

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

**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, 2018

March 1, 2018

Senator Amy Volk, Senate Chair  
Representative Ryan Fecteau, House Chair  
Joint Standing Committee on Labor, Commerce, Research and Economic Development  
100 State House Station  
Augusta, ME 04333

Senator Eric Brakey, Senate Chair  
Representative Patricia Hymanson, House Chair  
Joint Standing Committee on Health and Human Services  
100 State House Station  
Augusta, ME 04333

Dear Senators Volk and Brakey and Representatives Fecteau and Hymanson:

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 Lynn Daley at the Finance Authority of Maine at 620-3500 or me at 621-3434 or via email at [ldaley@famemaine.com](mailto:ldaley@famemaine.com) or [dempster@maine.edu](mailto:dempster@maine.edu) should you have any questions or if you would like to arrange discussion of the report.

Sincerely,



Jean Dempster, Chairperson  
Advisory Committee on Family  
Development Accounts

Enclosure

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 2017, 224 income-eligible Maine individuals saved toward a major asset purchase through the Family Development Account (“FDA”) program. This represents a 133% increase in accounts over 2016 due in large part to the funding provided from the DHHS TANF Block Grant. 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 basic 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 2:1 ratio, by public or private contributions when withdrawn to meet the savings goal. In 2017, 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 2017 Federal Poverty Levels, household income must be at or below \$24,120 for one person; \$32,480 for two people; and \$40,840 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 must save for a minimum of 180 days. 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. Maine funded matched dollars are currently limited to items 2, 3, 4 and 5 above.

In 2017, an average monthly savings contribution was \$40.00, average length of time account held was 17 months, average savings amount was \$792.57, and average match was \$3,170.29. There are currently 224 open accounts (75 home ownership, 15 business, 17 education, 71 vehicle purchase, 2 vehicle repair, 23 home repair, and 21 emergency savings). Since the beginning of the FDA program in 2000, 390 accounts have been completed (149 home ownership, 136 business, 96 education, and 7 vehicle purchase and 2 vehicle repair). 210 accounts have withdrawn from the program without match since the program's inception in 2000.

### **Administration of the Program**

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

The Advisory Committee met two times in 2017.

At their meeting on February 15, 2017, the Advisory Committee reviewed and edited the annual report. Members shared information and updates regarding the DHHS Matching Funds and use of those funds. FDA Coalition Steering Committee updates were shared with members. Membership vacancies were also discussed.

At the October 4, 2017 meeting of the Advisory Committee, members received an updates on: Federal FDA Funding; DHHS Matching Funds; and, FDA Coalition Steering Committee. Membership vacancies were also discussed.

As of December 31, 2017, 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 Finance Corporation (CCFC)  
Midcoast Maine Community Action (MMCA)  
New Ventures Maine (NVME)  
Penquis Community Action Program (PCAP)  
Downeast Community Partners (DCP)  
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, 2017, the following financial institutions have been certified to administer FDA program accounts:

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

\*Bank of Maine was acquired by Camden National Bank in October 2015

The state tax credit was repealed effective January 1, 2016, and as a result, the program no longer sees contributions from taxpayers.

Aggregate contributions for 2015:	\$200,500
Aggregate contributions for 2014:	\$5,500
Aggregate contributions for 2013:	\$255,500
Aggregate contributions for 2012:	\$3,300

DHHS committed a total of \$500,000 from the TANF Block Grant in 2016 for the Maine State biennium budgets for FY17 and FY18 to be used for match. DHHS is in the process of extending that agreement with FDA over the next three Maine State fiscal years (FY19, FY20, and FY21) to support development of future accounts for a total of \$1,198,418.

Effective October 1, 2017 no federal appropriation has been made to Assets for Independence and, therefore, no future funding will be available.

In 2018 the Advisory Committee will focus on working with the FDA Coalition to: 1) maximize the ability of Community Development Organizations to effectively manage the DHHS matching funds; 2) fill membership vacancies; and, 3) ascertain that the current rules and policies are effectively meeting the needs of the account holders.

The attached charts following the membership roster outline FDA activity during 2017 with comparison to two prior years.

## **Advisory Committee on Family Development Accounts**

<b>Member's Name</b>	<b>Appt. Date</b>	<b>Exp. Date</b>	<b>Appointing Authority</b>	<b>Membership Requirements</b>
<b>Laurie Glidden</b> Maine State Housing Authority	<i>Ex officio</i>	<i>Ex officio</i>	Governor of Maine	Chair; Representative of the Maine State Housing Authority
<b>Beth Hamm</b> 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
<b>Marie Charest**</b> Kennebec Savings Bank	05/17/2013	05/16/2020	Governor of Maine	Representative of a financial institution participating in the program
<b>Vacant</b>			Governor of Maine	Representative of a financial institution participating in the program
<b>Vacant</b>			Speaker of the House	An account holder or person who is eligible to be an account holder
<b>Vacant</b>			Speaker of the House	Representative of a contributor of matching funds to the program
<b>Vacant</b>			Speaker of the House	Representative of a contributor of matching funds to the program
<b>Jean Dempster</b> New Ventures Maine	09/07/2017	09/06/2020	Speaker of the House	Representative of a Community Development Organization
<b>Vacant</b>			President of the Senate	Representative of a contributor of matching funds to the program
<b>Vacant</b>			President of the Senate	Representative of a statewide Community Development Foundation
<b>Vacant</b>			President of the Senate	An account holder or person who is eligible to be an account holder
<b>Denise St. Peter</b> Penquis	02/15/2017	02/14/2020	President of the Senate	Representative of a Community Development Organization

\*\* Marie Charest was a member of the Advisory Committee in 2017 but resigned effective January 2018.



**Family Development Accounts**  
**Account Activity per Community Development Organization**

Participating Agency	2017				2016				2015			
	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)	2	7	\$2,901.00	\$11,604.00	1	1	\$581.08	\$2,324.32	1	1	\$100.00	\$400.00
Community Concepts Finance Corporation (CCFC)	1	1	\$2,000.00	\$8,000.00	0	1	\$1,411.12	\$5,644.48	0	1	\$415.00	\$1,660.00
Downeast Community Partners (DCP)	2	4	\$2,077.00	\$8,308.00	2	3	\$1,084.42	\$4,337.68	0	0	\$0.00	\$0.00
Midcoast Maine Community Action (MMAC)	2	6	\$2,860.23	\$11,440.92	4	5	\$5,883.14	\$23,532.56	0	1	\$2,000.00	\$8,000.00
New Ventures Maine (NVME)	71	115	\$39,544.92	\$158,179.68	14	33	\$28,891.57	\$115,566.28	10	29	\$26,943.61	\$107,774.44
Penquis Community Action Program (PCAP)	43	72	\$34,755.70	\$139,022.80	22	42	\$33,249.63	\$132,998.52	21	38	\$25,804.35	\$103,217.40
Western Maine Community Action (WMCA)	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	10	19	\$11,619.42	\$46,477.68	7	11	\$7,697.29	\$30,789.16	8	9	\$4,960.92	\$19,843.68
<b>TOTAL OF ALL AGENCIES:</b>	<b>131</b>	<b>224</b>	<b>\$95,758.27</b>	<b>\$383,033.08</b>	<b>50</b>	<b>96</b>	<b>\$78,798.25</b>	<b>\$315,193.00</b>	<b>40</b>	<b>79</b>	<b>\$60,223.88</b>	<b>\$240,895.52</b>

**Family Development Accounts  
Transaction Activity  
January 1 - December 31, 2017**

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)	7	1	1	1 - Home Repair	0	\$493.35	\$1,973.41
Community Concepts Finance Corporation (CCFC)	1	1	1	1 - Vehicle Repair	0	\$52.31	\$209.24
Downeast Community Partners (DCP)	4	1	1	1 - Education	0	\$1,000.00	\$4,000.00
Midcoast Maine Community Action (MMCA)	6	1	1	1 - Home Repair	0	\$500.00	\$2,000.00
New Ventures Maine (NVME)	115	43	43	1 - Home Ownership 21 - Education 10 - Micro 4 - Home Repair 3 - Vehicle Repair 4 - Emergency Savings	0	\$23,048.09	\$92,192.34
Penquis Community Action Program (PCAP)	72	50	47	3 - Home Ownership 14 - Education 11 - Micro 9 - Home Repair 4 - Vehicle Purchase 5 - Vehicle Repair 4 - Emergency Savings	3	\$25,588.82	\$102,355.27
Western Maine Community Action (WMCA)	0	0	0	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	19	3	2	1 - Home Ownership 2 - Education	1	\$2,367.20	\$9,468.80
<b>TOTAL OF ALL AGENCIES:</b>	<b>224</b>	<b>100</b>	<b>96</b>	<b>5 - Home Ownership 38 - Education 21 - Micro 15 - Home Repair 7 - Vehicle Purchase 6 - Vehicle Repair 8 - Emergency Savings</b>	<b>4</b>	<b>\$53,049.77</b>	<b>\$212,199.06</b>
						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 Financial Institution**

Financial Institution	2017		2016		2015	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	15	\$5,668.00	4	\$6,431.92	6	\$5,425.68
Bangor Savings Bank	52	\$19,088.07	21	\$18,833.96	21	\$18,849.51
Bank of Maine (acquired by Camden National Bank Oct. 2015)	0	\$0.00	0	\$0.00	2	\$3,135.49
Bar Harbor Banking & Trust Co.	1	\$77.00	0	\$0.00	0	\$0.00
Bath Savings Bank	17	\$9,314.25	7	\$5,744.20	2	\$866.62
Camden National Bank	24	\$13,829.87	15	\$9,286.52	10	\$7,053.78
Capital Area Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Casco FCU	0	\$0.00	1	\$1,955.80	2	\$2,219.68
Franklin Savings Bank	4	\$1,784.10	3	\$1,080.58	0	\$0.00
Kennebec Savings Bank	0	\$0.00	1	\$824.40	1	\$1,193.36
KSW	1	\$700.51	1	\$1,266.43		
Machias Savings Bank	11	\$5,240.10	7	\$4,866.26	7	\$917.93
Maine Savings FCU	11	\$8,331.18	6	\$1,766.41	2	\$605.25
NorState Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Norway Savings Bank	7	\$284.07	3	\$2,821.83	2	\$2,303.27
Sanford Institution for Savings	18	\$11,171.72	11	\$7,697.29	9	\$4,960.92
TD Bank	58	\$14,808.96	10	\$7,354.03	10	\$8,207.25
The First, N.A.	5	\$5,460.44	6	\$8,868.62	5	\$4,485.14
<b>TOTAL:</b>	<b>224</b>	<b>\$95,758.27</b>	<b>96</b>	<b>\$78,798.25</b>	<b>79</b>	<b>\$60,223.88</b>

Total Number of Families Served in 2017 224

Total Dollars Saved in 2017 \$95,758.27