

National Bulletin on Domestic Violence Prevention

KDVA Economic Empowerment Project

Six years ago, the 15 member programs of the Kentucky Domestic Violence Association decided to help survivors clear a path to financial self-sufficiency. Specifically, they elected to increase the level of services for survivors who were struggling to establish lives independent of abusers. They hired an economic justice project director, Mary O'Doherty, and two years later began an **Individual Development Account** program.

Today KDVA's **Economic Empowerment Project** provides financial education classes, credit coaching, free tax preparation, credit reports and asset-building tools.

Individual Development Accounts. IDAs are matched savings accounts where every dollar a participant saves is matched with \$2. Participants may save up to \$6,000—\$2,000 of their own money and \$4,000 in matching funds. Participants may use their IDAs to purchase a home, pursue a post-secondary education or start a small business. About 160 participants are enrolled in the IDA program, and 89 participants have completed it. A total of 47 account holders used their IDAs to purchase homes, 38 have pursued a post-secondary education, and four have started small businesses.

IDA Emergency Fund. Survivors who are concerned that they might miss a monthly deposit can apply for assistance from the emergency fund. The fund has helped at least 60 survivors pay car repair, medical and other bills totaling \$20,000. The fund is generated with interest from the IDA master account.

Credit reports. With client permission, case managers pull survivors' credit reports as soon as they

enroll. They teach survivors that the reports are akin to financial resumes, and they work with them to improve credit scores by paying down debt, removing inaccurate information and using credit responsibly. This is especially important for IDA account holders who are saving for homes. Most banks require a credit score in the neighborhood of 680 for a mortgage. Repairing credit is also helpful for account holders seeking employment, saving for small business loans, or negotiating with landlords. Credit scores are increasingly used to make employment and housing decisions.

Micro loans. KDVA also offers no-interest micro-loans to survivors to help them avoid the payday lenders that have proliferated to meet rising demand among lower-income households for check cashing and short-term loans. Low-income Kentuckians are especially vulnerable to payday lenders because, unlike most other states, Kentucky places no limits on the fees that can be charged.

Bankruptcy counseling. KDVA offers survivors whose debt seems insurmountable the opportunity to consult with a bankruptcy attorney. None of the eight survivors who used this service filed for bankruptcy, choosing to continue to work with their case managers instead.

Free tax-preparation services. KDVA has organized and funded 52 free tax-preparation sites across the state under the Kentucky Asset Success Initiative (KASI), an umbrella organization with four regional coalitions. The IRS estimates that as many as 20 percent of those who are eligible for the Earned Income Tax Credit (EITC) don't claim it. A primary goal of the tax sites is to ensure

that survivors know about the EITC and don't use paid tax-preparers who often push refund-anticipation loans which have an average interest rate of 20 percent and an annualized interest rate that exceeds 200 percent. About 7,000 families were served by the sites this year. See <http://www.kdva.org/tax.html>.

Permanent supportive housing. KDVA is building 72 units of permanent rental housing at seven sites across the state. The \$7.5 million project will be financed with \$980,000 in tax credits and low-interest loans from Kentucky Housing Corporation. Construction should begin this winter and end no later than December 2009. Six of the sites are in rural communities in eastern and western Kentucky and one site is in Louisville. KDVA owns—or has options to purchase—all sites. In three locations, the housing will be built on land adjacent to domestic violence shelters. This is supportive housing with a strong case management component. Residents will be referred by KDVA member programs that offer:

- individual and group domestic violence counseling services
- self-sufficiency programming, such as financial education, credit repair, homeownership counseling and IDAs.

The programs also will ensure clients are referred to mainstream community service providers, including those who provide medical, mental health, social security and disability benefits, food stamps, vocational training and other services.

For more information about KDVA's project go to <http://www.kdva.org/economicjusticeproject.html>.