

February 24, 2022

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,

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

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, 2022

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, 2021, there were 112 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 2021, 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 2021 Federal Poverty Levels, household income must be at or below \$25,760 for one person; \$34,840 for two people; and \$43,920 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. 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. Maine State Housing Authority-funded matched dollars are limited to item 2 above.

In 2021, the average monthly savings contribution for participants graduating from the program was \$110.42. The average length of time accounts were open was 26 months. The average amount saved was \$1171.72 and average match was \$4000. As of 12/31/21, there are 112 open accounts: 39 home ownership, 5 business, 1 education, 25 vehicle purchase, 4 vehicle repair, 11 home repair, and 27 emergency savings.

Since the beginning of the FDA program in 2000, 615 accounts have been completed: 180 home ownership, 149 business, 112 education, 137 vehicle purchase, 6 vehicle repair, 18 home repair and 13 emergency savings. 265 account holders have withdrawn from the program without match since the program's inception in 2000: 183 home ownership, 37 business, 28 education, 4 home repair, 7 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.

Throughout 2021 we have extended approved policy changes to respond to hardships experienced by account holders due to COVID 19 conditions.

There was a hold on opening new accounts from January through June 2021. 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.

The statewide Advisory Committee on FDAs met four times in 2021. All meetings included updates from member organizations and program reports from Penquis.

At a work session meeting on January 27, 2021, the Advisory Committee reviewed and edited the annual report.

At the meeting on February 19, 2021, the Advisory Committee members approved the annual report, and discussed potential new members.

At the meeting on April 15, 2021 the members discussed updating some of the guidelines in the financial institution agreements so that we could get updated agreements from each of the participating financial institutions.

At the meeting on October 26, 2021 the members shared updates from their organizations, heard reports on existing grants and expected grant extensions. We discussed the possibility of accepting electronic signatures on FDA documents.

The contract with Maine Department of Health and Human Services (DHHS) with an original effective date of June 1, 2018, ended on May 31, 2021. A new contract was executed and made effective June 1, 2021. The contract includes funds not yet disbursed from the prior contract along with additional funds for a total of \$836,000.00 in support received by DHHS for the development of future accounts.

On March 31, 2021, the grant received from the U.S. Department of Health and Human Services (Grant # 12) that had previously received a no-cost extension in 2020 came to an end. In 2021, 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 April 30, 2022 (Grant #13).

Goals

Committee goals for 2021:

In 2021 the statewide Advisory Committee on FDAs focused on working with the Maine FDA Coalition (MFDAC) steering committee member agencies 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: 2021 Goals and policies were adjusted throughout the year due to COVID 19 conditions.

Committee goals for 2022:

In 2022, 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.
- 2) Provide technical assistance and support to CDOs managing FDAs. Develop strategies to assist home ownership participants with the home buying process.
- 3) Increase outreach to additional financial institutions to increase awareness of the FDA program. Continue to reach out to participating financial institutions to review policy, procedures, and best practices.
- 4) Continue to recruit new committee members and complete the nomination and approval process.
- 5) Explore barriers families face when accessing the FDA program. Find ways to connect enrolled families to additional economic resources to support their continued participation in the FDA program.

As of December 31, 2021, 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)
Downeast Community Partners (DCP)
Midcoast Maine Community Action (MMCA)
New Ventures Maine (NVME)
Penquis Community Action Program (PCAP)
York County Community Action Corporation (YCCAC)

As of December 31, 2021, 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 2021 with comparison to two prior years.

Advisory Committee on Family Development Accounts Membership Roster December 31, 2021

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
Jennifer Giosia 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
Jay Muth 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	2021						2020						2019					
	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	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions		
Aroostook County Action Program (ACAP)	0	4	\$5013.00	\$20000.00.00	2	10	\$10918.25	\$43673.00	2	7	\$5220.25	\$18783.34	2	7	\$5220.25	\$18783.34		
Community Concepts Finance Corporation (CCFC)	0	0	0	0	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00		
Downeast Community Partners (DCP)	0	2	\$2119.00	\$8476.00	1	4	\$3749.23	\$14996.92	2	6	\$2600.29	\$10401.16	2	6	\$2600.29	\$10401.16		
Midcoast Maine Community Action (MMAC)	0	2	\$4289.51	\$8000.00	0	2	\$4089.44	\$16357.76	1	2	\$1981.53	\$7922.12	1	2	\$1981.53	\$7922.12		
New Ventures Maine (NVM)	2	59	\$45,285.16	\$161277.52	24	89	\$76518.59	\$306074.36	11	52	\$26196.49	\$98005.57	11	52	\$26196.49	\$98005.57		
Penquis Community Action Program (PCAP)	3	42	\$46724.01	\$167225.28	3	56	\$57638.78	\$230155.12	10	58	\$27906.73	\$116163.74	10	58	\$27906.73	\$116163.74		
Western Maine Community Action (WMCA)	0	0	0	0	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00	0	0	\$0.00	\$0.00		
York County Community Action Corp. (YCCAC)	1	22	\$16885.24	\$59615.44	2	25	\$17543.70	\$70174.80	7	20	\$6770.54	\$24661.57	7	20	\$6770.54	\$24661.57		
TOTAL OF ALL AGENCIES:	6	131	\$120315.92	\$420595.24	32	186	\$170357.99	\$681431.96	33	155	\$70675.83	\$276937.50	33	155	\$70675.83	\$276937.50		

**Family Development Accounts
Transaction Activity
January 1 - December 31, 2021**

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)	4	5	5	5- Emergency Savings	0	\$282.47	\$1412.39
Community Concepts Finance Corporation (CCFC)	0	0	0	0	0	\$0.00	\$0.00
Downeast Community Partners (DCP)	2	0	0	0	0	\$2630.99	\$6,000.00
Midcoast Maine Community Action (MMCA)	2	0	0	0	1	\$0.00	\$0.00
New Ventures Maine (N/ME)	59	27	25	8 - Vehicle Purchase 2 - Vehicle Repair 2 - Home Ownership 1 - Home Repair 1 - Emergency 1 - Micro	2	\$11486.93	\$57484.67
Penquis Community Action Program (PCAP)	42	20	16	2 - Home Ownership 1 - Micro 1 - Home Repair 2 - Vehicle Purchase 10 - Emergency Savings	4	\$6337.72	\$26688.61
Western Maine Community Action (WMCA)	0	0	0	0	0	\$0.00	\$0.00
York County Community Action Corp. (YCCAC)	22	7	5	3 - Emergency Savings 2 - Vehicle Purchase	2	\$1434.57	\$7172.88
TOTAL OF ALL AGENCIES:	131	59	51	4 - Home Ownership 0 - Education 2 - Micro 2 - Home Repair 12 - Vehicle Purchase 2 - Vehicle Repair 29 - Emergency Savings	9	\$21182.66	\$100756.55

* 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

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

Financial Institution	2021		2020		2019	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	12	\$6798.20	16	\$11735.32	10	\$6776.36
Bangor Savings Bank	34	\$33555.04	54	\$45894.51	24	\$14869.05
Bar Harbor Banking & Trust Co.	1	\$88	1	\$88.00	1	\$88.00
Bath Savings Bank	7	\$9369.96	10	\$12563.73	11	\$6674.95
Camden National Bank	14	\$9008.13	20	\$14146.97	20	\$8735.49
Capital Area Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Casco FCU	0	\$0.00	0	\$0.00	0	\$0.00
Franklin Savings Bank	2	\$2077.16	2	\$2076.06	2	\$296.19
Kennebec Savings Bank	0	\$0.00	0	\$0.00	0	\$0.00
KSW	1	\$1603.01	2	\$2627.10	1	\$851.73
Machias Savings Bank	5	\$9846.59	17	\$20247.94	12	\$8979.39
Maine Savings FCU	7	\$8329.96	10	\$13009.38	10	\$5576.02
Nor-State Federal Credit Union	0	\$0.00	0	\$0.00	0	\$0.00
Noway Savings Bank	6	\$5361.47	7	\$6791.06	3	\$1478.63
Partners Bank	22	\$16855.24	25	\$17543.70	20	\$6770.54
TD Bank	17	\$14250.75	20	\$22451.82	17	\$8873.57
The First, N.A.	3	\$3142.41	2	\$1182.40	2	\$1002.10
TOTAL:	131	\$120315.92	186	\$170357.99	155	\$70972.02

Total Number of Families Served in 2021: 131

Total Dollars Saved in 2021: \$ 120,315.92