

# MAINE STATE LEGISLATURE

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February 28, 2020

Senator Erin Herbig, Senate Chair  
Representative Matthea 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 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 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 discussion of the report.

Sincerely,



Jean Dempster  
Chair  
Advisory Committee on Family Development Accounts  
Phone: 207-621-3434  
Email: [dempster@maine.edu](mailto: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 28, 2020

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, 2019, there were 155 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 2019, 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 2019 Federal Poverty Levels, household income must be at or below \$24,980 for one person; \$33,820 for two people; and \$42,660 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, 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 seven 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.

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;
- (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. Federally funded match dollars are currently limited to matching only items 1, 2 and 6 above. Maine DHHS funded matched dollars are currently limited to items 2, 3, 4 and 5 above.

As of December 31, 2019, saving for college education and small business was limited because there was a small amount of match funds remaining in the Federal grant. A small number of accounts for business start-up or expansion were available with match funds contributed by a private foundation.

In 2019, the average monthly savings contribution for participants graduating from the program was \$98.14. The average length of time accounts were open was 16.8 months. The average amount saved was \$515.88 and average match was \$2,021.44. As of 12/31/19, there are 155 open accounts: 55 home ownership, 10 business, 4 education, 38 vehicle purchase/repair, 11 home repair, and 37 emergency savings. Since the beginning of the FDA program in 2000, 562 accounts have been completed: 172 home ownership, 147 business, 112 education, 104 vehicle purchase, 6 vehicle repair, 14 home repair and 7 emergency savings. 245 account holders have withdrawn from the program without match since the program's inception in 2000: 173 home ownership, 34 business, 28 education, 3 home repair, 4 vehicle purchase and 3 emergency savings.

### **Administration of the Program**

In 2019, oversight of the FDA program was transferred from FAME to the University of Maine System (UMS), effective September 19, 2019. Fiscal administration of the program continued to be provided by Penquis CAP. The Advisory Committee met two times in 2019:

At their meeting on February 8, 2019, 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 2019: 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 meeting the needs of the account holders.

At the December 17, 2019 meeting of the Advisory Committee, members received updates on: DHHS Matching Funds, new funding for business accounts, and the FDA Coalition Steering Committee. Membership vacancies were also discussed. The committee reviewed progress on the transfer of oversight of the FDA program from FAME to the University of Maine System (UMS).

Other activities of the Advisory Committee and the MFDAC steering committee included: The FDA policy manual was updated. Penquis Finance Coaching and Savings Coordinator offered individual assistance and professional development sessions to CDOs throughout the year. A change in statute proposed by the Advisory Committee allowed the maximum match to increase per account holder from \$2,000 per year to \$4,000 per year. The Advisory Committee approached potential new members interested in joining the committee. New members will be recommended for approval in early 2020.

MFDAC received one new grant in 2019 from the Wicklow Fund of the St. Paul Foundation to support matching funds for business accounts. 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.

The state tax credit for contributions to the MFDAC match fund was repealed effective January 1, 2016, and as a result, the program has not received contributions from individual taxpayers.

In 2019, MFDAC received a no-cost extension from the U.S. Department of Health and Human Services to allow remaining account holders in the one grant to save until September 30, 2020. Participants can save in other existing grants until April 30, 2021.

In 2019, the Advisory Committee focused on working with the MFDAC to:

- 1) Maximize the ability of Community Development Organizations to manage effectively the DHHS matching funds.
- 2) Support statutory changes to move the program oversight to the University of Maine System from FAME and to increase the maximum allowed match for account holders.
- 3) Assist in filling membership vacancies.

In 2020 the Advisory Committee will focus on working with the MFDAC to:

- 1) Explore ways to engage public and private state and local partners to support and expand the FDA program.
- 2) Recruit new committee members and complete the nomination and approval process.
- 3) Reach out to participating financial institutions to review policy and procedures, discuss best practices, and brainstorm ways to streamline the account management process.

As of December 31, 2019, 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)\*  
Downeast Community Partners (DCP)  
Midcoast Maine Community Action (MMCA)  
New Ventures Maine (NVME)  
Penquis Community Action Program (PCAP)  
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, 2019, 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	

\*Formerly Sanford Institution for Savings

The attached charts following the membership roster outline FDA activity during 2019 with comparison to two prior years.

**Advisory Committee on Family Development Accounts Membership Roster December 31, 2019**

<b>Member's Name</b>	<b>Appointment Date</b>	<b>Expiration 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	Representative of the Maine State Housing Authority
<b>Liz Ray</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
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
<b>Christopher Linder</b> Penquis/Maine Stream Finance	2/15/2017	02/14/2020	President of the Senate	Representative of a statewide community development organization*
Vacant			President of the Senate	An account holder, program graduate, or individual eligible to be an account holder
Vacant			President of the Senate	Representative of a financial institution participating in the program
Vacant			Speaker of the House	An account holder, program graduate, or individual eligible to be an account holder
<b>Jean Dempster</b> New Ventures Maine	09/07/2017	09/06/2020	Speaker of the House	Representative of a contributor of matching funds*
Vacant			Speaker of the House	Representative of a financial institution participating in the program

\*Due to changes in the statute, the Advisory Committee seat requirements have been revised. As of 12/31/19, Jean Dempster and Christopher Linder were serving out terms in seats that will have new membership requirements in 2020.



**Family Development Accounts  
Transaction Activity  
January 1 - December 31, 2019**

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	
						Account Holder Savings	Match Amount
Aroostook County Action Program (ACAP)	7	6	6	2-vehicle repair 3- home repair 1- vehicle purchase	0	\$1,906.32	\$7,825.30
Community Concepts Finance Corporation (CCFC)	0	0	0	0	0	\$0.00	\$0.00
ODowneast Community Partners (DCP)	6	6	6	1- education 2- vehicle purchase 3- home repair	0	\$2,849.32	\$11,397.28
Midcoast Maine Community Action (MMCA)	2	1	0	0	1	\$0.00	\$0.00
New Ventures Maine (NVME)	62	57	57	5- home purchase 4- education 1- business 3- home repair 3- vehicle repair 30- vehicle purchase 11- emergency	0	\$41,993.20	\$167,972.80
Penquis Community Action Program (PCAP)	58	86	80	5- house purchase 3- education 2- business 45- emergency 9- vehicle purchase 11- vehicle repair 5- home repair	6	\$26,786.08	\$107,144.31
Western Maine Community Action (WMCA)	0	0	0	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	20	11	10	2- home purchase 2- home repair 2- vehicle purchase 4- emergency	1	\$58,896.59	\$23,546.38
<b>TOTAL OF ALL AGENCIES:</b>	<b>155</b>	<b>167</b>	<b>159</b>	12- home purchase 16- home repair 16- vehicle repair 44- vehicle purchase 60- emergency 3- business 8- education	<b>8</b>	<b>\$79,421.52</b>	<b>\$317,686.07</b>

\* 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	2019				2018				2017			
	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
Arroostook County Action Program (ACAP)	2	7	\$5,220.25	\$18,783.34	3	6	\$3,798.51	\$15,194.04	2	7	\$2,901.00	\$11,604.00
Community Concepts Finance Corporation (CCFC)	0	0	0	0	0	0	\$0.00	\$0.00	1	1	\$2,000.00	\$8,000.00
Dowmeast Community Partners (DCP)	2	6	\$2600.29	\$10401.16	3	6	\$5,463.23	\$21,852.92	2	4	\$2,077.00	\$8,308.00
Midcoast Maine Community Action (MMAC)	1	2	\$1981.53	\$7922.12	1	3	\$2,600.15	\$10,400.60	2	6	\$2,860.23	\$11,440.92
New Ventures Maine (NVME)	11	52	\$26196.49	\$99005.57	21	71	\$37,955.37	\$151,821.48	71	115	\$39,544.92	\$158,179.68
Penquis Community Action Program (PCAP)	10	58	\$27906.73	\$116163.74	26	61	\$35,093.67	\$140,374.68	43	72	\$34,755.70	\$139,022.80
Western Maine Community Action (WMCA)	0	0	0	0	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	7	20	\$6770.54	\$24661.57	8	17	\$8,459.08	\$33,836.32	10	19	\$11,619.42	\$46,477.68
<b>TOTAL OF ALL AGENCIES</b>	<b>33</b>	<b>155</b>	<b>\$70675.83</b>	<b>\$276937.50</b>	<b>62</b>	<b>164</b>	<b>\$93,370.01</b>	<b>\$373,480.04</b>	<b>131</b>	<b>224</b>	<b>\$95,758.27</b>	<b>\$383,033.08</b>

## Family Development Accounts Account Activity per Financial Institution

Financial Institution	2019		2018		2017	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoegin Savings Bank	10	\$6776.36	10	\$7,955.16	15	\$5,668.00
Bangor Savings Bank	24	\$14869.05	44	\$25,802.15	52	\$19,088.07
Bar Harbor Banking & Trust Co.	1	\$88.00	0	\$0.00	1	\$77.00
Bath Savings Bank	11	\$6674.95	13	\$9,198.44	17	\$9,314.25
Camden National Bank	20	\$8735.49	17	\$6,274.68	24	\$13,829.87
Capital Area Federal Credit Union	0	0	1	\$84.01	0	\$0.00
Casco FCU	0	0	0	\$0.00	0	\$0.00
Franklin Savings Bank	2	\$296.19	4	\$2,088.90	4	\$1,784.10
Kennebec Savings Bank	0	0	0	\$0.00	0	\$0.00
KSW	1	\$851.73	1	\$250.77	1	\$700.51
Machias Savings Bank	12	\$8979.39	11	\$6,553.57	11	\$5,240.10
Maine Savings FCU	10	\$5576.02	11	\$7,974.31	11	\$8,331.18
NorState Federal Credit Union	0	0	0	\$0.00	0	\$0.00
Norway Savings Bank	3	\$1478.63	2	\$388.19	7	\$284.07
Sanford Institution for Savings	20	\$6770.54	18	\$8,759.12	18	\$11,171.72
TD Bank	17	\$8873.57	30	\$16,637.46	58	\$14,808.96
The First, N.A.	2	\$1002.10	2	\$1,403.25	5	\$5,460.44
<b>TOTAL:</b>	<b>155</b>	<b>\$70,972.02</b>	<b>164</b>	<b>\$93,370.01</b>	<b>224</b>	<b>\$95,758.27</b>

Total Number of Families Served in 2019: 155

Total Dollars Saved in 2019: \$70,972.02