

MAINE STATE LEGISLATURE

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March 1, 2019

Senator Erin Herbig, Senate Chair Representative
Matthea Larsen Daughtry, House Chair
Joint Standing Committee on Innovation, Development, Economic Advancement and Business
100 State House Station
Augusta, ME 04333

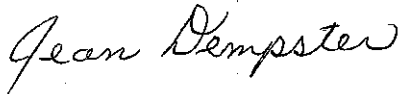
Senator Geoffrey Gratwick, Senate Chair
Representative Patricia Hymanson, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Dear Senators Herbig and Gratwick and Representatives Larsen Daughtry and Hymanson:

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 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 620-3263 or me at 207-621-3434 or via email at ldaley@famemaine.com or dempster@maine.edu should you have any questions or if you would like to arrange discussion of the report.

Sincerely,

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

Jean Dempster,
Chairperson
Advisory Committee on Family Development Accounts

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
March 1, 2019

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 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 2018, there were 164 income-eligible Maine individuals saving 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. 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 2018, 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 2018 Federal Poverty Levels, household income must be at or below \$24,280 for one person; \$32,920 for two people; and \$41,560 for three people, etc.

Education and microenterprise participants can save up to \$1,000 in an FDA for a maximum match of \$4,000. For home ownership, participants’ savings can range between \$1,000 and \$2,000 in an FDA for a maximum match of \$4,000 to \$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 2018, an average monthly savings contribution for participants graduating from the program was \$73.43, average length of time account held was 16 months, average savings amount was \$1,026.63, and average match was \$4,106.53. There are currently 164 open accounts (58 home ownership, 14 business, 11 education, 39 vehicle purchase/repair, 12 home repair, and 30 emergency savings). Since the beginning of the FDA program in 2000, 491 accounts have been completed (160 home ownership, 144 business, 107 education, and 66 vehicle purchase, 4 vehicle repair, 9 home repair and 1 emergency savings). 236 accounts have withdrawn from the program without match since the program's inception in 2000 (168 home ownership, 33 business, 27 education, 3 home repair, 4 vehicle purchase and 1 emergency savings).

Administration of the Program

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

The Advisory Committee met two times in 2018.

At their meeting on February 22, 2018, 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. The committee identified the following as part of their goals for 2018: 1) maximizing the ability of the Community Development Organizations (CDO) to effectively manage the DHHS matching funds and open new accounts, 2) fill membership vacancies, 3) ascertain that the current rules and policies are effectively meeting the needs of the account holders.

At the November 5, 2018 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. Additionally the Committee discussed FAME's proposal to modify current legislation to move administration of FDA from FAME to the University System.

As of December 31, 2018, 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)
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 October 1, 2018, CCFC did not renew its contract with MFDAC and is no longer a participating community development organization administering the FDA program. Individuals in the region previously served by CCFC is being served by NVME.

As of December 31, 2018, 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
	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

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

MFDAC did not receive any new grants for matching funds during the calendar year. However, MFDAC amended their agreement with Maine Department of Health and Human Services (DHHS) effective June 1, 2018 which made available an additional \$500,000 for match funds for a total of \$1,198,418 in support received by DHHS for the development of future accounts.

While no new federal appropriation has been made to Assets for Independence since October 1, 2017, MFDAC received a no-cost extension from the U.S. Department of Health and Human Services to allow remaining account holders to save until September 30, 2019. Participants can save in existing grants until April 30, 2021.

In 2019 the Advisory Committee will focus on working with MFDAC to: 1) maximize the ability of Community Development Organizations to effectively manage the DHHS matching funds; 2) support statutory changes to move the program administration to the University of Maine System from FAME; and 3) assist in filling membership vacancies.

The attached charts following the membership roster outline FDA activity during 2018 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
Vacant			Governor of Maine	Representative of a financial institution participating in the program
Vacant			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	09/07/2017	09/06/2020	Speaker of the House	Representative of a Community Development Organization
Vacant			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
Denise St. Peter Penquis	02/15/2017	02/14/2020	President of the Senate	Representative of a Community Development Organization

Family Development Accounts
Account Activity per Community Development Organization

Participating Agency	2018				2017				2016			
	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)	3	6	\$3,798.51	\$15,194.04	2	7	\$2,901.00	\$11,604.00	1	1	\$581.08	\$2,324.32
Community Concepts Finance Corporation (CCFC)	0	0	\$0.00	\$0.00	1	1	\$2,000.00	\$8,000.00	0	1	\$1,411.12	\$5,644.48
Downeast Community Partners (DCP)	3	6	\$5,463.23	\$21,852.92	2	4	\$2,077.00	\$8,308.00	2	3	\$1,084.42	\$4,337.68
Midcoast Maine Community Action (MMAC)	1	3	\$2,600.15	\$10,400.60	2	6	\$2,860.23	\$11,440.92	4	5	\$5,883.14	\$23,532.56
New Ventures Maine (NVME)	21	71	\$37,955.37	\$151,821.48	71	115	\$39,544.92	\$158,179.68	14	33	\$28,891.57	\$115,566.28
Penquis Community Action Program (PCAP)	26	61	\$35,093.67	\$140,374.68	43	72	\$34,755.70	\$139,022.80	22	42	\$33,249.63	\$132,998.52
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)	8	17	\$8,459.08	\$33,836.32	10	19	\$11,619.42	\$46,477.68	7	11	\$7,697.29	\$30,789.16
TOTAL OF ALL AGENCIES	62	164	\$93,370.01	\$373,480.04	131	224	\$95,758.27	\$383,033.08	50	96	\$78,798.25	\$315,193.00

Family Development Accounts
Transaction Activity
January 1 - December 31, 2018

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)	6	13	12	1- Home Ownership 10 - Home Repair 1- Emergency Savings	1	\$5,261.63	\$19,466.52
Community Concepts Finance Corporation (CCFC)	0	10	1	10 - Vehicle Purchase/Repair	0	\$1,000.00	\$4,000.00
Downeast Community Partners (DCP)	6	2	1	1 - Vehicle Repair	1	\$1,080.02	\$4,000.00
Midcoast Maine Community Action (MMCA)	3	1	1	1 - Home Repair	0	\$500.00	\$2,000.00
New Ventures Maine (NVME)	71	97	103		4	\$65,589.98	\$255,556.88
Penquis Community Action Program (PCAP)	61	84	76	5 - Home Ownership 8 - Education 3 - Micro 13 - Home Repair 15 - Vehicle Purchase/Repair 32 - Emergency Savings	8	\$42,848.25	\$146,033.00
Western Maine Community Action (WMCA)	0	0	0	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	17	12	1	2 - Home Ownership 3 - Education 4 - Vehicle Purchase/Repair 2 - Emergency Savings	1	\$8,683.00	\$34,400.00
TOTAL OF ALL AGENCIES:	164	219	204	12 - Home Ownership 18 - Education 7 - Micro 31 - Home Repair 93 - Vehicle Purchase/Repair 43 - Emergency Savings	15	\$124,767.88	\$465,456.40
						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	2018		2017		2016	
	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	\$7,955.16	15	\$5,668.00	4	\$6,431.92
Bangor Savings Bank	44	\$25,802.15	52	\$19,088.07	21	\$18,833.96
Bar Harbor Banking & Trust Co.	0	\$0.00	1	\$77.00	0	\$0.00
Bath Savings Bank	13	\$9,198.44	17	\$9,314.25	7	\$5,744.20
Camden National Bank	17	\$6,274.68	24	\$13,829.87	15	\$9,286.52
Capital Area Federal Credit Union	1	\$84.01	0	\$0.00	0	\$0.00
Casco FCU	0	\$0.00	0	\$0.00	1	\$1,955.80
Franklin Savings Bank	4	\$2,088.90	4	\$1,784.10	3	\$1,080.58
Kennebec Savings Bank	0	\$0.00	0	\$0.00	1	\$824.40
KSW	1	\$250.77	1	\$700.51	1	\$1,266.43
Machias Savings Bank	11	\$6,553.57	11	\$5,240.10	7	\$4,866.26
Maine Savings FCU	11	\$7,974.31	11	\$8,331.18	6	\$1,766.41
NorState Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Norway Savings Bank	2	\$388.19	7	\$284.07	3	\$2,821.83
Sanford Institution for Savings	18	\$8,759.12	18	\$11,171.72	11	\$7,697.29
TD Bank	30	\$16,637.46	58	\$14,808.96	10	\$7,354.03
The First, N A.	2	\$1,403.25	5	\$5,460.44	6	\$8,868.62
TOTAL:	164	\$93,370.01	224	\$95,758.27	96	\$78,798.25

Total Number of Families Served in 2018 164

Total Dollars Saved in 2018 \$93,370.01