Cruz Community CU, Santa Cruz
- Indiana
- Near Eastside Community FCU, Indianapolis
- Iowa
- SCICAP CU, Leon
- Kentucky
- Central Appalachian People's FCU, Berea
- Minnesota
- Wendell Phillips Community Development FCU, Minneapolis
- Missouri
- KC Terminal Emp./Guadalupe Center FCU, Kansas City
- Mississippi
- Shelby/Bolivar county FCU, Shelby
- New Jersey
- New Community FCU, Newark
- New York
- Alternatives FCU, Ithaca
- Bethex FCU, Bronx
- Genesee Co-op FCU, Rochester
- Progressive Neighborhood FCU, Rochester
- Ohio
- Appalachian Development FCU, the Plains
- Capital City FCU, Columbus
- Cincinnati Central CU, Cincinnati
- Faith Community United CU, Cleveland
- FYS FCU, Chillicothe
- Pennsylvania
- Borinquen FCU, Philadelphia
- Choice One FCU, Wilkes-Barre
- Frick Tri-Count FCU, Uniontown
- New Horizons Community FCU, Philadelphia
- Vermont
- Vermont Development CU, Burlington
- Virginia
- Newport News Neighborhood FCU, Newport News
- Wisconsin
- CUNA CU, Madison (with participation...