

MAINE STATE LEGISLATURE

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February 24, 2021

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 Ned Claxton, Senate Chair
Representative Michele Meyer, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Dear Senators Curry and Claxton 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,



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 24, 2021

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, 2020, there were 133 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:

- First time home purchase
- 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 2020, 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 2020 Federal Poverty Levels, household income must be at or below \$25,520 for one person; \$34,480 for two people; and \$43,440 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. Maximum match allowed per year per account holder is \$4,000.

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. 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. 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, 2020, 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. No new education accounts were opened in 2020.

In 2020, the average monthly savings contribution for participants graduating from the program was \$101.17. The average length of time accounts were open was 18 months. The average amount saved was \$915.90 and average match was \$3663.61. As of 12/31/20, there are 133 open accounts: 46 home ownership, 5 business, 2 education, 34 vehicle purchase, 3 vehicle repair, 13 home repair, and 30 emergency savings.

Since the beginning of the FDA program in 2000, 602 accounts have been completed: 180 home ownership, 148 business, 112 education, 130 vehicle purchase, 6 vehicle repair, 16 home repair and 10 emergency savings. 257 account holders have withdrawn from the program without match since the program's inception in 2000: 177 home ownership, 37 business, 28 education, 3 home repair, 6 vehicle purchase and 6 emergency savings.

Administration of the Program

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 continues to be provided by Penquis CAP.

The statewide Advisory Committee on FDAs met five times in 2020. All meetings included updates from member organizations and program reports from Penquis.

At a work session meeting on January 28, 2020, the Advisory Committee reviewed and edited the annual report.

At the meeting on February 25, 2020, the Advisory Committee members approved the annual report, and discussed potential new members.

At the meeting on April 27, 2020 the members discussed options for supporting account holders through the challenges due to the Coronavirus pandemic. Policy changes were discussed and approved.

At the meeting on August 10, 2020 the members continued to adapt policies and procedures to support account holders during the Coronavirus pandemic.

At the meeting on October 28, 2020 the members shared updates from their organizations, heard reports on existing grants and expected grant extensions.

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.

In 2020, MFDAC received a no-cost extension from the U.S. Department of Health and Human Services to allow remaining account holders in a Federal grant to save until March 31, 2021 (Grant #12). Participants could save in other existing Federal grants until April 30, 2021 (Grant #13). In March 2021, a no-cost extension will be requested for Grant # 13 to extend until April 30, 2022.

Program adaptations due to COVID 19

From mid-March through December 2020, the Advisory Committee approved policy changes to respond to hardships experienced by account holders due to COVID 19 conditions.

The FDA program had some unrestricted funds from private sources designated to support FDA program participants. This funding was used to provide each account holder with a debit card for \$133 to pay for any necessary expenses for their household.

There was a hold on opening new accounts from April through December 2020. For existing account holders, emergency withdrawals were allowed to meet family needs even if the minimum savings goal had been met. Account holders were allowed to postpone making deposits without penalty. These temporary policy changes supported the account holders and encouraged them to continue in the program.

Goals

Committee goals for 2020

In 2020 the statewide Advisory Committee on FDAs focused 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.

Note: 2020 Goals changed throughout the year due to COVID 19 conditions.

Committee goals for 2021

In 2021, the Advisory Committee on FDAs will focus on working with the MFDAC to:

- 1) Explore ways to engage public and private state and local partners to support, fund, and expand the FDA program, including approaching Maine DHHS about additional funding and approaching financial institutions for private funding.
- 2) Increase outreach to financial institutions to boost awareness of the FDA program and to review policy and procedures, discuss best practices, and explore ways to streamline the account management process.
- 3) Continue to recruit new committee members and complete the nomination and approval process.

As of December 31, 2020, 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, 2020, 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 2020 with comparison to two prior years.

Advisory Committee on Family Development Accounts Membership Roster December 31, 2020

Member's Name	Appointment Date	Expiration Date	Appointing Authority	Membership Requirements
Laurie Glidden Maine State Housing Authority	<i>Ex officio</i>	<i>Ex officio</i>	Governor of Maine	Representative of the Maine State Housing Authority
Liz Ray 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
Christopher Linder Penquis/Maine Stream Finance	2/15/2017	12/31/2020	President of the Senate	Representative of a statewide community development organization
Jessica McLaughlin Individual eligible for the FDA program	pending		President of the Senate	An account holder, program graduate, or individual eligible to be an account holder
James Robbins Bangor Savings Bank	pending		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
Jean Dempster New Ventures Maine	09/07/2017	12/31/2020	Speaker of the House	Representative of a contributor of matching funds
Janice deLima Norway Savings Bank	pending		Speaker of the House	Representative of a financial institution participating in the program

Family Development Accounts
Account Activity per Community Development Organization

Participating Agency	2020				2019				2018			
	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	10	\$10918.25	\$43673.00	2	7	\$5220.25	\$18783.34	3	6	\$3798.51	\$15194.04
Community Concepts Finance Corporation (CCFC)	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00	0	10	\$0.00	\$0.00
Downeast Community Partners (DCP)	1	4	\$3749.23	\$14996.92	2	6	\$2600.29	\$10401.16	3	6	\$5463.23	\$21852.92
Midcoast Maine Community Action (MMAC)	0	2	\$4089.44	\$16357.76	1	2	\$1981.53	\$7922.12	1	3	\$2600.15	\$10400.60
New Ventures Maine (NVME)	24	89	\$76518.59	\$306074.36	11	52	\$26196.49	\$99005.57	21	71	\$37955.37	\$151821.48
Penquis Community Action Program (PCAP)	3	56	\$57538.78	\$230155.12	10	58	\$27906.73	\$116163.74	26	61	\$35093.97	\$140374.68
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)	2	25	\$17543.70	\$70174.80	7	20	\$6770.54	\$24661.57	8	17	\$8459.08	\$33836.32
TOTAL OF ALL AGENCIES:	32	186	\$170357.99	\$681431.96	33	155	\$70675.83	\$276937.50	62	164	\$93370.01	\$373480.04

- "New Account Holder" totals include accounts from 2018 & 2019 that were not previously counted in past yearly reports. The omitted accounts are included in the 2020 report. Improved tracking practices are in place to ensure that all accounts are included in the annual report going forward.

Family Development Accounts
Transaction Activity
January 1 - December 31, 2020

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)	10	6	6	2- Home Ownership 1 - Home Repair 1- Emergency Savings 2- Vehicle purchase	0	\$8535.06	\$32000.00
Community Concepts Finance Corporation (CCFC)	0	0	0	0	0	\$0.00	\$0.00
Downeast Community Partners (DCP)	4	6	5	1 – Home Ownership 1-Education 2-Vehicle Purchase 1-Home Repair	1	\$2630.99	\$8,000.00
Midcoast Maine Community Action (MMCA)	2	0	0	0	0	\$0.00	\$0.00
New Ventures Maine (NVME)	89	46	43	29-Vehicle Purchase 1-Vehicle Repair 2-Home Ownership 5-Home Repair 5-Emergency 1-Micro	3	\$52247.25	\$204968.40
Penquis Community Action Program (PCAP)	56	25	20	1 - Home Ownership 1 - Education 3 - Home Repair 4 - Vehicle Purchase 1-Vehicle Repair 10 - Emergency Savings	5	\$28176.37	\$97124.88
Western Maine Community Action (WMCA)	0	0	0	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	25	7	6	3 - Emergency Savings 1-Home Ownership 1-Home Repair 1-Vehicle Repair	1	\$5540.72	\$21162.88
TOTAL OF ALL AGENCIES:	186	90	80	7 - Home Ownership 2 - Education 1 - Micro 11 - Home Repair 37 - Vehicle Purchase 3-Vehicle Repair 19 - Emergency Savings	10	\$97,130.39	\$363256.16

* 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
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**Family Development Accounts
Account Activity per Financial Institution**

Financial Institution	2020		2019		2018	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	16	\$11735.32	10	\$6776.36	10	\$7955.16
Bangor Savings Bank	54	\$45894.51	24	\$14869.05	44	\$25802.15
Bar Harbor Banking & Trust Co.	1	\$88.00	1	\$88.00	0	\$0.00
Bath Savings Bank	10	\$12563.73	11	\$6674.95	13	\$9198.44
Camden National Bank	20	\$14146.97	20	\$8735.49	17	\$6274.68
Capital Area Federal Credit Union	0	\$0.00	0	\$0.00	1	\$84.01
Casco FCU	0	\$0.00	0	\$0.00	0	\$0.00
Franklin Savings Bank	2	\$2076.06	2	\$296.19	4	\$2088.90
Kennebec Savings Bank	0	\$0.00	0	\$0.00	0	\$0.00
KSW	2	\$2627.10	1	\$851.73	1	\$250.77
Machias Savings Bank	17	\$20247.94	12	\$8979.39	11	\$6553.57
Maine Savings FCU	10	\$13009.38	10	\$5576.02	11	\$7974.31
NorState Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Norway Savings Bank	7	\$6791.06	3	\$1478.63	2	\$388.19
Partners Bank	25	\$17543.70	20	\$6770.54	18	\$8759.12
TD Bank	20	\$22451.82	17	\$8873.57	30	\$16637.46
The First, N.A.	2	\$1182.40	2	\$1002.10	2	\$1403.25
TOTAL:	186	\$170357.99	155	\$70972.02	164	\$93370.01

Total Number of Families Served in 2020: 186

Total Dollars Saved in 2020: \$ 170,357.99