

Assistive Technology Loan Fund Authority

Report to the Disability Commission: January 2005

Overview

The Assistive Technology Loan Fund Authority (ATLFA) is a state authority established by Virginia's General Assembly in 1995 as a result of the Disability Commission's report in 1992 and subsequent recommendation to the Governor and General Assembly. The ATLFA's twelve member Board of Directors is appointed by the Governor and includes the Secretary of Health and Human Resources, a Certified Public Accountant, a consumer lender, two persons with investment finance experience, an employee of the Woodrow Wilson Rehabilitation Center and six persons with disabilities thus assuring consumer direction and consumer control.

In 1995, Governor George Allen signed into law 51.5-53 through 59 of the *Code of Virginia*, which established the ATLFA, later that year he appointed the first board members. In July, 1996, the ATLFA received a start-up appropriation from the General Assembly in the amount of \$500,000 as a result of the recommendation of the Disability Commission. The Board then conducted a search for a banking partner and selected Central Fidelity Bank, the agreement between the ATLFA and Central Fidelity (which later merged with Wachovia) was signed in July, 1997. The Board of Directors began reviewing loan applications in September of 1997.

The mission of the ATLFA is to provide credit financing to low and middle income Virginians with disabilities for the purchase of assistive technology devices, other equipment, and other authorized purposes. Assistive technology (AT) is defined as any item, piece of equipment or device that enables an individual with disabilities to improve their independence and quality of life. AT includes devices such as wheelchairs, hearing aids, closed circuit television systems and other adaptive equipment; vehicles with modifications, and home modifications that increase access to the community or improve self sufficiency or independence.

The ATLFA is one of Virginia's most cost-effective program serving people with disabilities. Funds obtained from state appropriations, federal grants, or private sector donations may be invested; the interest used to offset administrative costs. The ATLFA has obtained significant funding from several sources during the past few years and is now financially self-sufficient.

Loan Program

- The ATLFA established several types of loan programs providing a continuum for middle-income, low-income and very low-income Virginians with disabilities and their family members. The Authority makes loans to people with disabilities, and their family members, for purchases of assistive technology and other equipment that increases their independence, quality of life and employment opportunities. Loans made through this program feature easier loan approval criteria, flexible terms and low interest rates.
- **Low-Interest Loans:** The ATLFA makes loans through a financial institution, thus leveraging its resources significantly. Since 1999, SunTrust Bank has been its financial partner. For all loans approved by SunTrust, the ATLFA "buys-down" the interest rate by 4%. In addition, the bank agrees to make loans for a longer term, both of which contribute to a much lower monthly payment for the borrower.

- **Guaranteed Loans:** All loans not approved by the bank are automatically reviewed by the ATLFA for a possible guarantee. Applicants who are unable to meet the bank's standard loan requirements but who can demonstrate to the ATLFA that they are creditworthy and able to repay the loan may be eligible for a loan guaranteed by the ATLFA. The ATLFA will make rescue payments to the bank for guaranteed loans where individuals are having problems of repayment, or pay the principal and accrued interest in cases of default. The ATLFA makes loans directly, or guarantees loans, only when an individual cannot qualify for a loan through a participating financial institution.
- **Direct Loans:** For all loan requests of \$4,000 or less, the ATLFA will make that loan directly, setting terms and interest rates to match the borrower's capacity to repay. Interest rates range from 0% for persons living on a fixed income, to 5% for most borrowers.
- **Consumer Counseling:** Applicants may need assistance in device selection or other areas of the loan process. The Authority contracts with a network of Consumer Counselors working in Virginia's 16 Centers for Independent Living across the state to provide those services. Consumer Counselors are individuals with disabilities who have personal experience in obtaining assistive technology. They will help people with disabilities in device selection, the loan application process, identification of other funding sources, and if the borrower has difficulty in loan repayment.
- **AT Assessment, Evaluation and Rehab Engineering:** Individuals often apply to the ATLFA after working with professionals who assist the applicant identify the best device to meet their needs. This is particularly important for the more complex and expensive devices. Medicaid, Medicare, private insurance and government programs often will pay for an assessment, even if those same programs won't pay for the device prescribed. For persons whose insurance will not pay for an assessment, the ATLFA provides free assessment to its applicants for AT assessment, evaluation and rehabilitation engineering services.

Grant Programs

The ATLFA operates a program of grants to provide low-income persons with physical and sensory disabilities funding that may provide equipment and services that will enable them to be more independent.

- **Consumer Service Fund:** ATLFA operates the Consumer Service Fund (CSF) under a Memorandum of Understanding (MOU) with the Department of Rehabilitative Services. The CSF was established as one of Virginia's Disability Commission recommendations from the initial 1992 report. The CSF is a "fund of last resort" that may be accessed by consumers and advocates for assistive technology devices and services. Applicants must fully exhaust all insurance (Medicare, Medicaid, private insurance) and government programs prior to submitting an application. The CSF pays for a variety of adaptive equipment, home modifications, vehicle modifications and, if funds are available, vehicles with modifications. Typically, there are \$4 in requests for every \$1 in available funding.
- **Home Modifications and Accessibility Program:** ATLFA also operates a Home Modifications and Accessibility Program for low-income persons with physical and sensory disabilities under a Memorandum of Understanding with the Department of Housing and

Community Development. Applicants currently must reside in Planning Districts 1, 2, 3, or 4. Grants of up to \$20,000 may be made for ramps, widening doorways, making bathrooms accessible, stair lifts, lowering kitchen countertops, etc. The application and decision making process are similar to that used by the Consumer Service Fund.

Lending Statistics

Loans are made directly to consumers who require loans of \$4,000 or less. Most of the borrowers of these small loans are on a fixed income, such as SSI or SSDI. As of this date, the ATLFA has made 94 loans totaling \$304,000. These direct loans average \$3,234.

SunTrust Bank, ATLFA's financial partner, approved 113 loans without a guarantee from the ATLFA from 1999 to 2004. These approved loans have a total value of \$3,145,000. The average SunTrust loan was \$27,828. Since 1999, the ATLFA Board approved 86 loans for a guarantee totaling over \$1,515,000. The average ATLFA guaranteed loan has been for \$17,623.

Prior to 1999, Wachovia was the ATLFA's financing partner, and approximately \$450,000 in loans were made to 50 individuals (Wachovia records are incomplete for that time period.) All together, since 1997 the ATLFA has made over 340 loans totaling more than \$5,500,000 to Virginians with disabilities.

The ATLFA enjoys a 95% repayment rate for all loans. In fact, loans made by SunTrust without a guarantee are repaid at a higher rate than their normal loan portfolio. Clearly, people with disabilities, even those with low or fixed incomes, repay their loans.

Type of Loan	Number of Loans	Average Loan	Total Value of Loans
Non-guaranteed loans	113	\$27,828	\$3,145,000
Guaranteed loans	86	\$17,623	\$1,515,000
Direct loans	94	\$3,234	\$304,000
Loans to businesses	3	\$61,700	\$185,000
Loans made prior to 1999	50	\$8,000	\$400,000
Grand Total	343	\$16,120	\$5,549,000,

ATLFA Funding

The Virginia Department of Rehabilitative Services (DRS) initially invested in the ATLFA by providing initial administrative, fiscal and auditing staff support in order to protect the limited funding base of the Authority. For the first four years of its existence, the ATLFA operated on the initial \$500,000 start-up appropriation it received in 1996. The ATLFA has been quite successful in identifying other funding; and in November of 2001, the ATLFA spun off from the DRS support and pays for all administrative expenses including rent, telecommunications, salaries, benefits, marketing costs, etc.

The ATLFA started quite slowly, but has enjoyed spectacular financial growth. This is due, in part, to the unprecedented collaboration among Virginia's disability agencies. Cooperation and collaboration among the ATLFA, DRS, the Department for the Blind and Vision Impaired, the Department for the Deaf and Hard of Hearing, the Woodrow Wilson Rehabilitation Center, and the Centers for Independent Living has reached new heights in the past few years. In our opinion, the collaboration has been developed and encouraged by the Disability Commission.

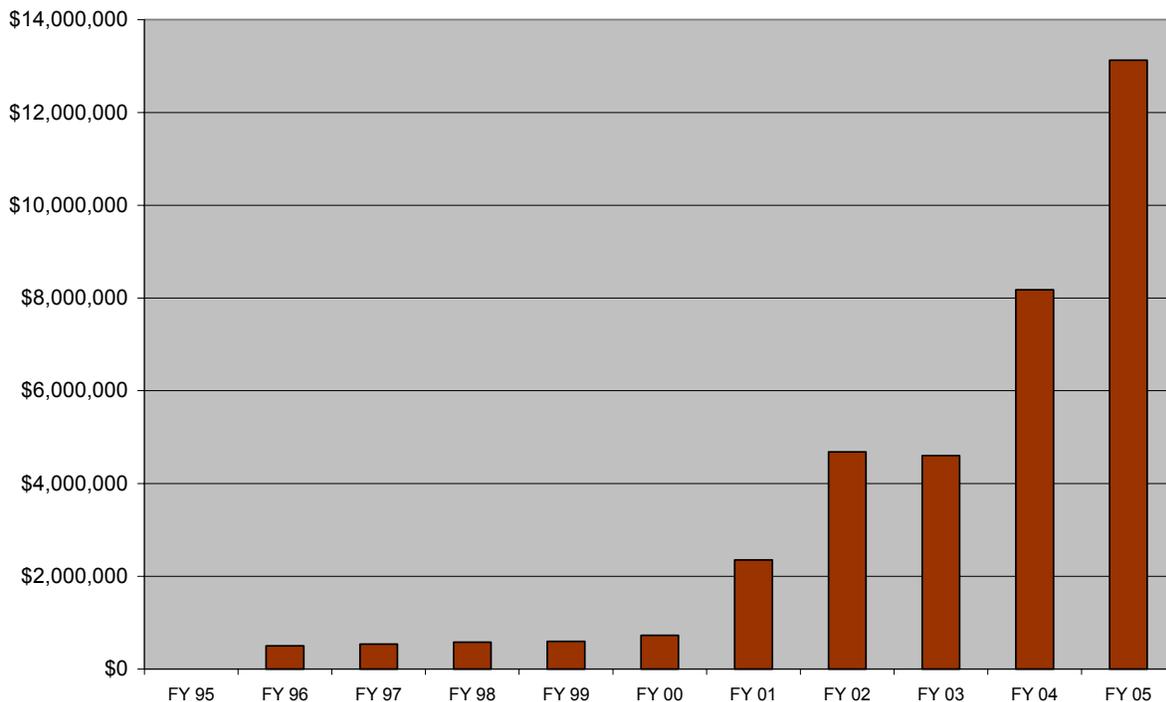
Federal grant funds have been available for states wishing to initiate or expand loan funds for people with disabilities four times. Competitive grants were issued by the US Department of Education in 2000, 2001 and 2003 for Alternative Finance Programs for assistive technology. In 2003 the Department of Education also issued a competitive grant for a Telework program for people with disabilities. In three of the competitions, Virginia's ATLFA received the largest grant award in the country. In the fourth, the ATLFA received the second largest award. In 2000 the ATLFA was awarded \$1,000,000; in 2001 \$2,400,000; in 2003 \$4,900,000 all from AFP awards and in 2003 \$2,500,000 in a Telework grant award.

The federal grants required a cash match in order to draw down federal funds; AFP funding required a \$1 to \$3 match, while Telework required a \$1 to \$9 match. Except for the \$400,000 appropriation in 2000, the ATLFA was unable to obtain state match money to apply for federal funds. The ATLFA was able to obtain the required non-federal match funds by collaborating with a number of partners in the disability community, including the following:

State Appropriation	1996 & 2000
Department of Rehabilitative Services	2000, 2003 & 2004
Commonwealth Neuro-Trauma Initiative	2003 & 2004
Children's Hospital	2003
Virginia Housing Development Authority	2004

As a result of both the state collaboration and generous grant awards from the US Department of Education, the Assistive Technology Loan Fund Authority now has cash assets exceeding \$13,000,000 and is self-supporting.

ATLFA Total Assets 1995-2005



The ATLFA is also giving back to the disability community by investing in the infrastructure necessary to assure quality services to families with a disabled member. Nearly \$1,000,000 has been spent or encumbered and will go into the disability community over a 2-year period:

Department of Rehab Services \$475,000

- VATS Regional Sites
- CAD Software for Rehab Engineers
- Rehab Engineer Tech – SW Virginia
- Purchase of AT Equipment – Woodrow Wilson Rehab Center
- Purchase of Computer Accommodation Lab Equipment

Children’s Hospital \$375,000

- Purchase of AT Equipment for Evaluation and Lending
- Purchase of OT/PT/ST Assessments

Centers for Independent Living \$100,000

- For Marketing of Telework Program

Prior State Appropriations

<u>Year</u>	<u>Amount</u>
1995	-0-
1996	\$500,000
1997	-0-
1998	-0-
1999	-0-
2000	\$400,000
2001	-0-
2002	-0-
2003	-0-
2004	-0-
2005	-0-

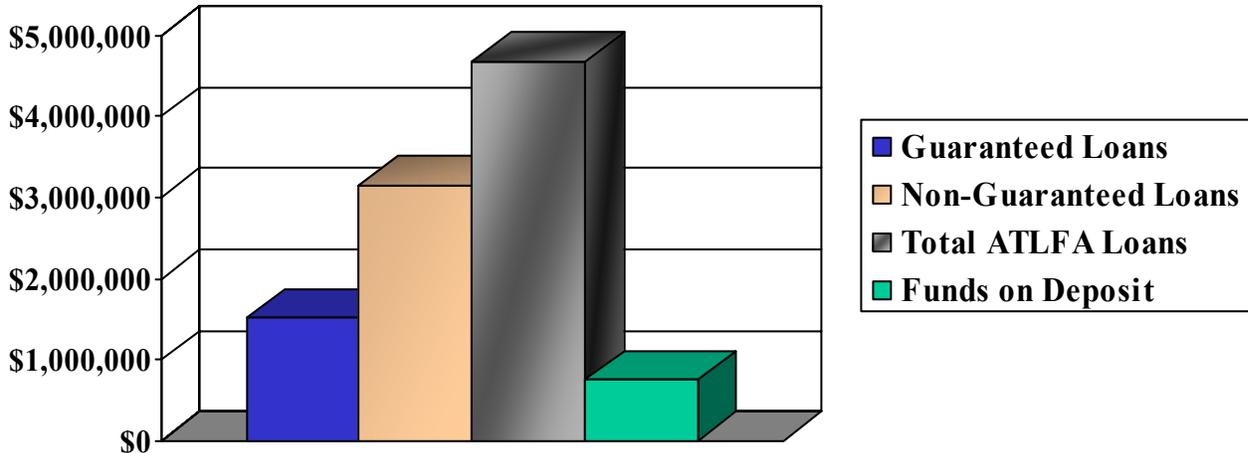
Leveraged Funds

One of the major successes that the ATLFA has accomplished is to work with private sector financial institutions to utilize their financial resources, thus significantly leveraging state funding. As stated earlier, since 1999 SunTrust Bank has made over \$3,000,000 in loans without an ATLFA guarantee while some \$1,500,000 in guaranteed loans have been made during that same period of time. What this means is that the financial exposure for 2/3 of the loans made in this program is only the cost of the interest rate buy-down. The benefits consumers receive of a lower monthly payment is due to the interest rate reduction as well as the negotiated longer terms with the financial institution.

The agreement with SunTrust Bank is that ATLFA place into deposit in interest bearing accounts \$1 for every \$2 in guaranteed loan balances. This means that if a loan balance of \$2,000,000 of non-guaranteed loans were in place with \$1,000,000 in guaranteed loans, the ATLFA would only be obligated to deposit \$500,000 to generate the \$3,000,000 in loans, or a 6 to 1 leveraging.

As the ATLFA currently has \$13,000,000; setting aside \$3,000,000 for administrative expenses, marketing costs, interest rate buy-down fees, funds for direct loans and emergency expenditures, the ATLFA could generate \$60,000,000 in loans through its financial partners.

CURRENT ATLFA LOAN PORTFOLIO



ATLFA's Future

The needs of Virginians with disabilities must drive the programs and services offered by disability service agencies. After ten years of operation it has become obvious that the ATLFA needs to broaden its scope to become Virginia's Disability Loan Fund. Citizens of the Commonwealth have indicated they require financing for many things beyond AT including accessible, affordable housing; transportation, and employment. Current federal funding has significant restrictions, thus the following areas of expansion would require state or private sector funding:

1. Aggressive marketing campaign including televised ads, to raise awareness of credit financing for AT devices, home and vehicle modifications. See attached Marketing Plan.

2. Home modification grants for families on fixed incomes (with DHCD).

As stated earlier, the Consumer Service Fund was established to serve low-income individuals needing AT equipment and services. The Housing Grant program funded by the Department of Housing and Community Development extends the CSF funding considerably. However, those funds are available only to residents of Planning Districts 1, 2, 3 and 4. The DHCD grant to the ATLFA is available on a one-time basis only. The \$350,000 that was awarded on November 1, 2004 will help retrofit many homes in Southwest Virginia and make them accessible. As of mid-December 2004, the ATLFA already had over \$100,000 in requests for that fund despite the fact that the press conference and program announcement for the program was not scheduled until early January 2005.

While grant programs are far more costly than revolving loan funds, it is essential that a continuum of services be offered to citizens of Virginia for home modifications. The ATLFA plans to identify additional funding, through the General Fund or elsewhere, to increase the availability of funding for home modifications. The ATLFA will work in conjunction with DRS, DHCD or by itself to obtain additional funding and to implement a grant program that will

operate in addition to its low-interest loan program and the 0% interest CSF loan program for families who are able to use their own resources for home modifications.

3. Accessible manufactured housing (mobile homes) financing (with VHDA).

The ATLFA and the Virginia Housing Development Agency (VHDA) are developing a financing program to assist qualified borrowers in acquiring and owning manufactured homes with special design features to promote accessibility and visitability for persons with disabilities. The plan will leverage the resources of the VHDA and ATLFA to offer affordable financing options for the purchase of manufactured units designed or modified to address special housing needs of the disability community. The combination of VHDA's below market financing and the funds provided by ATLFA will increase the affordability of these homes for low to moderate income households. The ATLFA will provide an interest rate reduction fee which will be used to reduce the interest rate charged to borrowers, or those same funds may be used to reduce the principal (or alternately applied to closing costs.) Most borrowers will need to purchase a double wide manufactured home in order to accommodate increased space needs of universal design. However, focus groups in Southwest Virginia indicated that there are a number of people who are on very limited incomes and cannot afford the monthly payments required for a double wide. For those families of one or two individuals, a single wide can be made accessible.

ATLFA and VHDA are looking for additional partners and additional funding in order to make the dream of accessible housing a reality to some low-income families. VHDA and the US Dept. of Agriculture may have programs that can be included in the program. However, a one-time state appropriation to one of the Authorities may be required to serve low-income and very-low income to the level necessary for implementation of the program state wide.

4. Hearing aid grants for infants and toddlers (with VDDHH).

Working in collaboration with the Virginia Department for the Deaf and Hard of Hearing (VDDHH), the ATLFA proposes a two-tiered approach to assist families with the financial burden associated with the purchase of hearing aids for children through age 5. Based on income, families could either apply for a no-interest loan through the Assistive Technology Loan Fund Authority or for a grant from the Children's Hearing Aid Fund (CHAF – to be established and administered by the ATLFA). The ATLFA has also administered the Consumer Service Fund (CSF), a fund of last resort for low-income Virginians with physical and sensory disabilities needing grants for assistive technology devices and services. However, the CSF typically receives \$4 in requests for every \$1 of available funding. Hearing aids are funded, however, CSF funding restrictions have only allowed about ¼ of all hearing aid requests to be funded. Many of those approved are for adults who require hearing aids for employment or independent living purposes.

The ATLFA currently provides low interest loans to individuals for the purchase of disability-related assistive technology. With an annual appropriation, the ATLFA would "buy down" the interest rate to zero to ensure maximum availability of no-interest loans to families with children needing hearing aids. In addition, ATLFA is prepared to administer a separate grant fund for children's hearing aids in a fashion similar to the existing Consumer Service Fund. The proposed Children's Hearing Aid Fund (CHAF) will provide grants to children for hearing aids and related services who do not qualify for assistance from any other state program, including the ATLFA loan program.

5. Loans to small businesses

The ATLFA initiated a pilot project for businesses that wish to purchase assistive technology devices enabling them to hire, or maintain in employment, people with disabilities. This pilot project also allows businesses to make ADA accessibility improvements in their businesses such as installation of ramps or electronic door openers, environmental controls, or to make restrooms fully accessible to their customers. Limited funding is available to the ATLFA for these purposes and the ATLFA is unable to guarantee loans to “mom and pop” operations or small non-profit organizations. A one-time appropriation would increase access to needed financing and improve accessibility to numerous small businesses and non-profit organizations.

7. Services to disabled veterans of the Iraq and Afghanistan conflicts.

The federal government provides a wide array of medical, financial, and vocational rehabilitation services to enlisted men and women who are injured in the line of duty. These include medical treatment, rehabilitative services, purchase of assistive technology devices, employment services, and so on. However, the Commonwealth’s Citizen-Soldier Commission has identified a number of gaps in services and lengthy delays in accessing those services. For example, the government will pay up to \$30,000 in home modifications; however, some homes cannot be modified without increasing the square footage of the home, which may take \$40-50,000. Depending on the circumstances of injury, the VA may pay for an initial prosthetic device, but not the permanent one that is required some months post injury.

There are state resources, such as the Consumer Service Fund, that veteran soldiers may apply for. However, the limited funding puts soldiers in direct competition with other (and perhaps more severely impaired) citizens with disabilities. The ATLFA believes that any Virginian severely injured while fighting to keep America free should at least have access to adaptive technology, home modifications and vehicle modifications without cost to him or her. The ATLFA would like to establish a grant program, the Veterans Service Fund, which might supplement federal (and other state) services to our disabled veteran enlisted men and women.

ATLFA Marketing Plan Alternative Finance Program & Telework Program

General Overview – The ATLFA/Telework marketing plan is designed to make identified market segments, as well as the general public, aware of the goals and mission of ATLFA, the opportunities it provides for disabled Virginians, the nature of the stakeholders relationships, and the positive role that ATLFA/Telework plays for favorable credit resources for disabled Virginians.

Key Questions

What are the audiences?
What do we want them to know?
How will they find out?
Who will tell them? How?
When will we do this?
Where will we do this/target geography?

The Plan

- 1) Market Analysis/Identifying Target Audience
 - a) Education
 - b) Business/Industry
 - c) Government
 - d) Parents, Civic Organizations, and Churches
 - e) General Public
 - f) Assistive Technology Suppliers
 - g) Disability Organizations (DRS, DBVI, DDHH, CILs and others)
 - h) Disabled Community
 - i) Seniors
 - j) Military
 - k) Healthcare/Hospitals
 - l) Potential Funders
 - m) TELEWORK (Employers, call centers, entrepreneurs, DRS)
- 2) Marketing Features
 - a) Concept
 - i) Low Interest Loans
 - ii) Longer Repayment Terms
 - iii) No Down Payment
 - iv) Favorable Credit
 - v) Free AT Assessments
 - vi) Consumer Counseling
 - vii) Helping Others
 - viii) TELEWORK (Working at home, remain employed, expansion, increase income, back to work and prevent job loss)
 - b) Message to all Stakeholders and Target Audiences
 - c) Logo
 - d) Tag line/Motto “Helping Virginians with Disabilities”
 - e) Consistency/Branding identity
 - f) End Result
- 3) Goals of the Campaign
 - a) Make all audiences aware of ATLFA and its benefits
 - b) Create a positive image for ATLFA
 - c) Review and redevelop marketing materials where needed
 - d) Provide consistency in all marketing materials
 - e) Involve other stakeholders in the marketing delivery system
- 4) Methods and Strategies for each Audience
 - a) Radio
 - b) Formal Presentations/Conferences
 - c) Displays
 - d) Materials (give-aways, buttons, posters, brochures)
 - e) Audio/Visuals (CD, videos)
 - f) Website (email, other links, list serve)
 - g) Television (Human Interest Stories)
 - h) Billboards
 - i) Assistive Technology Demo Room (hearing, visual, mobility)
 - j) Sponsorship (Ms. Wheelchair Virginia pageant)