

# GREENER PASTURES FOR NEW FARMERS

## CASE STUDY NONPROFIT MODEL

### FOOD ROOTS INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM

Food Roots | <http://www.foodrootsnw.org/ida>

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Food Roots is community-based nonprofit organization that works to increase local food production and access, enhance community assets, support beginning farmers, and strengthen the regional economy and food system through a number of programs targeted to the North Coast of Oregon. In 2009, Food Roots established the Individual Development Account (IDA) program to help food system entrepreneurs save money to invest in their businesses. The goal of the IDA program is to encourage habitual savings in order to increase future earning potential, build assets for participants and their families, and grow the food system in the North Coast of Oregon. Food Roots's IDA participants receive a 3:1 match on their IDA savings, for a combined total of \$12,000 in savings and matched funds over three years. In addition to consistent monthly savings, participants learn important business skills such as cash-flow projection, financial management, and marketing through free, required classes provided by partners like the local community college, Oregon State University Agricultural Extension, and local financial institutions. Once participants have reached their savings goal and completed the required classes, they can use the money to finance business-related expenses.

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#### KEY POINTS:

- Food Roots's IDA participants receive a 3:1 match on their IDA savings, meaning that for every \$1 a participant saves, the program will match it with \$3.
- Participants are required to take free business management classes on topics like cash-flow projection, financial management, and marketing.
- Food Roots partners with CASA of Oregon, a Community Development Financial Institution (CDFI), to administer the IDA matching program to eligible applicants.
- The IDA program is funded by the Oregon IDA Tax Credit and the Federal Assets for Independence fund. The Oregon IDA Tax Credit allows anyone to support IDA participants by donating to Neighborhood Partnerships, a 501c3.



FOR FULL REPORT, PLEASE SEE [WWW.DVRPC.ORG/FOOD/GREENERPASTURES](http://WWW.DVRPC.ORG/FOOD/GREENERPASTURES)

Food Roots is community-based nonprofit organization that works to increase local food production and access, enhance community assets, support beginning farmers, and strengthen the regional economy and food system through a number of programs targeted to the North Coast of Oregon. In 2006, Food Roots began as a volunteer organization that focused on community and school gardens and education. As Food Roots grew, they started to include farmer support and microenterprise projects in their work. In 2009, with the assistance of an AmeriCorps Vista volunteer, Food Roots established the IDA program to help food system entrepreneurs save money to invest in their businesses. The small business IDA program is utilized as an asset-building tool that provides entrepreneurs with access to capital and organizational partners, fosters good financial habits, and teaches business skills. The goal of the IDA program is to encourage habitual savings in order to increase future earning potential, build assets for participants and their families, and grow the food system in the North Coast of Oregon.

The Food Roots's IDA program is available to any person starting or expanding a food system business in Tillamook, Clatsop, and Lincoln counties that meets the net worth and annual income restrictions. Food Roots's IDA participants receive a 3:1 match on their IDA savings, meaning that for every \$1 a participant saves, the program will match it with \$3. Participants can save a combined total of \$12,000 in savings and matched funds over three years. In addition to consistent monthly savings, participants learn important business skills such as cash-flow projection, financial management, and marketing through free, required classes provided by partners like the local community college, Oregon State University Agricultural Extension, and local financial institutions. Once participants have reached their savings goal and completed the required classes, they can use the money to finance business-related expenses.

Food Roots partners with CASA of Oregon, a CDFI, to administer the IDA matching program to eligible applicants. Food Roots applies to CASA of Oregon annually for their IDA funding allocation—a minimum of five IDA slots per year funded at \$9,000 each. In addition to IDA matching funds, CASA of Oregon also provides funding for a portion of Food Roots's IDA administrative costs that include program outreach and recruitment, application review, technical assistance coordination, individual case management, and participant graduation and funding withdrawal.



**Don's Waterfall Farms. Janet Davis (pictured) is an IDA graduate.**

The IDA program is funded by the Oregon IDA Tax Credit and the Federal Assets for Independence fund. The Oregon IDA Tax Credit allows anyone to support IDA participants by donating to Neighborhood Partnerships, a 501c3. Donors receive a 75 percent tax credit. Neighborhood Partnerships then works with the state to fund specific IDA matching programs like those at CASA of Oregon.

Since beginning the small business IDA program for food system entrepreneurs in 2009, Food Roots has enrolled 16 participants. To date, five participants have completed the three-year savings program and two have dropped out. The participants who completed the program have used their IDA savings to purchase assets that will support their food system-related business goals, such as fencing, a vegetable cleaning room, a refrigerated food truck, and hoop houses.

Food Roots would like to see participation increase; however, they have found that certain eligibility requirements, particularly the net asset cap of \$20,000, are very restrictive and often prevent otherwise eligible entrepreneurs and farmers from taking advantage of the IDA program. Food Roots recently joined other IDA organizations to lobby the Oregon government to increase the asset cap to \$60,000. Food Roots is currently working with community partners, including a local financial institution, to develop a youth IDA component, focusing on financial literacy and entrepreneurship for youth and young adults ages 12 and older.

A number of other states and partner organizations administer IDA programs for farmers.

- **Practical Farmers of Iowa** also has an IDA program that they call the Savings Incentive Program. It is a 1:1 match with business planning and mentoring requirements. The program is two years long and limits the amount saved to \$2,400 for a combined matched amount of \$4,800. The Savings Incentive Program is funded through donations. Beginning farmers must have farmed for five years or fewer.
  - **University of Vermont Extension Youth Agriculture** IDA is a 2:1 matching program for youth ages 14–21 who are interested in farming. Participants can save up to \$500 for a total of \$1,500. The program provides structured financial literacy training, business management coaching, and mentoring from qualified farm business management specialists and established farmers. Participants develop the basic skills necessary to leverage their equity, manage capital productively, and be successful entrepreneurs.
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