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**Report to the Joint Standing Committees
on
Labor, Commerce, Research and Economic Development
and
Health and Human Services**

Submitted by
The Advisory Committee on Family Development Accounts
March 1, 2014

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February 25, 2014

Senator John L. Patrick, Senate Chair
Representative Erin D. Herbig, House Chair
Joint Standing Committee on Labor, Commerce, Research and Economic Development
100 State House Station
Augusta, ME 04333

Senator Margaret M. Craven, Senate Chair
Representative Richard R. Farnsworth, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Dear Senators Patrick and Craven and Representatives Herbig and Farnsworth:

I am pleased to present to the Joint Standing Committee on Labor, Commerce, Research and Economic Development and the Joint Standing Committee on Health and Human Services the Annual Report of the Advisory Committee on Family Development Accounts, as required pursuant to 10 M.R.S.A. §1079.

If you so desire, we would be happy to address the Committees to discuss the content of the report and any other aspects of the Family Development Account Program. Please contact Janeen Violette at the Finance Authority of Maine at 620-3519 or me at Maine State Housing Authority at 626-4600 or via email at jviolette@famemaine.com or llevesque@mainehousing.org should you have any questions or if you would like to arrange discussion of the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Levesque", written in a cursive style.

Lisa Levesque, Chairperson
Advisory Committee on Family
Development Accounts

Enclosure

JUL 25 2014

This report fulfills the requirements of 10 MRSA § 1079(3), which requires the Advisory Committee on Family Development Accounts (the "Advisory Committee") to report on its activities annually by March 1 to the Joint Standing Committees on Labor, Commerce, Research and Economic Development, and Health and Human Services. The membership roster of the Advisory Committee is attached.

About the Program

In 2013, 91 income-eligible Maine individuals saved toward a major asset purchase through the Family Development Account ("FDA") program. Account holders saved toward the goal of buying a home, starting a small business, or paying for college classes. In addition to establishing a routine of regular saving, FDA participants gained skills by attending financial education classes. Before making a purchase, account holders completed asset-specific training such as homebuyer education, small business training, or career/education planning sessions.

The FDA program enables low-income individuals to establish savings accounts that will be used for targeted purposes. Participating individuals establish a savings account at a participating financial institution to be used toward their identified goal. These savings will be matched, generally at a 2:1 ratio, by public or private contributions when withdrawn to meet the savings goal. In 2013, matches were made at a 2:1 ratio in some instances and at a 4:1 ratio in others.

Individuals who are eligible for Temporary Assistance for Needy Families (TANF) or the Earned Income Tax Credit usually qualify to open an FDA. Based on 200% of the 2013 Federal Poverty Levels, household income must be at or below \$22,980 for one person; \$31,020 for two people; and \$39,060 for three people, etc.

Education and microenterprise participants can save up to \$1,000 in an FDA for a maximum match of \$4,000. Home ownership participants can save up to \$2,000 in an FDA for a maximum match of \$8,000. The greatest amount of match a saver can earn is \$8,000, and the total of savings plus match is \$10,000.

Individuals usually participate in the program for a period of six months to three years. Length of participation depends upon the identified savings goal and how much an individual saves each month. In order to obtain the match, an individual must save for a minimum of six months.

Individuals interested in participating begin by working with a local Community Development Organization ("CDO"), which assists them with the process and informs them of participating financial institutions. The program is designed to support goals that will contribute toward the building of assets and lifelong savings behavior for participating individuals. Eligible uses of an FDA under current Maine statute are:

- (1) Expenses for education or job training or to attend an accredited or approved postsecondary education or training institution;
- (2) The purchase of a home which is or will be used as the account holder's principal residence and in compliance with standards set by the CDO approving the withdrawal;
- (3) The repair of the account holder's principal residence;
- (4) The purchase or repair of a vehicle used for transportation to work or to attend an education or training program;

- (5) Expenses for an emergency that may cause the loss of shelter, employment or other basic necessities;
- (6) Capital to start a small business for any family member who is 18 years of age or older; or
- (7) Health care costs exceeding \$500 not covered by public or private insurance.

CDO's utilizing federal match dollars in the administration of an FDA are currently limited to matching only items 1, 2 and 6 above.

In 2013, an average monthly savings contribution was \$81.24, average length of time account held was 25 months, average savings amount was \$1,420.00, and average match was \$5,679.00. There are currently 91 open accounts (53 home ownership, 21 business, and 17 education). Since the beginning of the FDA program in 2000, 251 accounts have been completed (96 home ownership, 95 business, and 60 education). 165 accounts have withdrawn from the program without match (121 home ownership, 24 business, and 20 education).

Administration of the Program

The FDA program is administered by the Finance Authority of Maine (the "Authority").

The Advisory Committee met two times in 2013.

At their meeting on February 15, 2013, the Advisory Committee reviewed and edited the annual report, received information regarding Penquis CAP as the lead state agency for advocacy for the FDA Program and recommendations on the CFED Scorecard, and discussed committee membership.

On October 16, 2013, the Advisory Committee reviewed the CFED Scorecard, discussed committee membership, and listened to a presentation by Mary Dyer, FAME's Education Specialist and Richard Whitehouse, FAME's Vista Volunteer regarding support and marketing efforts concerning the FDA Program.

As of December 31, 2013, the following Community Development Organizations were contracted to administer Family Development Accounts, and work together as the Maine Family Development Account Coalition ("Coalition") except as noted below:

Aroostook Community Action Program (ACAP)
Coastal Enterprises, Inc. (CEI)*
Community Concepts, Inc. (CCI)
Maine Centers for Women, Work & Community (MCWWC)
Midcoast Maine Community Action (MMCA)
Penquis Community Action Program (PCAP) *(now includes Knox County)*
Washington-Hancock Community Agency (WHCA)
Western Maine Community Action (WMCA)
York County Community Action Corporation (YCCAC)

*CEI operates an independent program, outside of the Coalition. CEI operates its program in accordance with federal law as opposed to state law and therefore, its activity is not included in this report.

As of December 31, 2013, the following financial institutions have been certified to administer FDA program accounts:

Androscoggin Savings Bank
Bangor Savings Bank
Bar Harbor Banking & Trust Co.
Bath Savings Institution
Camden National Bank
Capital Area Federal Credit Union
Casco Federal Credit Union
Community Credit Union

Franklin Savings Bank
Kennebec Savings Bank
KSW Federal Credit Union
Machias Savings Bank
Maine Savings Federal Credit Union
Norway Savings Bank
Sanford Institution for Savings
TD Bank
The Bank of Maine
The First, N.A.

The following individuals and/or organizations contributed to FDA matching funds in 2013:

Henry A. R. Litz, MD & Marilyn Litz
Katherine White
John T. Gorman Foundation
The Worthington Foundation

Aggregate contributions for 2013: \$255,500

Aggregate contributions for 2012: \$3,300

Individual contributors may be eligible to receive a tax credit equal to the lower of \$25,000 or 50% of the amount contributed. The Authority may issue tax credit certificates up to \$200,000 in the aggregate in each fiscal year. In FY 2013, the Authority issued \$2,750 in tax credit certificates.

In 2014 the Advisory Committee will focus on working with the FDA Coalition to: 1) direct efforts towards increasing matching funds; 2) participate in free education webinars offered through AFI, and explore other educational opportunities for committee members relevant to the FDA Program; and 3) provide program guidance to the Coalition Steering Committee.

The attached charts following the membership roster outline FDA activity during 2013 with comparison to two prior years.

Advisory Committee on Family Development Accounts

Member's Name	Appt. Date	Exp. Date	Appointing Authority	Membership Requirements
Lisa Levesque Maine State Housing Authority	<i>Ex officio</i>	<i>Ex officio</i>	Governor of Maine	Chair; Representative of the Maine State Housing Authority
Beth Hamm Department of Health and Human Services	<i>Ex officio</i>	<i>Ex officio</i>	Governor of Maine	Representative of the Department of Health and Human Services
Marie Charest Kennebec Savings Bank	11/01/2013	10/31/2016	Governor of Maine	Representative of a financial institution participating in the program
Frederick Cunningham The Bank of Maine	11/13/2013	11/12/2016	Governor of Maine	Representative of a financial institution participating in the program
Vacant			Speaker of the House	An account holder or person who is eligible to be an account holder
Vacant			Speaker of the House	Representative of a contributor of matching funds to the program
Vacant			Speaker of the House	Representative of a contributor of matching funds to the program
Jean Dempster Maine Centers for Women, Work & Community	02/22/2010	02/21/2013*	Speaker of the House	Representative of a Community Development Organization
Charles Kennedy KeyBank, N.A.	03/18/2010	03/17/2013*	President of the Senate	Representative of a contributor of matching funds to the program
Vacant			President of the Senate	Representative of a statewide Community Development Foundation
Vacant			President of the Senate	An account holder or person who is eligible to be an account holder
Shannon Bonsey Penquis	11/13/2009	11/12/2012*	President of the Senate	Representative of a Community Development Organization

* Reappointments pending.

Family Development Accounts
Transaction Activity
January 1 - December 31, 2013

Participating Agency	Number of Accounts Open	Total Number of Withdrawals * (partial or complete)	Total # Withdrawals with Match *	Withdrawals by Asset Goal	Total # Withdrawals without Match **	Value of Account Withdrawals	
						Account Holder Savings	Match Amount
Aroostook County Community Action Program (ACAP)	5	0	0		0	\$0.00	\$0.00
Community Concepts, Inc. (CCI)	1	3	0	Business (3)	1	\$637.95	\$2,551.77
Maine Centers for Women, Work & Community (MCWWC)	37	38	1	Home Ownership (4); Business (21); Education (12)	20	\$14,967.34	\$57,869.36
Midcoast Maine Community Action	2	1	0	Business (1)	1	\$1,000.00	\$4,000.00
Penquis Community Action Program (PCAP)	39	25	1	Home Ownership (9); Business (5); Education (10)	12	\$22,060.87	\$87,043.47
Washington-Hancock Community Agency (WHCA)	2	0	0		0	\$0.00	\$0.00
Western Maine Community Action (WMCA)	3	1	0	Business (1)	1	\$176.85	\$707.40
York County Community Action Corp. (YCCAC)	2	2	0	Home Ownership (2)	2	\$2,460.59	\$13,842.36
TOTAL OF ALL AGENCIES:	91	70	2	Home Ownership (15); Business (31); Education (22)	37	\$41,303.60	\$166,014.36
						includes total of all individual savings	includes dollar amount applied only to matched withdrawals

* FDAs with certain asset goals may make multiple partial withdrawals throughout their identified savings goal timeframe.

** Reasons for withdrawal without match vary and include loss of employment, divorce or a move.

Family Development Accounts
Account Activity per Community Development Organization

Participating Agency	2013				2012			
	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions
Aroostook County Community Action Program (ACAP)	1	5	\$5,124.99	\$20,499.96	4	5	\$2,747.44	\$10,989.76
Community Concepts, Inc. (CCI)	0	1	\$1,000.00	\$4,000.00	0	1	\$1,000.00	\$9,920.52
Maine Centers for Women, Work & Community (MCWWC)	10	37	\$39,877.88	\$159,511.52	17	46	\$29,079.41	\$116,317.64
Midcoast Maine Community Action	3	2	\$1,166.06	\$4,664.24	2	2	\$558.23	\$2,232.92
Penquis Community Action Program (PCAP)	13	39	\$33,138.13	\$132,552.52	35	51	\$33,007.50	\$132,030.00
Washington-Hancock Community Agency (WHCA)	0	2	\$2,721.83	\$10,887.32	1	1	\$1,303.73	\$5,214.92
Western Maine Community Action (WMCA)	0	3	\$3,000.00	\$12,000.00	1	3	\$1,592.39	\$6,369.56
York County Community Action Corp. (YCCAC)	0	2	\$2,684.33	\$10,737.32	0	4	\$5,093.56	\$20,374.24
TOTAL OF ALL AGENCIES:	27	91	\$88,713.22	\$354,852.88	60	113	\$74,382.26	\$303,449.56

Family Development Accounts

Account Activity per Financial Institution

	2013		2012		2011	
Financial Institution	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	5	\$4,792.93	7	\$4,728.81	7	\$3,040.97
Bangor Savings Bank	21	\$20,295.48	23	\$12,345.81	25	\$15,910.89
Bar Harbor Banking & Trust Co.	1	\$166.06	0	\$0.00	2	\$2,002.00
Bath Savings Bank	2	\$1,166.00	2	\$643.28	4	\$2,989.00
Camden National Bank	8	\$6,150.37	10	\$854.35	3	\$2,086.34
Capital Area FCU	0	\$0.00	0	\$0.00	0	\$0.00
Casco FCU	3	\$3,291.28	3	\$235.62	1	\$83.00
Franklin Savings Bank	5	\$8,000.41	6	\$7,570.14	4	\$5,792.91
Kennebec Savings Bank	0	\$0.00	2	\$1,664.12	1	\$332.00
KSW Federal Credit Union	0	\$0.00	0	\$0.00	1	\$45.00
Machias Savings Bank	3	\$1,591.04	4	\$3,660.41	6	\$2,353.93
Maine Savings FCU	8	\$6,242.28	10	\$2,531.61	5	\$420.00
Norway Savings Bank	6	\$5,308.11	8	\$8,929.18	11	\$5,853.00
Sanford Institution for Savings	2	\$2,684.33	4	\$6,061.35	5	\$4,009.52
TD Bank	16	\$16,698.24	21	\$18,784.74	18	\$15,860.39
The Bank of Maine	10	\$11,326.69	11	\$4,040.74	11	\$3,313.46
The First, N.A.	1	\$1,000.00	2	\$2,332.10	3	\$553.70
TOTAL:	91	\$88,713.22	113	\$74,382.26	107	\$64,646.11

Total Number of Families Served in 2013: **91**

Total Dollars Saved in 2013: **\$88,713.22**