

MAINE STATE LEGISLATURE

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February 29, 2016

Senator Amy F. Volk, 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 Eric L. Brakey, Senate Chair
Representative Drew Gattine, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Dear Senators Volk and Brakey and Representatives Herbig and Gattine:

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 Accounts Program. Please contact Janeen Violette at the Finance Authority of Maine at 620-3550 or me at Kennebec Savings Bank at 207-622-5801 or via email at jviolette@famemaine.com or MCharest@kennebecsavings.com should you have any questions or if you would like to arrange discussion of the report.

Sincerely,

Marie Charest, Chairperson
Advisory Committee on Family
Development Accounts

Enclosure



**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, 2016

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 2015, 79 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 2015, 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 2015 Federal Poverty Levels, household income must be at or below \$23,540 for one person; \$31,860 for two people; and \$40,180 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 2015, an average monthly savings contribution was \$52.20, average length of time account held was 25 months, average savings amount was \$1,305.00, and average match was \$5,220.00. There are currently 79 open accounts (49 home ownership, 14 business, and 16 education). Since the beginning of the FDA program in 2000, 327 accounts have been completed (125 home ownership, 119 business, and 83 education). 196 accounts have withdrawn from the program without match (141 home ownership, 31 business, and 24 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 2015.

At their meeting on February 11, 2015, the Advisory Committee reviewed and edited the annual report. With Chair Levesque's impending retirement, a new Chair was elected. Marie Charest will assume the position. Membership vacancies were also discussed.

At the October 21, 2015 meeting, two new Committee members were in attendance: Laurie Glidden representing the Maine State Housing Authority and Patti Thibeault representing a FDA participating financial institution. National updates on the CFED Assets and Opportunity Scorecard for Maine were shared. Maine scored a 10 in Outcome Rank and 7 in Policy Rank. Beth Hamm, representative of the Department of Health and Human Services announced that the Maine Legislature approved, for fiscal year 2016-17 and annually thereafter, use of \$500,000 in funds provided to DHHS under the Temporary Assistance for Needy Families (TANF) block grant "to promote financial literacy and healthy savings habits of families with income less than 200% of the federal poverty guidelines through the placement of funds in family development accounts established pursuant to Title 10, chapter 110, subchapter 4-A". Membership vacancies were also discussed.

As of December 31, 2015, 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)
New Ventures Maine – (formerly known as Maine Centers for Women, Work & Community (MCWWC))
Midcoast Maine Community Action (MMCA)
Penquis Community Action Program (PCAP)
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, 2015, the following financial institutions have been certified to administer FDA program accounts:

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

*on 10/16/2015 The Bank of Maine was acquired by Camden National Bank

The following individuals and/or organizations contributed to FDA matching funds in 2015:

Henry A. R. Litz, MD & Marilyn Litz
John T. Gorman Foundation

Aggregate contributions for 2015:	\$200,500
Aggregate contributions for 2014:	\$5,500
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 2015, the Authority issued \$250.00 in tax credit certificates. The tax credit was repealed for tax years beginning January 1, 2016.

In 2016 the Advisory Committee will focus on working with the FDA Coalition to: 1) ensure policies and procedures are drafted to effectively manage the TANF Block grant matching funds referenced earlier within this report; 2) fill membership vacancies; and, 3) explore educational opportunities for committee members relevant to the FDA program.

The attached charts following the membership roster outline FDA activity during 2015 with comparison to two prior years.

Advisory Committee on Family Development Accounts

Member's Name	Appt. Date	Exp. Date	Appointing Authority	Membership Requirements
Laurie Glidden 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
Patti Thibeault Sanford Institution for Savings	03/12/2015	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 New Ventures Maine (fka MCWWC)	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, 2015**

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)	1	1	1	Home Ownership (1)	0	\$2,000.00	\$8,000.00
Community Concepts, Inc. (CCI)	1	1	1	Business (1)	0	\$1,000.00	\$4,000.00
New Ventures Maine (fka MCWWC)	29	25	9	Home Ownership (6) Business (7) Education (6)	1	\$23,271.42	\$63,561.68
Midcoast Maine Community Action	1	1	1	Home Ownership (1)	0	\$2,000.00	\$8,000.00
Penquis Community Action Program (PCAP)	38	17	9	Home Ownership (6) Business (4) Education (6)	1	\$14,445.83	\$56,983.32
Washington-Hancock Community Agency (WHCA)	0	1	1	Business (1)	0	\$1,000.00	\$4,000.00
Western Maine Community Action (WMCA)	0	1	1	Education (1)	0	\$508.45	\$2,033.80
York County Community Action Corp. (YCCAC)	9	3	3	Home Ownership (2) Education (1)	0	\$4,000.00	\$16,000.00
TOTAL OF ALL AGENCIES:	79	50	26	Home Ownership (16) Business (13) Education (14)	2	\$48,225.70	\$162,578.80
						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	2015				2014				2013			
	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)	1	1	\$100.00	\$400.00	1	2	\$400.68	\$1,602.72	1	5	\$5,124.99	\$20,499.96
Community Concepts, Inc. (CCI)	0	1	\$415.00	\$1,660.00	0	1	\$71.56	\$286.24	0	1	\$1,000.00	\$4,000.00
New Ventures Maine (fka MCWWC)	10	29	\$26,943.61	\$107,774.44	14	36	\$36,874.89	\$147,499.56	10	37	\$39,877.88	\$159,511.52
Midcoast Maine Community Action	0	1	\$2,000.00	\$8,000.00	1	2	\$2,905.98	\$11,623.92	3	2	\$1,166.06	\$4,664.24
Penquis Community Action Program (PCAP)	21	38	\$25,804.35	\$103,217.40	12	31	\$22,587.57	\$90,350.28	13	39	\$33,138.13	\$132,552.52
Washington-Hancock Community Agency (WHCA)	0	0	\$0.00	\$0.00	0	1	\$1,000.00	\$4,000.00	0	2	\$2,721.83	\$10,887.32
Western Maine Community Action (WMCA)	0	0	\$0.00	\$0.00	0	2	\$878.87	\$3,515.48	0	3	\$3,000.00	\$12,000.00
York County Community Action Corp. (YCCAC)	8	9	\$4,960.92	\$19,843.68	3	4	\$2,994.44	\$11,977.76	0	2	\$2,684.33	\$10,737.32
TOTAL OF ALL AGENCIES:	40	79	\$60,223.88	\$240,895.52	31	79	\$67,713.99	\$270,855.96	27	91	\$88,713.22	\$354,852.88

Family Development Accounts

Account Activity per Financial Institution

Financial Institution	2015		2014		2013	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	6	\$5,425.68	9	\$7,279.07	5	\$4,792.93
Bangor Savings Bank	21	\$18,849.51	19	\$13,352.50	21	\$20,295.48
Bank of Maine (acquired by Camden National Bank Oct. 2015)	2	\$3,135.49	4	\$3,513.55	10	\$11,326.69
Bar Harbor Banking & Trust Co.	0	\$0.00	1	\$168.09	1	\$166.06
Bath Savings Bank	2	\$866.62	4	\$2,552.03	2	\$1,166.00
Camden National Bank	10	\$7,053.78	7	\$6,875.31	8	\$6,150.37
Casco FCU	2	\$2,219.68	3	\$4,217.90	3	\$3,291.28
Franklin Savings Bank	0	\$0.00	2	\$1,927.22	5	\$8,000.41
Kennebec Savings Bank	1	\$1,193.36	1	\$370.06	0	\$0.00
Machias Savings Bank	7	\$917.93	4	\$1,705.87	3	\$1,591.04
Maine Savings FCU	2	\$605.25	3	\$1,260.09	8	\$6,242.28
Norway Savings Bank	2	\$2,303.27	5	\$5,683.78	6	\$5,308.11
Sanford Institution for Savings	9	\$4,960.92	4	\$2,994.44	2	\$2,684.33
TD Bank	10	\$8,207.25	11	\$13,794.38	16	\$16,698.24
The First, N.A.	5	\$4,485.14	2	\$2,020.00	1	\$1,000.00
TOTAL:	79	\$60,223.88	79	\$67,713.99	91	\$88,713.22

Total Number of Families Served in 2015: 79

Total Dollars Saved in 2015: **\$60,223.88**