Credit Unions Offer IDAs Throughout Michigan

VISTA Members in Eight Michigan Credit Unions Coordinate IDAs

Good things come in...!!! Bethel AME Church Federal Credit Union in Saginaw, Lansing Community Credit Union in Lansing, Straits Area Federal Credit Union in Cheboygan, First Community Federal Credit Union in Kalamazoo, Westshore Community Credit Union in Muskegon Heights, Federal Employees of Chippewa County in Sault Ste Marie, Delta Community Credit union in Escanaba, and Forest Area Federal Credit Union in Fife Lake have completed the process of recruiting and hiring a VISTA Member to work full-time on the establishment of IDAs in their community.

Representing a broad range of credit unions serving church members, employee groups, communities at large, state and federally chartered, low income designated, or serving targeted low income communities, this initiative is the largest statewide IDA initiative in the United States involving community based financial institutions designing and offering IDAs with the assistance of VISTA members.

The eight participating credit unions will host a sum of 160 IDA accounts over the next two years.

These eight credit unions, however, do not represent the total number of credit unions in Michigan who, with community partners, are offering IDAs. Michigan Tech. Community Federal Credit Union in Houghton, and Baraga Federal Credit Union in Baraga, are working with the BHK Child Development Board in those two counties to offer IDAs to Head Start families. T&C Federal Credit Union in Pontiac is working with the Oakland Livingston Human Services Agency by offering a variety of financial services to IDA holders.

Carolyn Miller, Sr. Consultant with the Michigan Credit Union League, is part of the team, providing technical assistance to credit unions committed to serving the under-served in their community.

In another first for Michigan credit unions, six credit unions have been awarded match funds for approximately 120 IDA accounts over the next three years through the Michigan IDA Partnership, a partnership between the Michigan Family Independence Agency and the Council of Michigan Foundations.

What is so unique about receiving match funds is that it is the first time these credit unions have generated funds from sources outside the credit union’s operations. Now credit union managers have first hand experience responding to a statewide Request For Proposals (RFP) announcement.

MIDAP Match Funds Awarded

IDAs: A Chance to Build Community Relationships

As each credit union designed its IDA initiative, the principle of creating a community tool was a guide. An observation from credit unions across the country is their ability to embed IDAs into both available community services as well as their own. An IDA should be easy to use and financial literacy education is already offered by most credit unions; the only thing we should have to do is create a sub-account, commented one credit union manager.

Michigan credit unions tapped into already existing services through strategic partnerships with Michigan State University Extension, community action agencies, community colleges, Habitat, HomeLINK providers, microenterprise development and housing CDFIs, neighborhood organizations, and Head Start organizations, to name a few. As another credit unions manager, stated, We might initiate the IDA but the community owns...
The Road to Asset Building: The Value is in the Journey as well as the Final Destination.

In a recent article entitled, Access to Financial Services in the 21st Century: Five Opportunities for the Bush Administration and the 107th Congress, author Michael Barr from the Brookings Institute, states that families in the U.S. are left out of the financial services mainstream. He describes access to basic financial services as having a savings account, the know how of managing household finances, and saving for the future. Paving a way for access to savings accounts and making it easy to participate in array of financial services is part of the overall objective of IDAs, which are composed of savings accounts, financial education that promotes continuous savings behavior, incentives, and meaningful investments that have a high rate of return. In a recent study conducted by the MSU Center for Urban Affairs, Chris Foley found that US credit unions offering IDAs for micro-enterprise start up or expansion considered successful IDA holders as ones who consistently saved and used a variety of credit union financial services as stepping stones to financial security in their lives. Although purchasing a home, putting equity in your business, or paying for tuition are valuable outcomes within an IDA, learning problem solving skills and building consumer savvy can last a lifetime.

Jennifer Watson, CEO of Federal Employees of Chippewa County Credit Union, captured the essence of the journey by stating in her MIDAP proposal: Our mission is to serve the financial and economic well being of our members, giving constant consideration to their present and future needs, while striving to exceed their expectations. This is the core of the credit union philosophy to encourage members to save for the future and to manage their income in a way that allows them to acquire assets while meeting their daily needs.

VISTAs Getting Things Done

Eight VISTA members are actively forging relationships between credit unions and their communities Doris Carlice, Rachel Dugal, Thelma Fry, Natasha Hammock, Danette Ranson, Nicole Sarasin, Amy Savage, Meatha Winbush. Each month we will highlight activity in each credit union, inspired by the VISTA member.

Natasha Hammock, Westshore Community Federal Credit Union
Natasha, using the AmeriCorp*VISTA work-plan to guide her IDA work, went out on a limb to present the Westshore IDA Program to the mega-store Circuit City. The manager of the store agreed to provide match funding for computer purchases at Circuit City. In terms of the community development aspect of this contribution, Natasha commented, it is a way for the participants to get started, and may lead to a desire to further their education. Her creative outreach is allowing the IDA Program to diverge from the standard by allowing more individuals to participate and benefit. Many members of the Muskegon Heights community have praised Natasha for being approachable and informative. At a recent IDA presentation, a prominent member of the community who is often sought after but declines invitations, attended the presentation because of Natasha’s welcoming invitation. Natasha received a much-deserved letter of recognition.

Above all else, Natasha is instrumental in bringing community together!

From the Field: Community Development Resources

A lesson learned from the MIDAP proposal process is that there is money available for community development... but it takes time and energy to pursue it! Here are just a few other sources of community development resources to check out:

The National Community Investment Fund is a certified community development financial institution reinvesting in independent and minority owned financial institutions with a community development focus. ncf@ncif.org

The Community Development Financial Institutions Fund (CDFI) uses limited federal resources to invest in and build the capacity of private, for profit and non profit financial institution to provide capital and services to underserved people and communities. www.treas.gov/cdfi

The Calvert Foundation’s Community Investments fund

Savings, financial education, and incentives are tools that can help bring low income individuals into the mainstream financial world, said CU Training and Business Development Coordinator Jill Abendroth. Having members reach financial self sufficiency is the goal of the IDA program and Lansing Community Credit Union as well.