

MAINE STATE LEGISLATURE

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February 23, 2024

Senator Chip Curry, Senate Chair
Representative Tiffany Roberts, House Chair
Joint Standing Committee on Innovation, Development, Economic Advancement and Business
100 State House Station
Augusta, ME 04333

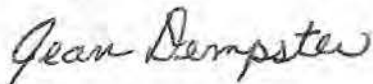
Senator Joe Baldacci, Senate Chair
Representative Michele Meyer, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04330

Dear Senators Curry and Baldacci and Representatives Roberts and Meyer:

I am pleased to present to the Joint Standing Committee on Innovation, Development, Economic Advancement and Business 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 20-A MRSA § 10985(3)

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 me by phone or email should you have any questions or if you would like to arrange for a discussion of the report.

Sincerely,

A handwritten signature in cursive script that reads "Jean Dempster".

Jean Dempster, Chair
Advisory Committee on Family Development Accounts
Phone: 207-621-3434
Email: dempster@maine.edu

Enclosure

**Report to the Joint Standing Committees
on
Innovation, Development, Economic Advancement and Business
and
Health and Human Services**

Submitted by
The Advisory Committee on Family Development Accounts
February 23, 2024

This report fulfills the requirements of 20-A MRSA § 10985(3) which requires the Advisory Committee on Family Development Accounts (“Advisory Committee”) to report on its activities annually by March 1 to the Joint Standing Committees on Innovation, Development, Economic Advancement and Business, and Health and Human Services. The membership roster of the Advisory Committee is attached.

About the Program

As of December 31, 2023, there were 83 income-eligible Maine individuals saving toward a major asset purchase through the Family Development Account (FDA) program. From the beginning of the program, account holders saved toward the goal of buying a home, starting a small business, or paying for college classes. Beginning in August 2016, additional goals were available to households with a minor child:

- Major home repair for principal residence
- Vehicle purchase of a vehicle to be used for transportation to work or to attend an education or training program
- Vehicle repair of a vehicle used for transportation to work or to attend an education or training program
- Emergency savings for expenses that may cause loss of shelter, employment, or other necessities.

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 4:1 ratio, by public or private contributions when withdrawn to meet the savings goal. In 2023, all matches were made at a 4:1 ratio.

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 2023 Federal Poverty Levels, household income must be at or below \$29,160 for one person; \$39,440 for two people; and \$49,720 for three people, etc.

Microenterprise participants can save up to \$500 in an FDA for a maximum match of \$2000. For home ownership, the maximum savings is between \$1,000 and \$2,000 with a maximum match of \$4,000 to \$8,000. The greatest amount of match a saver can earn is \$8,000, and the maximum total of savings plus match is \$10,000.

The length of participation depends upon the identified savings goal and the amount an individual agrees to save each month. In order to obtain the match, an individual must save for a minimum of 180 days.

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. The Maine Family Development Account Coalition (MFDAC) steering committee, made up of representatives of six member CDOs, meets six times per year to coordinate FDA activities

and to share best practices. CDOs provide outreach, process applications, approve accounts, and provide financial education and asset-specific training for account holders. The Penquis Finance Coaching and Savings Coordinator offered technical assistance and professional development sessions to CDOs throughout the year.

Eligible uses of the 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 FDA fiscal administrator.
- (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;
- (7) Health care costs exceeding \$500 not covered by public or private insurance.

All of the seven assets listed are eligible for matching funds, depending on the current availability of match funds targeted for each asset. Maine DHHS-funded matched dollars are currently limited to items 2, 3, 4 and 5 above. Maine State Housing Authority-funded matched dollars are limited to item 2 above. John T. Gorman matched dollars are currently limited to 2, 3, 4 and 5 above. Wicklow fund matched dollars are currently limited to item 6 above.

In 2023, the average monthly savings contribution for participants graduating from the program was \$1287.67. For accounts that were open during 2023, the average length of time that the accounts had been open was 47 months. Most of these account holders were impacted by COVID and are still recovering. The average amount saved was \$978.49.

17 participants completed Financial Literacy Education and Asset Specific Education to make match withdrawals in 2023. Depending on the goal, the match could be up to \$2000 or \$4000, and for some home purchase accounts, the match could be up to \$8000. As of 12/31/23, there are 83 open accounts: 21 home ownership, 1 business, 32 vehicle purchase, 6 vehicle repair, 4 home repair, and 19 emergency savings.

In 2023 we had 15 participants graduate from the FDA Program with purchasing their specified asset goal. Of the 15 graduates, the following were their asset purchases: 2 home ownership, 1 home repair, 8 vehicle purchase, 2 vehicle repair and 2 emergency savings.

Administration of the Program

The oversight of the FDA Program is provided by the University of Maine System / New Ventures Maine. The fiscal administration of the program continues to be provided by Penquis CAP.

The statewide Advisory Committee on FDAs met three times in 2023. All meetings included updates from member organizations and program reports from Penquis.

At a work session meeting on Feb 21, 2023, the Advisory Committee reviewed and edited the annual report.

At the meeting on May 17, 2023 the members discussed updating some of the guidelines in the financial institution agreements so that we could get updated agreements from each of the participating financial institutions.

At the meeting on December 12, 2023 the members shared updates from their organizations, heard reports on existing grants providing match funds.

The contract with Maine Department of Health and Human Services (DHHS) with an original contract effective date of 6/1/2021, and an end date of 6/30/2023, was extended to 6/30/2025. The contract includes funds not yet disbursed from the prior contract along with additional funds for a total of \$836,000.00 in support received by DHHS for the development of future accounts.

Additional match funding was received from Maine State Housing Authority effective May 2023, in the amount of \$50,000 for home ownership accounts.

Goals

Proposed goals for 2024:

In 2024, the Advisory Committee on FDAs will focus on working with the Maine FDA Coalition (MFDAC) steering committee members to:

- 1) Explore ways to engage partners to support, fund, and expand the FDA program.
- 2) Provide technical assistance and support to CDOs managing FDAs. Develop strategies to assist participants with the home buying and vehicle purchase process.
- 3) Increase outreach to new potentially eligible families and communities to broaden awareness of the FDA Program. Utilize other community agencies for expanded outreach.
- 4) Continue to recruit new committee members and complete the nomination and approval process.

As of December 31, 2023, the following Community Development Organizations were contracted to administer Family Development Accounts, and work together as the Maine Family Development Account Coalition (MFDAC) except as noted below:

Aroostook Community Action Program (ACAP)
Downeast Community Partners (DCP)
Midcoast Maine Community Action (MMCA)
New Ventures Maine (NVME)
Penquis Community Action Program (PCAP)
York County Community Action Corporation (YCCAC)

As of December 31, 2023, the following financial institutions have been certified to administer FDA program accounts:

Androscoggin Savings Bank	KSW Federal Credit Union
Bangor Savings Bank	Machias Savings Bank
Bar Harbor Banking & Trust Co.	Maine Savings Federal Credit Union
Bath Savings Institution	Partners Bank
Camden National Bank	NorState Federal Credit Union
Capital Area Federal Credit Union	Norway Savings Bank
Casco Federal Credit Union	TD Bank
Franklin Savings Bank	The First, N.A.
Kennebec Savings Bank	

The attached charts following the membership roster outline FDA activity during 2023 with comparison to two prior years.

Family Development Accounts
Account Activity per Community Development Organization

Participating Agency	2023				2022				2021			
	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	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions
Aroostook County Action Program (ACAP)	0	4	\$3016.52	\$12,000.00	0	4	\$5015.91	\$20,063.64	0	4	\$5013.00	\$20,000.00
Downeast Community Partners (DCP)	0	1	\$88.00	\$352.00	0	1	\$88.00	\$352.00	0	2	\$2119.00	\$8476.00
Midcoast Maine Community Action (MMAC)	0	1	\$2006.70	\$4000.00	0	1	\$2006.08	\$8024.32	0	2	\$4289.51	\$8000.00
New Ventures Maine (NVME)	12	60	\$49,193.30	\$168,837.64	8	62	\$44,500.88	\$178,003.52	2	59	\$45,285.16	\$161,277.52
Penquis Community Action Program (PCAP)	0	19	\$23,540.61	\$68,033.70	0	36	\$41,570.69	\$166,282.76	3	42	\$46,724.01	\$167,225.28
York County Community Action Corp. (YCCAC)	1	18	\$16,089.98	\$49,239.76	3	22	\$17,342.59	\$69,370.36	1	22	\$16,885.24	\$59,615.44
TOTAL OF ALL AGENCIES:	13	103	\$93,935.11	\$302,463.10	11	128	\$110,524.15	\$442,096.60	6	131	\$120,315.92	\$420,595.24

Family Development Accounts
Transaction Activity
January 1 - December 31, 2023

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 Action Program (ACAP)	4	1	0	1 – Vehicle Purchase	1	\$90.59	\$0.00
Downeast Community Partners (DCP)	0	0	0	0	0	\$0.00	\$0.00
Midcoast Maine Community Action (MMCA)	1	0	0	0	0	\$0.00	\$0.00
New Ventures Maine (NVME)	60	17	17	8 -Vehicle Purchase 3 -Vehicle Repair 3 - Home Repair 3 - Emergency Savings	0	\$10,689.28	\$42,757.12
Penquis Community Action Program (PCAP)	19	4	2	2– Vehicle Repair 1-Emergency Savings 1-Home Purchase	2	\$2511.42	\$2041.98
York County Community Action Corp. (YCCAC)	18	4	2	2-Home Ownership 1-Home Repair 1-Emergency Savings	2	\$3554.64	\$12,000.00
TOTAL OF ALL AGENCIES:	103	26	21	3 - Home Ownership 0 - Micro 4 - Home Repair 9 - Vehicle Purchase 5 -Vehicle Repair 5 - Emergency Savings	3	\$16,845.93	\$56,799.10
* 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.						includes total of all individual savings	includes dollar amount applied only to matched withdrawals

Family Development Accounts

Account Activity per Financial Institution

Financial Institution	2023		2022		2021	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	10	\$4803.11	12	\$6798.20	1 2	\$6798.20
Bangor Savings Bank	29	\$26,480.28	35	\$27,812.31	3 4	\$33,555.04
Bar Harbor Banking & Trust Co.	1	\$88.00	1	\$88.00	1	\$88.00
Bath Savings Bank	5	\$6671.85	5	\$7319.50	7	\$9369.96
Camden National Bank	6	\$4126.38	13	\$8819.96	1 4	\$9008.13
Capital Area Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Casco FCU	0	\$0.00	0	\$0.00	0	\$0.00
Franklin Savings Bank	1	\$1077.55	1	\$1077.18	2	\$2077.16
Kennebec Savings Bank	0	\$0.00	0	\$0.00	0	\$0.00
KSW	0	\$0.00	0	\$0.00	1	\$1603.01
Machias Savings Bank	7	\$9438.46	10	\$12,708.31	5	\$9846.59
Maine Savings FCU	2	\$1935.29	4	\$4998.06	7	\$8329.96
NorState Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Norway Savings Bank	11	\$9607.70	10	\$7748.02	6	\$5361.47
Partners Bank	18	\$16,089.98	22	\$17,342.59	2 2	\$16,885.24
TD Bank	12	\$11,611.96	13	\$12,807.49	1 7	\$14,250.75
The First, N.A.	1	\$2004.55	2	\$3004.53	3	\$3142.41
TOTAL:	103	\$93,935.11	128	\$110,524.15	131	\$120,315.92

Total Number of Families Served in 2023: 103

Total Dollars Saved in 2023: \$93,935.11