GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2001

H HOUSE BILL 1401

Short Title:	Funds to Expand Ind. Development Acct.	(Public)
Sponsors:	Representatives Adams; Clary, Cunningham, Hall, Hill, Howard, Hunter, Johnson, McComas, Teague, Weatherly, and West.	
Referred to:	Appropriations.	

April 26, 2001 1 A BILL TO BE ENTITLED 2 AN ACT TO APPROPRIATE FUNDS FOR THE EXPANSION OF INDIVIDUAL 3 DEVELOPMENT ACCOUNTS. 4 Whereas, in 1997, the General Assembly initiated an Individual Development 5 Account (IDA) demonstration program to help move former welfare recipients and low-income working families toward self-sufficiency; and 6 7 Whereas, North Carolina has become a leader in state-run IDA programs 8 through the State demonstration program and through the small cities Community 9 Development Block Grant (CDBG) program; and Whereas, North Carolina has secured additional matching federal funds to 10 increase the scope of the initial IDA demonstration program; Now, therefore, 11 The General Assembly of North Carolina enacts: 12 13 SECTION 1.(a) There is appropriated from the General Fund to the 14 Department of Labor the sum of one million two hundred thousand dollars (\$1,200,000)

SECTION 1.(a) There is appropriated from the General Fund to the Department of Labor the sum of one million two hundred thousand dollars (\$1,200,000) for the 2001-2002 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) for the 2002-2003 fiscal year to expand the IDA demonstration program. These funds shall be used to:

15

16 17

18

19

20

21

22

23

24

25

26

- (1) Provide individuals and families, especially underemployed persons, an opportunity and an incentive to accumulate assets;
- (2) Promote investments in education, homeownership, and microenterprise development;
- (3) Demonstrate that household savings strategies, such as the development of IDAs, can be an effective strategy for assisting working families to achieve long-term self-sufficiency; and
- (4) Utilize and build comprehensive partnerships that support asset building in low-wealth counties.

the sum of eight hundred forty thousand dollars (\$840,000) for the 2001-2002 fiscal year and the sum of eight hundred forty thousand dollars (\$840,000) for the 2002-2003 fiscal year shall be allocated as matching funds for personal savings of qualified participants selected to complete their program within five years of the date of initial qualification. These funds may also be used for the expansion of IDA consortia funded under the 1997-1999 demonstration program that have enrolled a minimum of fifty percent (50%) of capacity with eligible participants and closed at least one account wherein the individual's goal was completed. Funds for the expansion of existing IDA consortia shall not exceed one hundred thousand dollars (\$100,000) per consortium, and a consortium may receive grant funds for expansion only one time during the 2001-2003 fiscal biennium. The Department shall develop guidelines for awarding funds to expand existing IDA consortia. Guidelines shall include the basis for determining award amounts. Funds remaining from funds allocated under this subsection shall be allocated on a competitive basis.

SECTION 1.(b) Of the funds appropriated in subsection (a) of this section,

SECTION 1.(c) Funds remaining after allocations are made in accordance with subsections (a) and (b) of this section shall be used for case management, program development, and financial literacy training, and for allocation to local sites and economic literacy providers. Each site that adds at least 40 new accounts may be eligible for up to fifty thousand dollars (\$50,000) of funds allocated in each fiscal year under this subsection. The Department of Labor may use up to eighty thousand dollars (\$80,000) of funds allocated in each fiscal year under this subsection for administrative costs.

SECTION 1.(d) Matching funds allocated in accordance with subsection (a) of this section may be used by qualified participants for home purchase, investment in a business or self-employment venture owned by the participant, or costs of postsecondary education or training for program participation. Participants are not restricted as to the amounts or sources of funds deposited into the account, but only savings from earned income will qualify for State matching funds. Tax return reports shall be used to verify earned income. Funds in Individual Development Accounts shall not be counted as assets in the Work First Program. Individual Development Account statements and other individual information contained in the records of these accounts are confidential and not a public record under Chapter 132 of the General Statutes.

SECTION 2. This act becomes effective July 1, 2001.