Report to Congress

Assets for Independence Program

Status at the Conclusion of the Eighth Year

Office of Community Services
Administration for Children and Families
U.S. Department of Health and Human Services

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Executive Summary

The Eighth Annual Report to Congress provides an update on the status of the Assets for Independence (AFI) program through the end of Fiscal Year (FY) 2007. The program was established by the Assets for Independence Act ("the Act") in Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Public Law 105-285).

The Office of Community Services (OCS), within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS), administers the AFI program. Through the program, OCS supports innovative asset-building projects that feature individual development accounts (IDAs), financial education, and related services. IDAs are matched savings accounts in which participants save earned income and receive matching funds with the goal of acquiring a home, capitalizing a business, or attending postsecondary education or training. Through the administration of the program, OCS is developing knowledge about the effectiveness of using IDAs and related asset-building strategies as tools to improve the social and economic prospects for low-income American households.

OCS awards grants to nonprofit entities and state, local, and Tribal governments that administer AFI projects. Grantees are required to support their AFI projects with a combination of Federal AFI grant funds and cash from non-Federal entities.[1] The amount provided by non-Federal sources must be at least equal to the Federal AFI grant amount. Projects account for the Federal grant funds and the non-Federal cash in special accounts called Project Reserve Funds, from which they support program costs and provide funds to match participant IDA savings.

Summary of Program Inputs and Outcomes

The following is an overview of program performance, including government, nonprofit, and private sector partner inputs and outcomes, for all AFI projects as of the end of FY 2007.

Inputs—Government, Nonprofit, and Private Sector Support

- OCS awarded 497 grants totaling nearly $150 million from FY 1999 to FY 2007. These included grants for 479 regular AFI projects, as well as 18 grants for the two special state projects in Indiana and Pennsylvania. (See Exhibit ES.1.)

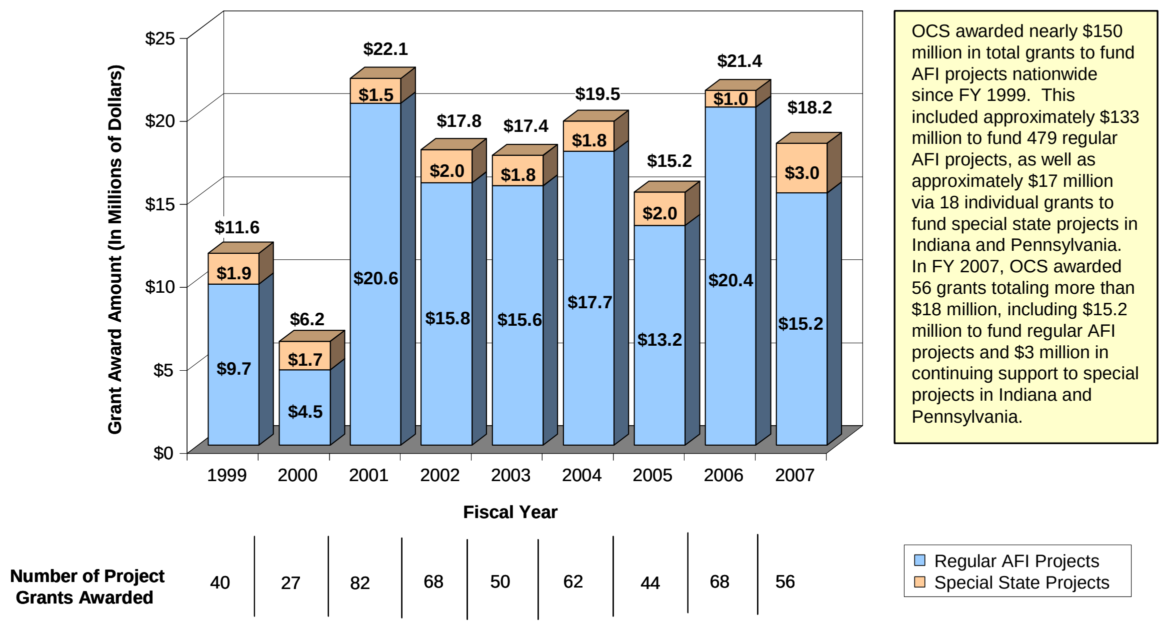
- Through FY 2007, grantees and their partners had pledged at least $64 million in non-Federal funds to "match" the Federal grant amount to support their AFI projects.

[1] Note that all grantees received Federal AFI funds to support their projects. Some grantees also receive other Federal funds to support other services they provide to their clients who are participating in their AFI projects. Unless otherwise indicated, all references to "Federal funds" in this report are to the Federal AFI grant, not any other Federal funds grantees have received.

- A total of 479 regular AFI projects had been implemented by 298 organizations located throughout the nation. Many of these projects have sub-recipients that are working with them to provide IDAs and related services to individuals and families. These network projects reported a total of 1,034 sub-recipients, or an average of seven partners per project.

- Two states—Indiana and Pennsylvania—are implementing special state AFI projects.

Exhibit ES.1 Grant Amount and Number of Grants Awarded by Fiscal Year



Current Results — Outcomes Produced to Date by Regular AFI Projects and Special State Projects

- Participants had opened 52,531 IDAs — 43,932 in regular AFI projects (see Exhibit ES.2.) and 8,599 with AFI support in the special state AFI projects.

- Participants had deposited approximately $45.3 million of earned income into their IDAs.

- Participants had used $70.4 million to purchase long-term economic assets. To accomplish these purchases, participants used their own IDA savings ($22.3 million) and matching funds ($48.1 million). The matching funds were comprised of Federal AFI grant funds ($23.7 million) and non-Federal funds ($24.4 million).

- Through FY 2007, nearly 19,000 participants had completed the required financial education and used their accumulated IDA savings and matching funds to purchase long-term economic assets. The following numbers of participants had withdrawn funds from their IDAs for approved asset purchases:

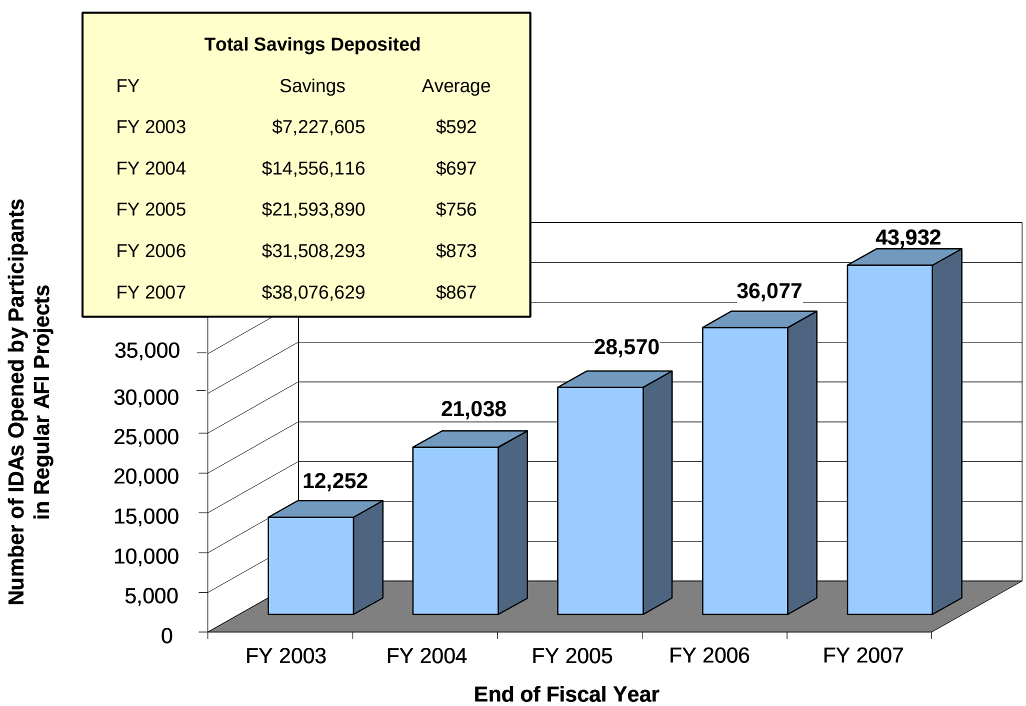
- 7,024 for homeownership;
- 4,865 for business capitalization;
- 5,683 for postsecondary education or training;
- 1,088 for other asset purchases (allowed in the state of Pennsylvania only); and
- 51 for transfers to IDAs of a spouse or dependent.

- Approximately 17,054 participants with saved earned income in an IDA had been unable to use their savings as originally planned. They had withdrawn their IDA savings for emergency expenses or purposes other than purchasing any of the three allowed AFI assets. Those who had withdrawn their own savings for such reasons did not receive any Federal or non-Federal match funds.

  - Through FY 2007, these participants had withdrawn nearly $1.1 million for emergencies authorized by AFI.

  - They also had withdrawn $9.6 million to address other types of emergencies and for other purposes not allowable under the AFI program.

Exhibit ES. 2 Number of IDAs Opened by Participants in Regular AFI Projects



Through FY 2007, participants in regular AFI projects had opened 43,932 individual development accounts and had deposited a total of $38,076,629, or an average of $867 per accountholder.

Data Methodology

This report presents cumulative information about the overall AFI program as of the end of FY 2007. The report is based on information reported by grantees administering regular AFI projects and the two special state AFI projects that were funded with Federal AFI grants from the initiation of the program in FY 1999 through FY 2007.[2] It does not include information for 31 projects that were inactive as of the end of FY 2007.[3]

Grantees provide information about their AFI projects to OCS annually. For this report, grantees used an online report form to submit their data during the Fall of 2007. They provided an array of information, including characteristics of the grantee organization, details about the AFI projects they administer, and information about project participants, such as amount of savings, amount of savings withdrawals, current savings balances, and uses of IDA resources.

OCS provided considerable technical assistance to grantees throughout the data collection and reporting process in an effort to minimize the administrative burden and ensure the validity of the information grantees provided.

Status of Regular AFI Projects: Outcomes as of the End of FY 2007

The following pages present detailed information about the regular AFI projects only. Information about the two special state AFI projects is provided at the end of the Executive Summary and in Section 5 of the report.

Between the end of FY 2006 and the end of FY 2007, the following measures of cumulative data showed increases:

- 22 percent increase in the number of IDAs opened;
- 21 percent increase in the amount of earned income deposited by participants into their IDAs;
- 33 percent increase in the number of participants who had made qualified withdrawals; and
- 38 percent increase in total amount of resources (IDA savings and match funds) participants had used to make purchases.

These trends may be due to the fact that there are more projects and more participants each succeeding year. In terms of the increase in funds applied to asset purchases, increasing numbers of projects that received AFI grants in FYs 1999, 2000, 2001, and 2002 for regular AFI projects had ended or were reaching the end of their operating periods. Participants typically make their matched withdrawals in the latter years of the project's grant period.

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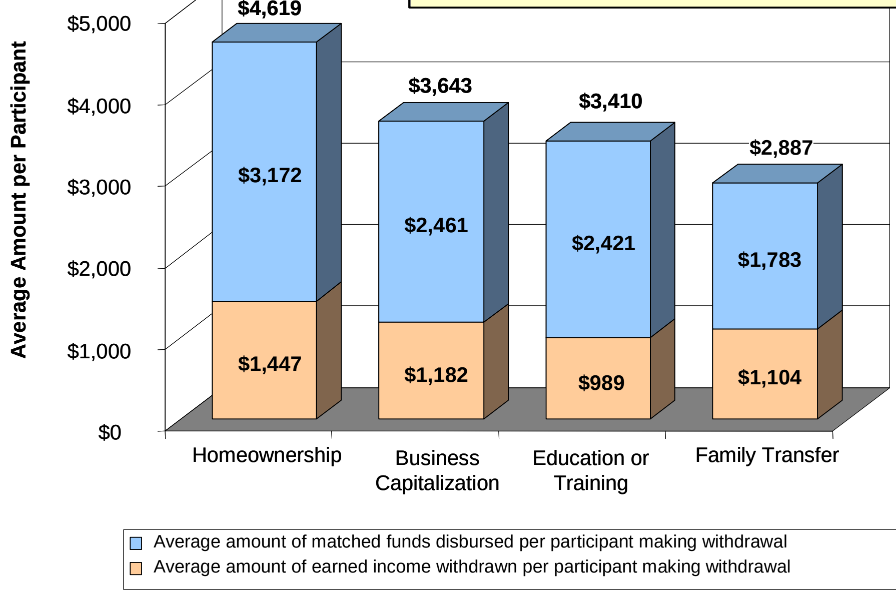
[2] Throughout the report, the Indiana and Pennsylvania programs are counted as two AFI projects. These special projects had been funded with a total of 18 separate Federal AFI grants through FY 2007.
[3] Projects are considered inactive if they have not, and are not expected to, access any Federal AFI grant funds or administer any AFI IDAs.

Exhibit ES. 3 Total and Average Participant Withdrawals for Homeownership, Business Capitalization, Education or Training, and Family Transfer

Participant Withdrawals and Project Match Funds	Cumulative Withdrawals as of End of FY 2007			
	Homeownership	Business Capitalization	Education or Training	Family Transfer
Total amount of earned income withdrawn by Participants	$8,744,098	$5,083,538	$4,215,279	$54,074
Federal grant funds disbursed as IDA Match Funds	$9,113,809	$5,328,263	$5,184,136	$43,696
Non-Federal cash disbursed as IDA Match Funds	$10,057,010	$5,258,456	$5,140,047	$43,696
Total savings and Federal and Non-Federal disbursed	$27,914,917	$15,670,257	$14,539,462	$141,466



Through FY 2007, 6,044 participants withdrew $27,914,917 from their accounts for purchasing a home, or an average of approximately $4,619 per withdrawal. The total withdrawal includes the value of earned income, as well as the value of combined Federal and non-Federal match.

Section 1. Assets for Independence Program Overview

Congress has appropriated funds for the AFI program annually since FY 1999. It appropriated $10 million per year in FYs 1999 and 2000 and approximately $25 million per year from FYs 2001 to 2007.

OCS awards AFI grants to nonprofit organizations, government agencies that partner with nonprofit groups, and credit unions and Community Development Financial Institutions (CDFIs) that serve low-income individuals and collaborate with community anti-poverty organizations. Grantees use each AFI grant to support one AFI project for five years. Many grantees are administering concurrent grants. Therefore, they are managing two or more unique AFI projects simultaneously.

IDAs are restricted savings accounts through which low-income individuals and families who are asset-poor[4] combine their own savings with matching public and private funds to purchase a first home, capitalize a business, pay for postsecondary education or training, or support an IDA owned by a family member for the same purposes. Concurrent financial literacy education teaches individuals and families sound financial decision-making skills. Ultimately, the goal of the IDA savings strategy is to enable individuals and families to purchase and own meaningful long-term assets and become more economically self-sufficient.

AFI projects offer participants IDA matching funds in amounts up to $2,000 in Federal AFI funds and at least $2,000 in non-Federal funds. All AFI projects must provide non-Federal funds in an amount at least equal to the Federal grant amount awarded. Projects work in partnership with financial institutions, such as banks and credit unions, in providing the IDAs, financial education, and other services. Many projects also work with other types of partner organizations to support participants.

Section 2. Regular Project Administration and Operations

Through FY 2007, nearly one-half of all grantees were Community Action Agencies or Community Development Corporations:

- 32 percent of grantees were nonprofit Community Action Agencies (CAAs); and
- 13 percent were Community Development Corporations (CDCs).

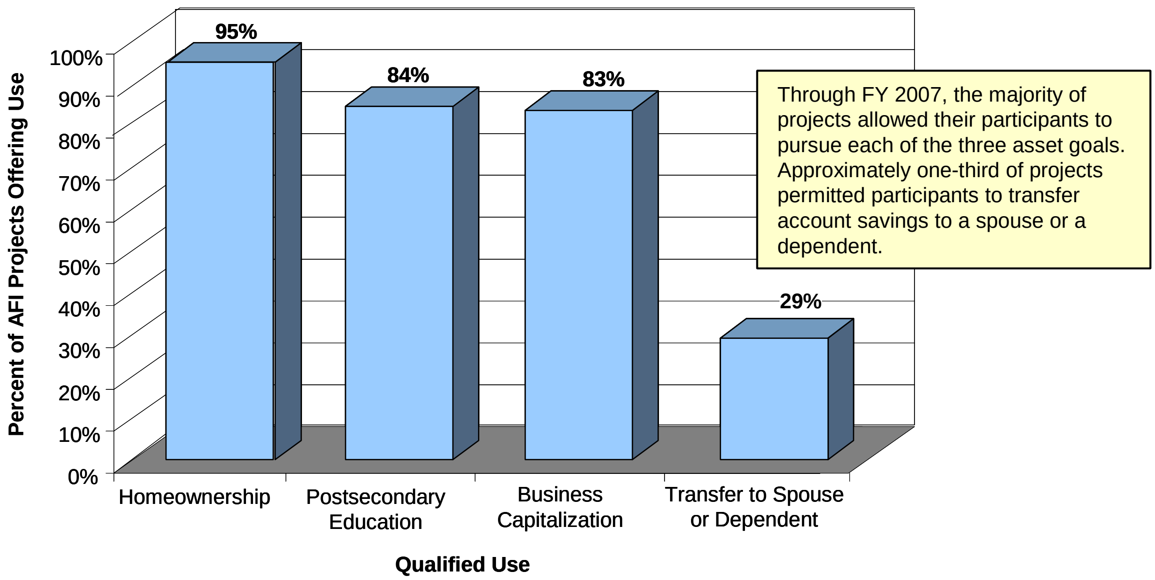
As of the end of FY 2007, grantees also included faith-based organizations, local United Ways, human service agencies, and many other forms of private nonprofit entities.

AFI projects were distributed fairly evenly across the nation. They were located in 49 states and the District of Columbia. (At the end of FY 2007, Wyoming was the only state that did not have an AFI project.) Many projects focus on particular localities and neighborhoods. A small but growing number of grantees administer projects that serve statewide, multi-state, or nationwide areas.

In terms of qualified uses of IDA savings and match funds, more than nine in ten AFI projects allowed participants to pursue homeownership as an asset goal (95 percent), while more than eight in ten allowed participants to pursue postsecondary education or training and business capitalization as asset goals (84 percent and 83 percent, respectively). Almost one in three projects allowed participants to transfer account savings to a spouse or dependent (29 percent). (See Exhibit ES.4.)

[4] "Asset-poor" refers to individuals and families who have insufficient financial resources to support themselves at the poverty level for three months during a suspension of income.

Exhibit ES. 4 Qualified Uses of IDA Savings and Match Funds



IDA Account Characteristics

OCS encourages grantees to customize their AFI projects to meet the unique needs of their populations and geographic areas. Therefore, IDA features and requirements vary greatly among the AFI projects. As allowed by the Act, projects may offer IDA match rates (combining Federal and non-Federal matching funds) ranging from $1 to $8 for each $1 of earned income saved by a participant. In addition, maximum match levels and monthly savings requirements tend to vary from project to project.

- A $2 match for each $1 saved was the most common match rate across all three major asset purchase goals — homeownership, business capitalization, and postsecondary education or training.

- Maximum match amounts ranged from $150 to $4,000; the average was $1,627.

- The average minimum monthly participant savings amount was $25.

Financial Education and Support Services

In all AFI projects, participants are required to satisfy basic financial training requirements. General training usually focuses on such topics as budgeting, responsible credit use, savings, investments, and taxes. Many projects also provide “asset-specific” training to participants, featuring such topics as homeownership training, career counseling, and entrepreneurship.

(See Exhibit ES.5.) Some projects offer other support services to participants of AFI projects, such as employment support, transportation, and medical care.

- On average, projects reporting through FY 2007 required participants to participate in 11.7 hours of financial education training before purchasing an asset.
- Many projects required participants to attend training focused on the type of asset being purchased. The average number of hours required for asset-specific training ranged from 5 to 12 hours.
- 80 percent of projects offered their participants financial counseling and 76 percent of projects offered credit counseling and repair. Many projects offered other types of financial supports and services. (See Exhibit ES.6.)
- About one-half of projects offered each of the following services to participants: crisis management, structured planning exercises, peer support, employment support, and mentoring.
- 43 percent of projects offered participants child care and 33 percent offered transportation services; 12 percent offered referral and follow up for medical services.

Exhibit ES. 5 Average Hours of Training Required

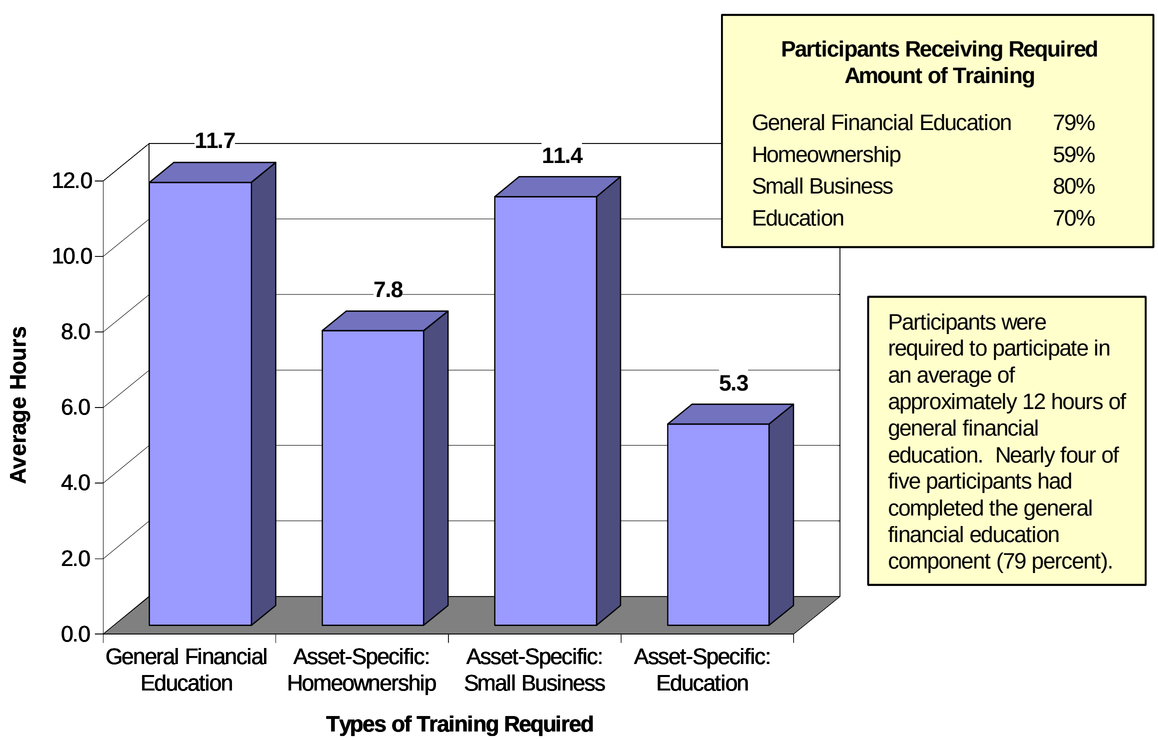
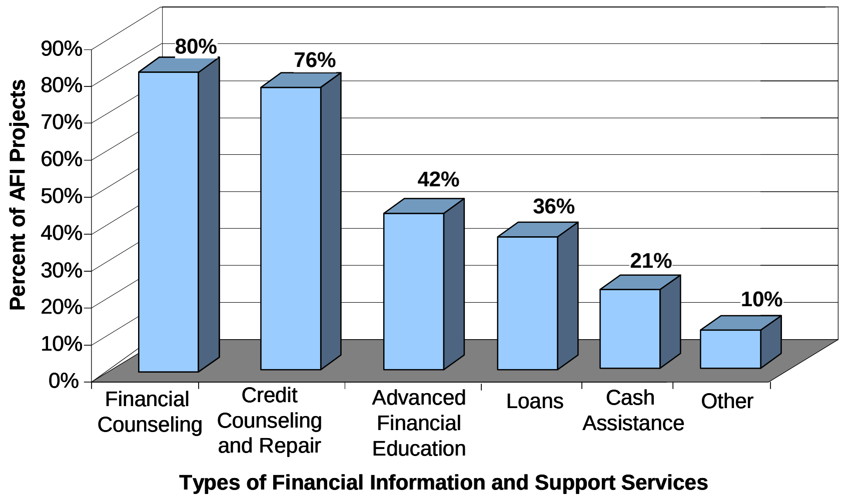


Exhibit ES. 6 Financial Information and Support Services Provided by AFI Projects

In addition to financial and asset-specific education, projects provided an array of other financial services. More than three-fourths of all projects provided financial counseling and credit counseling and repair. More than one-third of all projects provided advanced financial education and loans.



Section 3. Participants

A total of 43,932 IDAs had been opened in regular AFI projects through FY 2007. OCS collects information about accountholders from projects to understand which populations are participating in the AFI program and to compare outcomes by group.

This report presents participant demographics across the following categories: gender, ethnicity, marital status, household composition (including number of adults and number of children), household income, residence area, educational status, age, employment status, and prior banking experience. The following are selected statistics as of the end of FY 2007:

- Through FY 2007, 75 percent of participants who have opened IDAs were female.
- 45 percent of participants were African American, while 27 percent were Caucasian, and 17 percent Hispanic.
- More than 75 percent of participants who had opened IDAs had children. Most participant households with children had one or two children.
- 86 percent of participants reported that they had at least a high school diploma when they enrolled in an AFI project. Many participants had education beyond the high school level, including some college or an associate's degree.
- Most accountholders had experience with a savings or checking account prior to enrollment; 48 percent of participants reported having used a savings account and 63 percent had used a checking account prior to enrolling in an AFI project.

Section 4. AFI Financial Management

Projects must adhere to requirements of the Act regarding the maintenance of Federal and non-Federal funds, including deposits and withdrawals from the Project Reserve Fund. Similarly, participants make deposits to their IDAs and are allowed to make withdrawals according to varying program/project requirements and guidelines. This report includes information about the amounts of funds that projects have accessed and the amount of savings that participants have deposited into and withdrawn from their IDAs.

Federal Grant Funds and Non-Federal Funds

Projects are not required to draw down (to access) their Federal grant funds according to any particular schedule during the five-year period of their grants. Rather, they may access the Federal funds when needed to implement program activities or match participant savings. Projects may access only that portion of the Federal grant equal to the amount of non-Federal funds that they have deposited into the Project Reserve Fund.

- Regular AFI projects had drawn down 47 percent of Federal funds awarded through FY 2007. The total amount drawn down was $56,262,675.

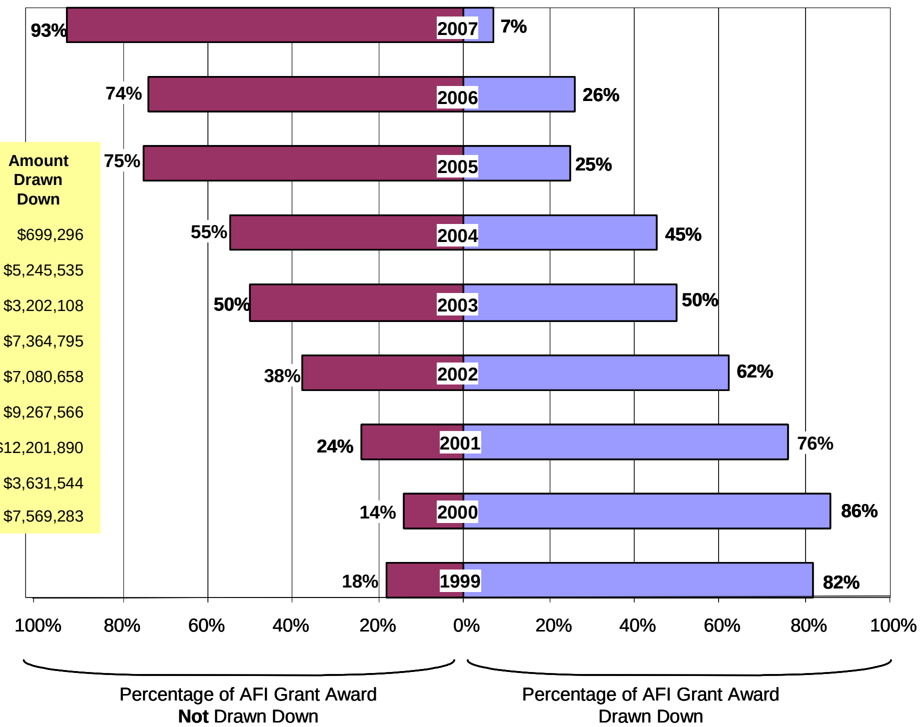
- Grant drawdown rates varied:
    - 45 percent of projects had accessed more than 75 percent of the grant.
    - 23 percent of projects had not accessed any of the grant funds yet.

- Projects had deposited nearly $65 million of non-Federal resources and nearly $57 million of their Federal AFI awards into their Project Reserve Funds, exceeding the amount of required non-Federal matching funds by approximately 14 percent.

Although not required by Federal program rules or the Act, projects tend to rely on non-Federal funds before accessing Federal grant funds for their projects. This practice is consistent with the overall design of AFI projects. Projects may use the majority of the Federal grant funds only for matching participants' IDA savings, so many projects do not access the funds until they are ready to enroll participants. Those whose projects are more mature — with participants who are toward the end of their participation and ready to make asset purchases — have higher grant drawdown rates. (See Exhibit ES.7.)

Exhibit ES. 7 Percentage and Amount of Federal AFI Grant Draw Down

Fiscal Year	Amount Not Drawn Down	Amount Drawn Down
2007	$9,108,772	$699,296
2006	$14,609,445	$5,245,535
2005	$9,797,496	$3,202,108
2004	$9,114,979	$7,364,795
2003	$7,144,250	$7,080,658
2002	$5,780,364	$9,267,566
2001	$3,865,194	$12,201,890
2000	$609,076	$3,631,544
1999	$1,711,621	$7,569,283



Through FY 2007, 82 percent of the value of all grants awarded in 1999 to fund regular AFI projects had been drawn down and 86 percent of the value of all grants awarded in 2000 had been drawn down. As expected, only a small percentage of the value of all grants awarded in 2007 had been drawn down through the end of FY 2007 (7 percent).

Participant IDA Deposits

- 43,932 IDAs had been opened under regular AFI projects through FY 2007.
- $38,076,629 of earned income had been deposited by participants under regular AFI projects, with an average of $867 per participant.

Participant Withdrawals

- 14,658 participants had withdrawn $18,096,989 from their IDAs through FY 2007 for purchasing one of the three allowed asset types or transferring their IDAs to a spouse's or dependent's IDA. A total of 30,254 participants had withdrawn $28,010,932 from their IDAs for all purposes, including purchasing an asset and paying costs related to emergencies.
- Withdrawals for homeownership were the greatest both in number and in average dollar value.

    - 6,044 participants had withdrawn funds for homeownership through FY 2007, with an average savings withdrawal of $1,447 and an average match of $3,172 (average total withdrawal of $4,619).

    - The number of individuals who had made withdrawals for homeownership as of the end of FY 2007 was nearly 31 percent higher than the number as of the end of FY 2006.

- Withdrawals for business capitalization were the second most frequent type of IDA use.

    - 4,301 participants had withdrawn funds for business capitalization, with an average savings withdrawal of $1,182 and an average match of $2,452 (average total withdrawal of $3,643).

    - The number of individuals who had made withdrawals for business capitalization as of the end of FY 2007 was more than 31 percent higher than the number at the end of FY 2006.

- Withdrawals for postsecondary education or training were the third most frequent use of IDA funds.

    - 4,264 participants had withdrawn funds for postsecondary education or training, with an average savings withdrawal of $989 and an average match of $2,421 (average total withdrawal of $3,410).

    - The number of individuals who had made withdrawals for postsecondary education or training as of the end of FY 2007 was approximately 39 percent higher than the number reported at the end of FY 2006.

- 49 participants transferred their IDA savings to a spouse or dependent. The amounts transferred averaged $1,104 in savings and $1,783 in matching funds (average total withdrawal of $2,887).

Balances Remaining

- 14,275 IDAs were open and active as of the end of FY 2007. These accounts held an overall total of $9,415,617 in participant savings.

- 44 percent of AFI projects had participants with an average balance of $600 or more; only 10 percent of projects had participants with an average balance of $199 or less.

Section 5. Special State AFI Projects

This report also presents information about two special AFI projects administered by the states of Indiana and Pennsylvania. These states were administering state-level IDA programs before the AFI program was created, and the AFI Act (Section 405(g)) authorizes OCS to award AFI grants to further these states' ongoing IDA programs. Because these programs are based partially on state law rather than the Act, elements of these special AFI projects are different from regular AFI projects. For example, requirements for participant eligibility, savings patterns, and allowed purchases vary slightly in the state programs.

- Indiana and Pennsylvania had received 18 grants through FY 2007, totaling $16.7 million in AFI funding to support these two special AFI projects.[5]
- The two special state projects had involved close to 100 sub-recipients across both states since the AFI program began.
- Approximately 8,600 participants had opened IDAs through these projects across Indiana and Pennsylvania.

Indiana IDA program highlights:

- Participants may use IDAs to save over a four-year period.
- Currently, participants may save up to $1,600 in their IDAs (maximum of $400 per year for each of four years) and receive a $4 match for each $1 saved to finance a qualified asset purchase.
- Participants may use their savings and match funds for the same three assets allowed under the Federal AFI program.
- 3,854 people had opened IDAs and a total of 2,364 participants had completed their saving and received matching funds with support of AFI grants since 1999.
- Participants had withdrawn an average of $413 from their IDAs.
- 47 percent of participants used their IDA resources for education, while 31 percent used their IDA resources for homeownership and 22 percent used their IDA resources for business capitalization.

Pennsylvania IDA program highlights:

- Participants may use a Family Savings Account (FSA) to save over a two-year or three-year period, depending on when they enrolled.
- Savings are matched dollar for dollar up to $1,000 annually, with a maximum savings of $2,000 matched over the total saving period.

[5] Throughout the report, Indiana and Pennsylvania programs are counted as two AFI projects.

- Participants may use FSA savings and match funds for the three AFI allowed asset types as well as for home repair; car, computer, and day care (including child care) expenses related to employment or education; and contributions to a state 529 College Savings Plan.

- 4,745 people had opened IDAs, and a total of 1,689 had completed their saving and received matching funds with support of AFI grants since FY 1999.

- Participants had withdrawn an average of $1,900 in savings and received an average of $1,730 in matching funds to buy a home, obtain higher education, capitalize a small business, finance home repair or automobile purchase, and make other purchases allowable in the FSA program.

Section 6. OCS Support for Grantees

OCS is using several strategies to support AFI grantees:

- OCS provides training and customized technical assistance through the AFI Resource Center.

- The AFI^2 Project Management Tool, a free Web-based system, helps grantees and sub-recipients efficiently collect, manage, and report project data.

- OCS is implementing three program-wide outcome measures and has developed a menu of grantee-level performance indicators to help gauge project success.

- OCS is conducting a multi-year evaluation, which will provide comprehensive program information, including an impact study. Results from the evaluation will increase knowledge about the effectiveness of AFI projects and the IDAs they administer for participants.

Introduction

This Report to Congress describes the status of the Assets for Independence (AFI) program as of the end of Fiscal Year (FY) 2007, the conclusion of the eighth year. It includes a narrative and a series of Appendices. The narrative provides summary information about the status of the overall program. The Appendices display detailed project-level information about grantees and their AFI projects funded between FY 1999 and FY 2007.[6]

Structure of the Report to Congress for FY 2007

- **Section 1: Assets for Independence Program** provides an overview of the AFI program, including the legislative requirements that shape key aspects of the design of each AFI project.

- **Section 2: Regular AFI Projects, Administration, and Operations** provides information about the grantee organizations that are administering AFI projects. It describes the types of administrative arrangements the grantees use and identifies information about the many non-Federal funders that have contributed to this work. It also includes details about the individual development accounts (IDAs) offered, staffing arrangements, and the various types of training and supportive services that grantees provide to their participants.

- **Section 3: Project Participants** includes information about participants at the time of enrollment, as well as at the time of asset purchase. This section features demographic information and a synopsis of participants' prior relationships with financial institutions and banking services. It also provides information on participants who used their IDA savings to purchase assets in FY 2007.

- **Section 4: AFI Project Financial Management** provides information about several fiscal aspects of the AFI program. It discusses the status of the grantees' Project Reserve Fund (required bank account[s] in which the grantee maintains grant funds and non-Federal funds for the project). It also provides information about participants' uses of their IDAs and outcomes of AFI participation, such as the amounts of earned income that participants have deposited into and withdrawn from their IDAs and the number and types of assets purchased.

- **Section 5: Special State Projects in Indiana and Pennsylvania** gives details on the two AFI projects in the states of Indiana and Pennsylvania, their distinctive features, and

[6] Starting in FY 2005, OCS instituted a process of awarding AFI grants in three cycles throughout the Fiscal Year to increase the availability of grant funds and to enhance the quality of the demonstration overall. In FY 2007, awards were made in February, July, and late September. The 38 grantees that received AFI grants in February and July were required to provide information for this report. The 16 grants awarded in September 2007 were awarded on the last day of the Fiscal Year and were not required to submit data for this report as they had no data to collect. Thus, with the exception of discussions in the Introduction and in Section 1 of the number and dollar amounts of awards, the remainder of this report is based on data for grants awarded through July 2007.

outcomes to date. Through FY 2007, these two projects had been supported with 18 separate AFI grants since FY 1999.

- **Section 6: Additional OCS Support for Grantees** describes the AFI Resource Center, the AFI[2] project management system developed for grantees, and the training and technical assistance services available to grantees and their partners.

- The **Appendices** are a series of data tables with detailed information about each AFI grant awarded through FY 2007. Nineteen tables highlight key aspects of each grantee and its corresponding AFI project(s), including, for example, the grant amount awarded for each project, participant demographic characteristics, amounts of Federal funds used, amounts of non-Federal cash provided by grantees and their funding partners, and the types and frequency of training and supportive services provided by each project.

Data Collection and Methodology

Each AFI grantee submits a report of its project activity to OCS following each Fiscal Year, as required by Section 412 of the Assets for Independence Act. Grantees use electronic reporting forms to provide the required information. Most of the data are cumulative from the date the grantee received its AFI grant to the end of FY 2007. For example, grantees that received funding in 2002 provided five years of data, while those that received funding in 2003 provided four years of data. The report also includes end-of-project data from grantees whose projects have ended.

The AFI Resource Center provided ongoing technical support to grantees on data collection processes and strategies throughout the submission period for the report.

Table Intro.1 shows that OCS had awarded 497 grants from FY 1999 through FY 2007 and it lists the number of grants awarded each year. OCS awarded these grants to 298 organizations to implement and administer 479 regular AFI projects, as well to the states of Indiana and Pennsylvania for the two special state AFI projects.[7] As Table Intro.1 shows, some grantees did not provide data for this report. These grantees included several who received their AFI awards on the final day of FY 2007; one active grantee that experienced major difficulties with its data system and was unable to provide the required data; and several organizations that received awards in past years but had chosen not to access any grant funds and not to implement an AFI project, termed “inactive” grants. Core information about these grants is included in tables shown in Section 1 of this report, but they are not included in the analysis of program characteristics in Sections 2 through 5.[8] Thus, the analysis presented in this report is based on

[7] These 18 grants comprise what are referenced throughout the remainder of the report as two special state AFI projects.

[8] The three types of grants not included in the analysis for this report include: 1) 15 regular grants and one special state grant awarded on the final day of FY 2007; 2) One grant administered by the Michigan Neighborhood Partnership, an organization that experienced significant difficulties with its data system during the period in which reporting occurred; and 3) 31 “inactive” grants, that is grants awarded to entities that chose not to implement their AFI project. The grantees with inactive grants had not implemented their award or administered any IDAs. In total, data for 47 regular grants and one special state grant are not included in the figures presented in Sections 2 through 5.

data provided by 432 active regular AFI grantees, as well as the two active special state AFI projects.

Section 1 of this report provides an overview of the AFI program and information on all AFI projects combined. Sections 2, 3, and 4 only address data specific to the 432 active regular AFI projects. Section 5 focuses on the two special state AFI projects.

Table INTRO.1. AFI Grants Awarded and Data Responses

Fiscal Year AFI Grant Awarded	Grants Awarded	No Data Reported *	Grants Awarded on Final Day of FY 2007	Grants for which Data are Included in this Report
1999	38	1	0	37
2000	25	4	0	21
2001	80	9	0	71
2002	66	9	0	57
2003	48	3	0	45
2004	60	3	0	57
2005	42	1	0	41
2006	67	1	0	66
2007	53	1	15	37
Total	**479**	**32**	**15**	**432**
Special State Grants	18**	0	1	17
Grand Total	**497**	**32**	**16**	**449**

* See footnote 8 in text.

** Although there have been 18 special state grants awarded, these grants are considered only two projects.

Unless otherwise noted, the unit of analysis is the AFI project. Grantees that have received more than one AFI grant provided separate reports for each AFI project. Thus, the number or percentages of “projects that responded” refers to the number or percentages of AFI projects, not grantee organizations. Moreover, because not every grantee reported information for each data element requested, each table in this report includes the number of AFI projects that provided usable data for the particular analysis.

Section 1. Assets for Independence Program

The Assets for Independence (AFI) program is a multi-site, national program administered by the Office of Community Services (OCS) within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS). Established by the Assets for Independence Act (the "Act") in Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Public Law 105-285), the program is developing knowledge about the effects of asset-building projects that feature individual development accounts (IDAs), financial education, and related asset-based strategies for enabling low-income people to improve their economic status.

Section 1 describes the AFI program's core elements. It includes the following:

- A program overview;
- Grant awards for the AFI program;
- Program requirements; and
- Information about the design of AFI projects.

Program Overview

IDAs are personal savings accounts in which participants save earned income and receive Federal and non-Federal matching funds for the purpose of purchasing allowed economic assets. According to the Act, allowed asset purchases include expenses related to homeownership, business capitalization, or postsecondary education or training. Additionally, participants may choose to transfer their IDA savings to support the asset goal of a spouse or dependent who has an IDA.

The earned income participants save in an IDA and use for authorized asset purchases is matched by the AFI project at the time of asset purchase. Projects may provide participants a maximum of $2,000 in Federal funds and at least an equal amount of non-Federal funds to match a participant's IDA savings. Projects can choose at what rate they match participant savings ranging from a low of $1 in match for $1 in participant savings to a high of $8 in match for $1 in participant savings. Projects choose the appropriate match rate according to the design of their project and their participants' needs. Higher match rates allow participants to qualify for the maximum amount of Federal and non-Federal funds based on deposits of less earned income, while lower match rates require participants to deposit more earned income in order to qualify for the maximum amount of match funds.

OCS awards AFI grants to nonprofit entities and state, local, or Tribal government agencies that partner with nonprofit organizations. Grantees work with financial institutions and other partners in managing the IDAs and other features of the projects.

AFI grants have five-year project periods. For example, grants awarded in FY 2004 will be active through FY 2009; those awarded in FY 2001 were active through FY 2006; and so forth. Grantees may apply for one one-year, no-cost extension of their project and grant period to enable them to continue their AFI projects beyond the original five-year period. Grantees that have received multiple awards also may reassign participants from one grant to another for which they are responsible but may not move federal AFI grant funds from one AFI grant to another. All grantees are given 90 days to close out their grants following the end of their project period. Participants can make asset purchases during the close-out period.

Grants Awarded

Congress appropriated $10 million each year in FY 1999 and FY 2000, and approximately $25 million each year from FY 2001 through FY 2007. Through FY 2007, OCS had awarded 497 grants totaling nearly $150 million. These included $132,765,529 awarded to 298 organizations to implement and administer 479 regular AFI projects, as well as $16,706,944 awarded to the states of Indiana and Pennsylvania via 18 grants for the two special state AFI projects. Grant amounts averaged approximately $300,000 for the five-year project period. The maximum grant amount allowed is $1 million. As shown on Table 1.1, OCS has awarded varying numbers of competitive grants and amounts each year.

Table 1.1 Number of Grants and Dollar Amounts Awarded

Fiscal Year AFI Grant Awarded	Number Awarded	Dollar Amount Awarded
1999	38	$9,695,904
2000	25	$4,544,620
2001	80	$20,604,674
2002	66	$15,809,699
2003	48	$15,624,908
2004	60	$17,699,694
2005	42	$13,234,915
2006	67	$20,366,851
2007	53	$15,184,264
Total Regular AFI Grants	**479***	**$132,765,529**
Special State Projects	18*	$16,706,944
Grand Total	**497**	**$149,472,473**

* This table incorporates all awards through FY 2007, including the 15 regular grants and one special state project grant awarded in September 2007. In later sections of this report, discussion of award amounts exclude these grants since they were awarded on the final day of the reporting period and the grantees were not required to submit a data report. Excluding those grants, regular AFI grants awarded through FY 2007 totaled $129,054,921, and the awards to special state projects totaled $15,706,944.

Numerous organizations have been awarded multiple AFI projects. Table 1.2 describes these organizations in terms of the number of regular AFI projects awarded. Among the 298 organizations that were awarded grants for regular AFI projects through FY 2007, most had been awarded only one grant (64 percent); one-fifth had been awarded two (19 percent); and 16 percent had been awarded three or more. AFI grants have been awarded to serve individuals and families in 49 states and the District of Columbia.[9] Because many grantees are working with multiple sub-recipient organizations that provide IDA services, the grantees represent approximately 1,300 organizations serving AFI participants.

Appendix A is a comprehensive list of the 298 grantee organizations, including their grant amounts and the year(s) they received grants.

Table 1.2 Number of Grants per Organization

Number of Grants Administered by Organization	Number of Organizations	Percent of Organizations
One Grant	192	64%
Two Grants	58	19%
Three Grants	29	10%
Four Grants	13	4%
Five Grants	4	1%
Six Grants	2	1%
Total	**298**	**100%**

Grantee organizations submitted competitive proposals for each separate grant received. Table 1.3 shows the original and additional amounts awarded to grantees by the year they received their first grant. For example, the row labeled "Fiscal Year Initial AFI Grant Awarded" shows that in FY 1999, 38 organizations received grants and, reading across the table, many of them received additional competitive grants in succeeding years. In FY 2001, 13 of those that had received their original grant in FY 1999 applied for and received an additional grant. In 2003, five of those that received their original AFI grant in FY 1999 received another one, and so on. The final column shows that the 38 organizations who received their first grant in FY 1999 have received 91 total grants through FY 2007, for total funding of $27,253,779.

Between FY 1999 and FY 2007, OCS awarded 18 grants to the special state AFI projects, totaling $8,124,944 for the Indiana IDA program and $8,582,000 for the Pennsylvania Family Savings Account program.[10] Section 5 provides additional information about these programs.

[9] All states except Wyoming have had an AFI project.

[10] OCS awarded a $1 million grant to the State of Pennsylvania on September 30, 2007.
Data for grants awarded on that date (other than award amounts) are not included in this report since they were awarded on the final day of the reporting period for the report. OCS did not award any AFI grant to the State of Indiana in FY 2006.

Table 1.3 Number of Grants, Grant Amounts, and Cumulative Amounts of AFI Funds Awarded FYs 1999 - 2007

Fiscal Year Initial AFI Grant Awarded	FY 1999		FY 2000		FY 2001		FY 2002		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		Total FY 1999 through FY 2007	
	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#	Grant Amounts	#
1999	$9,695,904	38	—	—	$4,241,829	13	$4,996,866	13	$1,294,728	5	$1,034,812	5	$1,502,414	4	$2,402,638	8	$2,084,588	5	$27,253,779	91
2000	—	—	$4,544,620	25	$2,777,794	8	$1,433,241	6	$297,058	3	$500,000	2	$1,500,000	2	$318,000	2	$360,000	3	$11,730,713	51
2001	—	—	—	—	$13,585,051	59	$2,709,120	15	$2,051,423	10	$2,609,122	10	$808,353	4	$2,798,076	11	$2,991,177	7	$27,552,322	116
2002	—	—	—	—	—	—	$6,670,472	32	$321,470	4	$1,716,880	6	$190,000	2	$476,400	2	$570,000	2	$9,945,222	48
2003	—	—	—	—	—	—	—	—	$11,660,229	26	$2,129,740	4	$1,000,000	1	$1,842,500	4	$2,000,000	2	$18,632,469	37
2004	—	—	—	—	—	—	—	—	—	—	$9,709,140	33	$1,436,660	4	$1,183,202	5	$705,888	2	$13,034,890	44
2005	—	—	—	—	—	—	—	—	—	—	—	—	$6,797,488	25	$655,000	1	$260,000	3	$7,712,488	29
2006	—	—	—	—	—	—	—	—	—	—	—	—	—	—	$10,691,035	34	$120,000	2	$10,811,035	36
2007	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	$6,092,611	27	$6,092,611	27
Total	$9,695,904	38	$4,544,620	25	$20,604,674	80	$15,809,699	66	$15,624,908	48	$17,699,694	60	$13,234,915	42	$20,366,851	67	$15,184,264	53	$132,765,529	479
Special State Grants																				
Indiana	$930,000	1	$700,000	1	$494,944	1	$1,000,000	1	$1,000,000	1	$1,000,000	1	$1,000,000	1	—	—	$2,000,000	2	$8,124,944	9
Pennsylvania	$930,000	1	$1,000,000	1	$1,000,000	1	$1,000,000	1	$826,000	1	$826,000	1	$1,000,000	1	$1,000,000	1	$1,000,000	1	$8,582,000	9
Total	$1,860,000	2	$1,700,000	2	$1,494,944	2	$2,000,000	2	$1,826,000	2	$1,826,000	2	$2,000,000	2	$1,000,000	1	$3,000,000	3	$16,706,944	18

Program Requirements

The Assets for Independence Act stipulates the following requirements regarding project administration and participant eligibility for AFI grantees:

- **Participant Eligibility.**[11] Individuals may participate in an AFI project if they are either:

  (1) Eligible for their state's Temporary Assistance for Needy Families (TANF) program; or

  (2) Eligible for the Federal Earned Income Tax Credit <u>or</u> they have an adjusted gross household income equal to or less than 200 percent of the Federal poverty line, <u>and</u> if their household net worth is less than $10,000 (excluding the value of a primary dwelling unit and one motor vehicle).[12]

- **Regular Deposits.** Participants must deposit earned income into their IDAs regularly (e.g. weekly, monthly, quarterly).

- **Participant IDA Match Rate.**[13] Grantees match participants' savings at a rate ranging from a minimum of $1 to a maximum of $8 in matching funds for each dollar of earned income the participant deposits into his or her IDA. The Act sets a maximum amount of $2,000 in Federal AFI grant funds that may be provided as matching funds to any participant.

- **Uses of IDA Balances.**[14] Participants may use their accumulated IDA savings plus the matching funds to purchase a home, capitalize a business, or pursue postsecondary education or training. They also may transfer their IDA resources to a spouse's or dependent's IDA for the purchase of any of the three assets. If participants withdraw savings from their IDAs for purchases other than those allowed by the Act, they forfeit the matching funds.

- **Non-Federal Funds.**[15] Project budgets must include non-Federal cash contributions in an amount at least equal to the AFI grant. Grantees are not allowed to have access to their Federal grant award funds until they have deposited the corresponding amount of non-Federal funds in their Project Reserve Fund.

- **Project Reserve Fund.**[16] Grantees must maintain a special bank account or a series of such accounts, called the Project Reserve Fund, to hold the Federal AFI grant and the required non-Federal funds. When the participants wish to use their IDA savings to make qualified purchases, grantees disburse from the Project Reserve Fund the matching Federal and non-Federal funds directly to appropriate third parties, such as mortgage lenders, education institutions, or vendors for business capitalization expenses. Grantees also use no more than 13.5 percent of the Federal and non-Federal funds in the Project Reserve Fund to support project activities, as described below.

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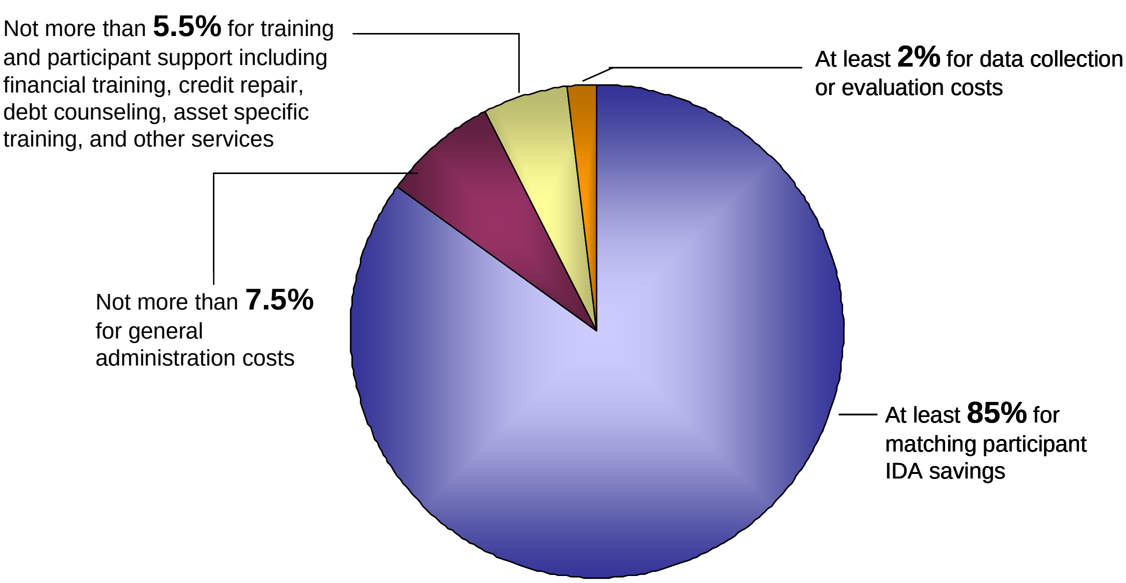
[11] See Section 408 of the AFI Act.
[12] In FY 2007, 200 percent of the Federal poverty line was $20,420 for a single person; $27,380 for a family of two; $34,340 for a family of three; $41,300 for a family of four; and $48,260 for a family of five.
[13] See Section 410 of the AFI Act.
[14] See Section 404(8) of the AFI Act.
[15] See Section 405(c)(4) of the AFI Act.
[16] See Section 407 of the AFI Act.

- **Uses of Federal Grant Funds and Required Non-Federal Funds.**[17] Grantees must allocate at least 85 percent of the combined total amount of their Federal grant funds and non-Federal cash contributions to match participant IDA savings. They may use no more than 7.5 percent of the combined funds for program administration, participant outreach, participant case work and coaching, and other services for participants. No more than 5.5 percent may be used for training, including financial literacy, credit repair, debt counseling, and asset-specific training. Finally, grantees must budget at least two percent of their grant funds and non-Federal resources for data collection and expenses related to the program evaluation. Figure 1 provides an illustration of this allocation requirement and the allowed uses of funds for each AFI project.

Figure 1

AFI Project Finances:
Allowed Uses of Federal AFI Grant and Required Non-Federal Contribution



AFI Project Finances: Grant Example

The following example demonstrates the breakdown of project finances for an average size AFI project that provides IDA services with a total budget of $600,000 (a $300,000 Federal AFI grant and $300,000 in non-Federal cash support). To conform with requirements shown in Figure 1, the average grantee must allocate its Federal grant funds plus all non-Federal funds over the five-year project period as follows:

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[17] See Section 407(c)(3) of the AFI Act.

- **Matching Participant IDA Savings.** At least $510,000 to match participants' IDA savings ($255,000 of the Federal grant plus $255,000 of non-Federal funds). This project could provide the maximum $2,000 in Federal funds to 127 participants (or could serve a greater number of participants who receive less than the maximum amount of Federal funds).

- **General Administration Costs.** No more than $45,000 for administration ($22,500 of the Federal grant plus $22,500 of non-Federal funds) over the five-year project, or an average of $9,000 in each year of the project ($4,500 in Federal funds and $4,500 in non-Federal funds).

- **Training and Participant Support.** No more than $33,000 for financial literacy, credit counseling and repair, and other training and coaching for participants ($16,500 of the Federal grant plus $16,500 of non-Federal funds). This expenditure is approximately $50 per participant per year ($25 from the Federal grant and $25 from non-Federal funds).

- **Data and Evaluation Costs.** At least $12,000 for data collection and evaluation costs ($6,000 of the Federal grant plus $6,000 of non-Federal funds). This represents $2,400 per year for the five-year project.

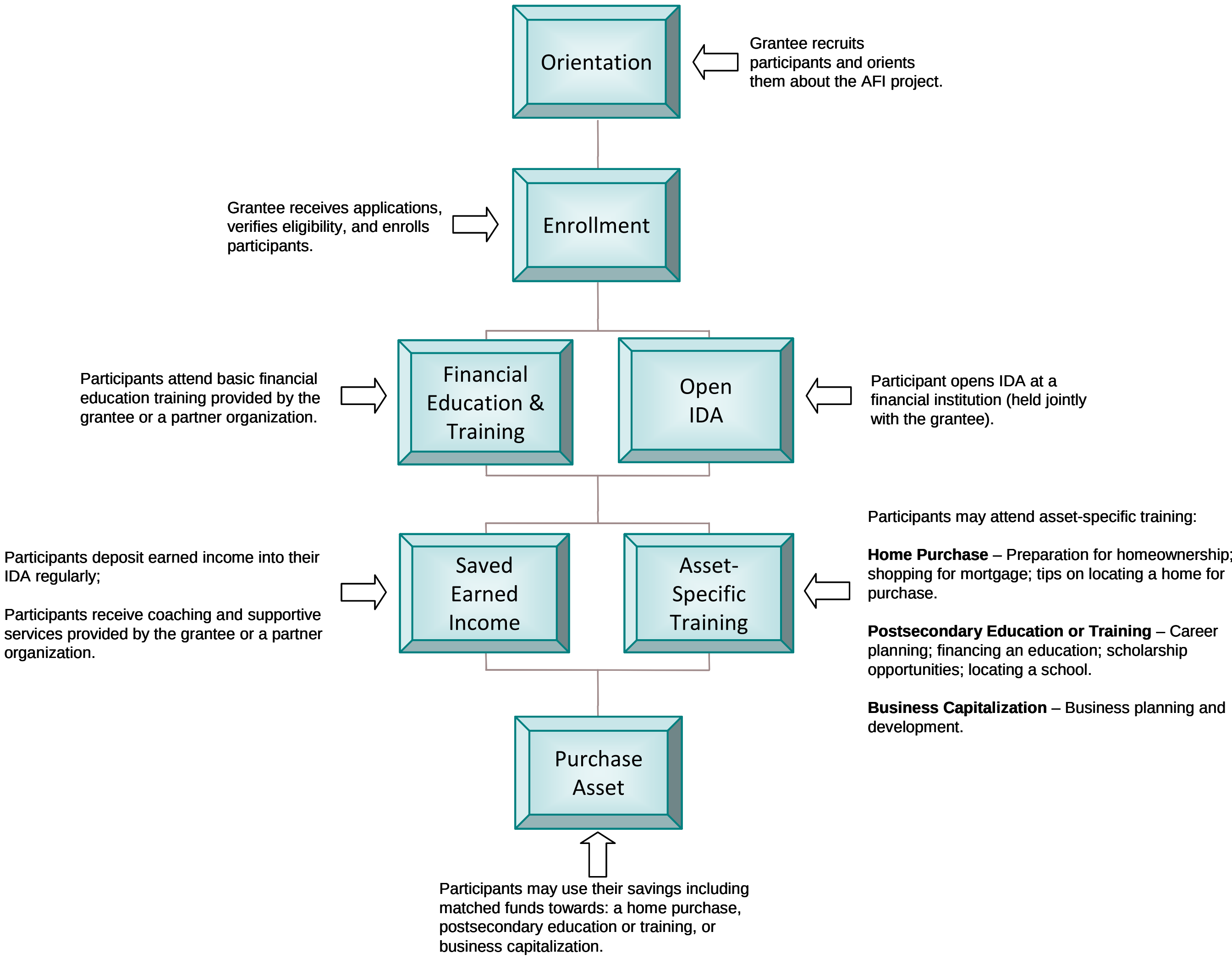
Design of AFI Projects

OCS encourages grantees to customize their AFI projects within the legislative requirements to meet participants' needs. Many aspects of project design are based on a grantee's capacity as well as available local resources. Some AFI projects offer extensive participant services, while others provide more limited support.

Grantees address participant needs within the framework of a multi-step process, depicted in Figure 2. While procedures may differ from project to project, in a typical project, prospective participants first attend a program orientation session to learn about the benefits of saving regularly and strategies that can help them save. Next, they submit applications that include proof of eligibility. The grantee reviews the applications, determines eligibility, and enrolls selected participants. The grantee and the participants develop savings plan agreements that state the roles and responsibilities of each party. Participants typically next attend financial education courses, and either subsequently or simultaneously open IDAs. Once their IDAs have been opened, participants save earned income and make regular deposits into their IDAs based on specific project requirements. Throughout the process, participants also receive coaching, case management, and other support services from the AFI project. As savings begin to accumulate, participants also may receive asset-specific training. Finally, after participants have met their savings goals and satisfied all other project requirements, grantees disburse the matching Federal and non-Federal funds directly to appropriate third parties to enable participants to make asset purchases with the IDA funds.

Figure 2

Participant Activities and Grantee Services: From Orientation to Asset Purchase



Note: Figure 2 illustrates a participant's path in a typical AFI project, though projects may vary their procedures. For example, some grantees require financial education before participants open the IDAs, while other grantees allow participants to open the IDAs and begin saving before or while receiving the education.

Virtually all AFI projects contain the following programmatic components:

- **Partnerships with non-Federal funders** that provide project administration assistance or other resources, such as in-kind facilities or services needed for administering AFI projects, in addition to providing the required cash funds to match participant savings;

- **Relationships with financial institutions** that hold the Project Reserve Fund and participants' IDAs;

- **Marketing and recruitment** to inform the community about the AFI project and encourage eligible individuals and families to enroll;

- **Periodic project orientations** for informing potential participants about the AFI project, the value of financial education, the concept of using an IDA as the springboard for long-term self-sufficiency, and overall policies and procedures;

- **Participant eligibility determination procedures** to ascertain whether applicants meet the Federal eligibility requirements described in the Act and any additional criteria set by the grantee organization or its non-Federal funders;

- **Participant savings plan agreements** that state key program details and specific responsibilities of both the participant and the grantee, such as:
    - Participant's savings goal
    - Timeframe for achieving chosen goal and schedule for making savings deposits
    - Participant's planned use of his or her IDA savings and match
    - Amount of IDA match funds the project will allocate to the participant's IDA (i.e., the maximum match and match rate)
    - Required financial education activities that the project will provide and the participant will attend
    - Any asset-specific training that the participant will receive
    - Other program requirements;

- **Financial education** and money management training provided for all participants over a number of weeks, months, or years;

- **Asset-specific training** for participants about the type of asset they plan to purchase, such as training on homeownership, entrepreneurship for those seeking to capitalize businesses, or academic/career counseling for those pursuing postsecondary education or training;

- **Case management and coaching** throughout the savings period, which may include assistance on a variety of topics, such as credit counseling, tax preparation, Federal Earned Income Tax Credit (EITC) and other refundable tax credits, as well as employment counseling, child care, family counseling, or other services provided either directly or through partner organizations; and

- **Record keeping, data collection, and data management** for overall project management, including the submission of required annual reports and development of information for the national evaluation of the overall AFI program.

Section 2. Regular AFI Projects, Administration, and Operations

This section, as well as Sections 3 and 4, are based on Annual Reports submitted by grantees administering 432 regular AFI projects. To operate these projects successfully, grantees develop administrative arrangements and build partnerships to meet non-Federal funding rules, program/project requirements, and varying participant needs.

The beginning of this section presents information for regular AFI projects on the following grant administration topics:

- Types of AFI grantees;
- Non-Federal funding sources; and
- Common administrative arrangements (including project staffing).

The remainder of this section provides more detailed information related to the following operational functions/services:

- IDA account characteristics and requirements;
- Provision of financial training; and
- Coordination of other support services.

Information for two special state projects is included in Section 5.

Types of AFI Grantees

OCS awards AFI grants to nonprofit entities and state, local, or Tribal government agencies that partner with nonprofits. Other eligible entities include credit unions classified as "low-income credit unions"[18] and Community Development Financial Institutions (CDFIs) that are collaborating with local community-based anti-poverty organizations.

As shown in Table 2.1, by the end of FY 2007, nearly half of all grantees were either Community Action Agencies (32 percent) or Community Development Corporations (13 percent). Other common grantee types included nonprofit human services organizations (9 percent), faith-based organizations (7 percent), and local United Ways (6 percent). These outcomes are consistent with data reported last year.

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[18] As designated by the National Credit Union Administration (NCUA), a low-income credit union is defined in Part 701.34 of the NCUA Rules and Regulations as a credit union with a majority of members that either earns less than 80 percent of the average of all wage earners, as established by the Bureau of Labor Statistics, or has an annual household income that falls at or below 80 percent of the median household income for the nation as established by the Census Bureau.

Table 2.1 Types of AFI Grantees

Type of AFI Grantee	Percentage at End of FY 2006	Percentage at End of FY 2007
Community Action Agency	32%	32%
Community Development Corporation	13%	13%
Human Service Nonprofit	12%	9%
Faith-based Organization	8%	7%
Local United Way	8%	6%
Community Development Financial Institution/Credit Union	6%	6%
State, Local, or Tribal Government Agency	6%	7%
Housing Nonprofit	4%	5%
Microenterprise Development Agency	3%	2%
Workforce Development Agency	2%	2%
Youth Development Agency	2%	2%
Other	4%	10%
Number of Grantees Reporting	232	260

Note: Grantees that received multiple grants were counted only once.

Non-Federal Funding Sources

All AFI grantees are required to provide non-Federal cash resources at least equal to the amount of their Federal AFI grant funds. Grantees turn to a wide range of sources for financial support. Grantees report that they often need more funding and in-kind support for project administration costs such as staff salaries, facilities, financial education materials, and so forth. Non-Federal cash and in-kind support typically are contributed by financial institutions, such as banks and credit unions; foundations; businesses; individuals; educational institutions; faith-based organizations; state and local agencies, including housing authorities, workforce development organizations, and human services agencies; and other entities.

In addition to the AFI program, grantees also seek other Federal sources to support their projects. These sources include certain programs administered by the U.S. Department of Health and Human Services (such as the Community Services Block Grant) and the U.S. Department of Housing and Urban Development (such as the Community Development Block Grant).[19]

The most common sources of funding, whether the funds are used to match participant IDA savings or to support project services and operating costs, are shown in Table 2.2. Nearly one-half (45 percent) of grantees used non-Federal funding from financial institutions for matching

[19] Grantees may not use Community Services Block Grant (CSBG) funds as the non-Federal cash contribution for an AFI grant, but they may use these funds to support other aspects of their projects. Unlike CSBG, the Community Development Block Grant (CDBG) legislation explicitly authorizes the use of CDBG funds as a source of non-Federal funds required by other Federal programs.

participant savings, while nearly one-third (30 percent) reported that they received support from foundations for this purpose. State government agencies, local United Ways, and local government agencies/housing authorities were the next most common sources of non-Federal funding. Funding received directly from individuals was used for matching participant savings in 14 percent of projects. The sources of support for project operations are similar, though grantees were somewhat more likely to use funding from United Ways for project operations, and less likely to use funding from a Federal Home Loan Bank system for this purpose. Grantees cannot use the Community Services Block Grant as the source of non-Federal funds for matching participant savings, but 20 percent of programs used such funding to support project operations.

Table 2.2 Sources of Non-Federal Funding for IDA Match and Project Operations

Type of Non-AFI Funding	AFI Projects that Have Received Funding	
	Funds Used for Matching Participant Savings	Funds Used for Project Operations
Financial Institutions	45%	42%
Foundations	30%	31%
State Government Agencies	22%	23%
Local United Way Agencies	17%	23%
Local Government Agencies/Housing Authorities	17%	18%
Individuals	14%	12%
Businesses	13%	13%
HUD (Community Development Block Grant)	10%	14%
Federal Home Loan Bank	6%	0%
Civic Fraternal Organizations	5%	5%
Faith-Based Organizations	4%	4%
HHS (Community Services Block Grant)	NA	20%
Number of Projects Reporting	428	428

Administrative Arrangements

Grantees that manage regular AFI projects choose varying administrative frameworks, depending on their particular needs and resources. Many collaborate and partner with related organizations, government agencies, and other entities to secure the required non-Federal cash contribution and to ensure effective delivery of services to participants. This section provides details about the administrative framework used by grantees with regular AFI projects.

Single Agency Projects

About two-thirds (273) of regular AFI projects reported that their organization was the sole operator, without any formal sub-recipient relationships with other organizations. With this arrangement, the grantee organization takes full responsibility for enrolling participants, opening IDAs with the financial institution partner, providing supportive services, and managing all Federal and non-Federal funds. These grantees often partner and collaborate with other agencies that provide particular services, such as training or data management. Figure 3 provides information on the structure and administrative arrangement of a single agency project.

FIGURE 3

AFI Grantee – Single Agency Project

Grantee Responsibility

- Administers the Federal AFI grant
- Develops and manages the required non-Federal cash contribution
- Manages partnership(s) with at least one financial institution
- Manages the Project Reserve Fund
- Publicizes the AFI project and presents orientations
- Enrolls participants
- Provides financial training or partners with another organization that provides the training
- Assists participants with opening an IDA
- Provides participants with intensive supportive services
- Assists participants with asset purchase
- Assists participants who make emergency withdrawals or drop out of the project
- Reports to OCS
- Provides data for the AFI program evaluation

Sources of Funding/Support

- AFI program grant
- Non-Federal contributions
- Partner financial institutions
- In-kind support from partner agencies

Network Projects

In contrast, about one-third (152) of regular AFI projects were operated by grantees that had formal sub-recipient arrangements with other organizations that assist with project implementation. These are known as AFI network projects. The typical AFI network project includes the grantee organization as the "lead" agency responsible for administering the grant and several partners that are sub-recipients of the AFI grant funds. These 152 network projects reported a total of 1,034 sub-recipients, or an average of seven partners per project. The number of partners generally ranged from one to 15, though some programs had more; one program reported it had 37 partners. Figure 4 provides an illustration of the typical AFI network project.

FIGURE 4

AFI Grantee – AFI Network Project	
Grantee Responsibility	
▪ Administers the Federal AFI grant ▪ Develops and manages the required non-Federal cash contribution ▪ Manages partnership(s) with at least one financial institution	▪ Manages the Project Reserve Fund ▪ Reports to OCS ▪ Provides data for the AFI program evaluation
Grantee and Sub-recipient Responsibility	
▪ Receives sub-grant or contract from the AFI grantee (sub-recipient only) ▪ Reports to the AFI grantee (sub-recipient only) ▪ Publicizes the AFI project and presents orientations ▪ Enrolls participants ▪ Provides financial training or partners with one or more other organization(s) that provides the training	▪ Assists participants with opening an IDA ▪ Provides participants with intensive supportive services ▪ Assists participants with asset purchase ▪ Assists participants who make emergency withdrawals or drop out of the project
Sources of Funding/Support	
▪ AFI program grant ▪ Non-Federal Contributions	▪ Partner financial institutions ▪ In-kind support from partner agencies

Many sub-recipient organizations currently part of an AFI network project provide support for key components of the overall project, such as recruitment, enrollment, financial education, asset-specific training, homeownership assistance, case management, and other services for participants.

The precise roles and responsibilities and level of direct participant involvement of the lead agency varied from network to network. As shown in Table 2.3, in 53 percent of all AFI network projects, both the lead agency and sub-recipients worked directly with participants to open IDAs and provide services to them, while in 47 percent of projects, only sub-recipients did so. In approximately 40 percent of all AFI network projects, the sub-recipients shared with the lead agencies the responsibility for raising non-Federal funds; in other projects this was solely a responsibility of the lead agency. Similarly, 36 percent of AFI network projects shared responsibilities for maintaining project documentation for reporting and evaluation, instead of only the lead agency handling this function. It was considerably less common for lead agencies to share responsibility for managing the Project Reserve Fund; only 10 percent of lead agencies did so in FY 2007.

Table 2.3 Shared Functions in AFI Network Projects

Major Function	AFI Network Projects in which Grantee Shares the Function with Sub-Recipients
Open IDAs with Participants	53%
Raise Non-Federal Cash for the Project	40%
Maintain Documentation and Records for Reporting and Evaluation Purposes	36%
Manage the Project Reserve Fund	10%
Number of Projects Reporting	152

Sub-recipient organizations implementing AFI services for participants include many of the same types of organizations that manage single-agency projects. Thirty-five percent of sub-recipients were Community Action Agencies; 14 percent were Community Development Corporations; and 12 percent were nonprofit human services organizations (not shown in table).

Staffing

Depending on the administrative framework in place, the implementation phase, and other project-specific factors, grantee staffing needs vary. AFI grantees and their sub-recipients (in the case of AFI network projects) reporting through FY 2007 used an average of 1.69 full-time equivalent (FTE) staff (employees and volunteers) to manage their AFI projects (approximately 67.6 staff hours/week). This is nearly identical to the average reported last year.

Grantees that had projects with fewer than 25 participants had an average of 0.61 FTEs (0.54 FTE employees and 0.07 FTE volunteers). Grantees whose AFI projects had 150 or more participants operated their projects with an average of 3.31 FTEs (2.77 FTE employees and 0.54 FTE volunteers).

Grantees operating projects in their initial stage (indicated in the table as “0” accountholders) had more staff than the average grantee with fewer than 25 participants (0.74 FTE staff compared to 0.61 FTE staff), likely due to the large amount of work needed to set up an AFI project. In addition, many grantees rely on AmeriCorps*VISTA volunteers. These volunteers provided more than 1,600 hours per week to lead agencies for all AFI projects in FY 2007. Appendix B provides detailed information about project staffing.

Table 2.4 Average Number of FTE Staff per Project, by Number of Accountholders

Projects with This Number of Reported Accountholders	Average Number of FTE Employees	Average Number of FTE Volunteers	Total Average FTE Staff (Employees plus Volunteers)
0	0.66	0.08	0.74
1 to 24	0.54	0.07	0.61
25 to 74	1.25	0.51	1.76
75 to 149	1.72	0.18	1.90
150 or More	2.77	0.54	3.31
Overall Average	1.40	0.29	1.69
Number of Projects Reporting	405	405	405

Note: This table reflects the number of FTE staff for lead and sub-recipient agencies combined. One FTE is equal to 40 hours per week. Each AFI project reported an average number of hours worked (specific to their AFI project) per week by employees and volunteers. AFI projects were then grouped into ranges by the number of accountholders they reported. For each of these ranges, an average number of hours worked per week was then calculated and converted to the average number of FTE employees, volunteers, and combined staff.

Account Characteristics

Not only do the organizational and administrative aspects of AFI projects vary, but so do the operational characteristics of the projects. The AFI legislation stipulates qualified uses of IDA savings and the maximum amount of Federal matching funds a participant may receive. Grantees may define project-specific requirements, such as match levels and deposit amounts, within the Federal requirements.

Qualified Uses of IDA Savings and Matching Funds

The AFI program allows three types of asset goals — homeownership, postsecondary education or training, and business capitalization. Grantees may choose to focus on one or more of these asset goals. The majority of grantees offer all three goals, with homeownership as the most common. In addition, grantees may allow participants the option to transfer their IDA to a spouse's or dependent's IDA for purchase of one of the three allowed asset types.

Table 2.5 shows the percentage of AFI projects that allowed their participants to pursue each of the asset goals as well as the transfer options. More than 9 in 10 AFI projects reporting through FY 2007 allowed participants to pursue homeownership as an asset goal (95 percent), while more than 8 in 10 allowed participants to pursue postsecondary education or training and business capitalization as asset goals (84 percent and 83 percent, respectively). Almost 1 in 3 projects allowed participants to transfer account savings to the IDA of a spouse or dependent (29 percent).

Table 2.5 Qualified Uses of IDA Savings and Matching Funds

Qualified Use	AFI Projects Offering Use
Homeownership	95%
Postsecondary Education or Training	84%
Business Capitalization	83%
Transfer to Spouse or Dependent	29%
Number of Projects Reporting	428

Match Rates

The AFI program allows grantees to establish the match rate — the ratio of matching funds they will provide for each dollar a participant saves in his or her IDA. The match rate may range from $1 in AFI project funds for each $1 in earned income saved in the IDA (a $1 to $1 match rate) up to $8 in AFI project funds for each $1 saved (an $8 to $1 match rate). As noted earlier, projects with higher match rates allow participants to qualify for the maximum amount of allowed match based on deposits of less earned income. Projects with lower match rates require participants to deposit more earned income in order to qualify for the maximum amount of match funds.

Table 2.6 shows the match rates AFI projects offered by allowable asset goals. The most common match rate was $2 to $1 for each asset goal, followed by $3 to $1. Fewer than 15 percent of AFI projects provided a match of $4 to $1 or greater for any of the three asset goals.

Most projects offered a single match rate to all participants regardless of their asset goal (e.g., the grantee provided a $3 to $1 match for homeownership as well as postsecondary education or training), but some projects provided differing match rates depending on the asset goal or other factors determined by the grantee. This variation in match rate was especially prevalent among network projects, where sub-recipient sites may offer different match rates depending on the needs of their community and requirements of their non-Federal funders. This scenario is listed as "varied rates" in the table.

Table 2.6 Percentage of Projects with Each Match Rate by Asset Goal

Match Rate Provided	Asset Goal: Homeownership	Asset Goal: Business Capitalization	Asset Goal: Postsecondary Education or Training
$1 to $1	6%	7%	7%
$1.5 to $1	1%	0%	1%
$2 to $1	55%	63%	61%
$2.5 to $1	1%	0%	1%
$3 to $1	21%	16%	17%
$4 to $1	14%	12%	10%
$5 to $1	2%	1%	1%
$6 to $1	0%	0%	1%
$7 to $1	0%	0%	0%
$8 to $1	1%	1%	1%
Varied Rates	10%	7%	8%
Number of Projects Reporting	392	339	349

Note: For each asset goal, the number of AFI projects reporting includes only those grants allowing that specific use.

Match Levels and Deposit Requirements

Table 2.7 provides information about participant IDA deposit and savings characteristics and the maximum amount of IDA savings that can be matched by the AFI project. The Act sets a maximum amount of $2,000 in Federal grant funds that may be provided as matching funds to any participant. The amount of participant savings that will be matched varies from project to project within the Federal requirements. Among the AFI projects reporting, the maximum dollar amount an individual could save into an IDA that was eligible to be matched ranged from a low of $150 to a high of $4,000; the average was $1,627. For 60 projects, the maximum dollar amount an individual could save into an IDA that was eligible to be matched varied depending on the participant's asset goal.

Table 2.7 also shows three other IDA characteristics that differ among projects — the minimum initial or opening deposit, the minimum monthly deposit, and the number of missed deposits allowed. Through FY 2007, the minimum initial or opening deposit required ranged from $0 to $250, with an average of $24. For 67 projects, the minimum initial deposit varied. After opening an IDA, the minimum monthly deposit required thereafter ranged from $0 to $125, with an average of $25; the minimum monthly deposit varied for 76 projects.

Finally, the number of missed deposits that projects allowed before terminating a participant ranged from 0 to 7, with an average of 3.7 missed deposits; the number of missed deposits varied for 114 projects. These characteristics differed based on the availability of funds, IDA savings match rate, participant needs, and so forth.

Table 2.7 Savings and Match Characteristics

Savings and Match Characteristic	Average	Range	Number of Projects with Varying Characteristics	Number of Projects Reporting*
Maximum dollar amount an individual can save into an IDA that is eligible to be matched by the grantee	$1,627	$150 to $4,000	60	401
Minimum initial or opening IDA deposit	$24	$0 to $250	67	425
Minimum monthly IDA deposit	$25	$0 to $125	76	423
Number of deposits a participant may miss before being terminated	3.7	0 to 7	114	420

* Some grantees did not report complete information for every savings and match characteristics question asked, so information in this table is based on data provided by a varying number of grantees.

Training for Participants

Grantees provide their participants training in general financial education. In addition, they may offer participants training specific to the participants' intended asset purchase goals.

Financial Education

Grantees ensure that project participants take part in financial education classes, whether they provide the training directly or rely on partners to do so. Instruction typically covers a number of core topics, such as budgeting, saving, credit use, investments, and taxes. OCS does not specify a particular curriculum that grantees must use. Some grantees develop their own financial education curriculum, while most use or adapt curricula developed by other organizations. One-fourth of grantees used the "Money Smart" curriculum distributed by the Federal Deposit Insurance Corporation (FDIC); approximately 7 percent used "Finding Pathways to Prosperity" published by the National Endowment for Financial Education; and an additional 24 percent used a combination of both curricula. Nearly 44 percent of grantees offered customized curricula based on the needs of their participants.

Table 2.8 presents information on the type and amount of training grantees required their participants to take, as well as the average number of times the training was offered and participant training completion rates. With regard to general financial education, the number of training hours required ranged from as few as two hours to as many as 42 hours; the average amount of training required was 11.7 hours. The average frequency with which AFI projects offered general financial education courses was 7.7 times per year. As of the end of FY 2007, 79 percent of all participants had completed the general financial education requirement. Appendix C presents additional details about the financial education provided.

Table 2.8 Types and Amounts of Training Required, Offered, and Completed

Type of Training Required	Minimum Hours of Training Required	Maximum Hours of Training Required	Average Hours of Training Required (n)	Average Number of Times Training was Offered per Year (n)*	Participants Who had Completed the Required Amount of Training (n)**
General Financial Education	2	42	11.7 (413)	7.7 (302)	79% (417)
Asset-Specific: Homeownership	0	36	7.8 (408)	11.0 (295)	59% (405)
Asset-Specific: Business Capitalization	0	100	11.4 (385)	6.8 (237)	80% (387)
Asset-Specific: Postsecondary Education	0	100	5.3 (375)	7.5 (192)	70% (380)

* The average number of times training was offered per year does not include those AFI projects where the number varies per year.

** These percentages are derived from all accountholders in the case of general financial education and from those intending to use their IDA resources for the corresponding purpose in the case of asset-specific training.

n = The number of grantees reporting on the particular question.

Asset-Specific Training

In addition to general financial education, many AFI grantees also require and provide specialized training that is specific to the participants' savings and asset purchase goals. This training ensures that participants not only have information on how to purchase their chosen assets, but also on how to maintain them.

Table 2.8 provides information on grantee requirements and participant completion rates regarding this training. Among participants saving for first-time homeownership, 59 percent completed training provided by the AFI grantee organization itself or another source. The average number of hours of homeownership training required was 7.8 total hours, but ranged from 0 to 36 hours. Courses were offered in their entirety an average of 11 different times throughout the year.

Among participants saving for business capitalization, 80 percent completed asset-specific training. The average number of required hours of business training was 11.4 total hours, but it ranged from 0 to 100 hours. Courses were offered in their entirety an average of 6.8 different times throughout year.

Among project participants saving for postsecondary education or training, 70 percent had completed asset-specific training. The average number of hours of postsecondary education training required was 5.3 total hours, but some projects required up to 100 hours of this training. Courses were offered in their entirety an average of 7.5 different times throughout the year.

Appendix D lists the types of asset-specific training provided to participants by each AFI project or its partner organizations.

Other Support Services Offered for Participants

In addition to financial and asset-specific education, AFI grantees provide an array of support services to their participants independently or with assistance from their partner organizations or sub-recipients. Many grantees are community-based human services organizations that routinely provide a variety of support services to their clients, including their AFI project participants. Some of these services are financial in nature, such as financial counseling, credit repair, and loans. Examples of general support services include employment support, child care, transportation, medical referrals, crisis management, mentoring, and peer support. Table 2.9 provides information on the services offered by grantees and whether the service was provided in-house or by a partner organization.

Four out of five AFI projects (80 percent) provided financial counseling, while 76 percent provided credit counseling and credit repair for participants. A smaller percentage of projects offered services such as advanced financial education (42 percent), loans (36 percent), or cash assistance (21 percent).

Projects augment the financial services they provide to participants with a range of general support services. Approximately half of all AFI projects provided crisis management (53 percent), peer support (53 percent), structured planning exercises (53 percent), employment support (52 percent), and mentoring (51 percent). Some grantees offered child care (43 percent), transportation (33 percent), medical referrals (12 percent), and other types of services (10 percent).

Some types of financial and general support services are more likely to be offered by the grantee directly, rather than through a sub-recipient or partner organization. Table 2.9 displays the percentage of projects that used each delivery mechanism by type of service. Grantees were more likely to offer financial counseling services, cash aid, crisis management, mentoring and peer support directly. Many grantees, however, used a combination of service delivery methods, often providing services in-house, as well as through other partner organizations.

Table 2.9 Services Provided to Participants In-House and by Partner Organizations

Type of Services Provided by AFI Projects at Any Time from FY 1999 to FY 2007	AFI Projects Providing the Service	AFI Projects Providing the Service In-House	AFI Projects Where Partner Organizations Provided the Service
Financial Information and Intervention Services			
Financial Counseling	80%	84%	58%
Credit Counseling and Repair	76%	71%	67%
Advanced Financial Education	42%	70%	62%
Loans	36%	65%	60%
Cash Assistance	21%	67%	46%
Other	10%	77%	55%
General Support Services			
Crisis Management	53%	79%	55%
Structured Planning Exercises	53%	83%	56%
Peer Support	53%	84%	54%
Employment Support	52%	72%	75%
Mentoring	51%	83%	59%
Child Care	43%	70%	63%
Transportation	33%	68%	63%
Medical (treatment referrals)	12%	39%	80%
Other	10%	78%	49%
Number of Projects Reporting	428	*	*

Note: The two service delivery categories—in-house services and services from other agencies—are not mutually exclusive. Many projects provided services both in-house and also through arrangements with other organizations or partners. Therefore, the percentages listed in the second and third columns total more than 100 percent.

* Service delivery percentages shown in the second and third columns are based on those who cited offering each of the respective services, not the full 428 projects reporting on the question.

Section 3. Project Participants

This section provides cumulative information about all individuals who had participated in regular AFI projects between FY 1999 and the end of FY 2007. In particular, it highlights the demographic characteristics of the following AFI populations:

- The target populations, as identified by grantees;
- Accountholders, at the time of enrollment; and
- Accountholders who purchased an asset in FY 2007.

Target Population

The AFI program allows grantees to focus their support on specific populations within the income eligibility guidelines (described in Section 1). As shown in Table 3.1, approximately 70 percent targeted families with children; the same percentage targeted TANF recipients or TANF-eligible individuals. A majority of AFI grantees also targeted women and single parents (67 percent and 65 percent, respectively). Approximately 60 percent actively sought to serve African Americans, while more than half targeted Hispanics or Latinos (58 percent) and EITC project clients (58 percent). In contrast, fewer than 15 percent chose to focus their efforts on prisoners or ex-prisoners, seasonal/migrant workers, or employees of a particular firm. Other populations on which grantees chose to focus their efforts are listed in Table 3.1.

Table 3.1 Target Population

Target Population	AFI Projects Targeting the Population
Families with Children	71%
TANF Recipients/TANF-eligible Individuals	70%
Women	67%
Single Parents	65%
African Americans	60%
EITC Project Clients	58%
Hispanics or Latinos	58%
Residents of Public Housing	48%
Asians	40%
Native Americans or Alaskan Natives	33%
Individuals with Disabilities	30%
Victims of Domestic Violence	30%
Refugees/Immigrants	29%
Native Hawaiians or Other Pacific Islanders	28%
Homeless Individuals	22%
Youth (ages 13-18 years)	21%
Prisoners/Ex-prisoners	15%
Seasonal/Migrant Workers	14%
Employees of a Particular Organization	11%
Number of Projects Reporting	371

Progress through Initial Project Steps

After recruiting interested individuals and families, grantees guide prospective participants through the AFI requirements, ideally taking them from orientation to asset purchasing. As shown in Figure 2 in Section 1, the typical project includes multiple steps for participants from first attending an orientation session to purchasing an asset. Table 3.2 focuses on the earlier stages of this process: application, enrollment, and opening an IDA.[20]

Through FY 2007, it is estimated that 53 percent of people who attended an orientation submitted an application. Among the applicants, 76 percent enrolled in an AFI project. Among those who enrolled, 95 percent opened an IDA. Those participants opening IDAs comprised about 38 percent of all individuals who attended an orientation session.

[20] For information on the percentage of participants who completed the required financial training, see Table 2.8. This table also addresses asset-specific training. For information on average participant earned income savings, see Tables 4.5 and 4.6. For information on the number of participants who have made withdrawals to purchase assets, see Tables 4.7 and 4.8.

Table 3.2 Participation Rates for Progression through Initial AFI Project Steps

AFI Project Step	Percentage of Individuals
Of those who attended the orientation, share who submitted an application	53%
Of those who submitted an application, share who enrolled in the project	76%
Of those who enrolled in the project, share who opened an IDA	95%
Number of Projects Reporting	410

Note: The percentage of individuals reported here are from the 410 projects that provided all the information needed to develop estimates of flow through the program.

Throughout the process, there are thousands of individuals who benefit from participating in AFI activities, even if they do not reach the end goal of purchasing an asset. For example, some may attend an orientation session, enroll, and receive services such as financial training, financial and debt counseling, and savings coaching. Others may open an IDA and start saving earned income. Participants benefit from the knowledge gained through each of these steps.

Number of Accountholders

Table 3.3 provides information on the cumulative number of accounts opened between FY 1999 and the end of FY 2007. Subsequent tables address the demographic characteristics of participants at the time of enrollment into an AFI project.

Through September 2007, participants in the 432 regular AFI projects had opened a total of 43,932 IDAs. More than 7,850 of these accounts were opened in FY 2007, reflecting an increase of 22 percent from the end of the prior year. Appendix E provides project-by-project information about the number of accounts opened.

Table 3.3 Number of IDAs Opened by Participants in Regular AFI Projects

Fiscal Year AFI Grant Awarded	Cumulative Number Of IDAs Opened				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
1999	6,110	7,576	8,081*	8,047*	8,047*
2000	1,955	2,827	3,512	3,968	3,970
2001	3,255	6,425	8,825	9,841	10,747
2002	932	3,153	4,467	5,820	6,642
2003	--	1,057	2,213	4,183	5,524
2004	--	--	1,472	3,423	4,784
2005	--	--	--	660	1,661
2006	--	--	--	135	2,360
2007	--	--	--	--	197
TOTAL	**12,252**	**21,038**	**28,570**	**36,077**	**43,932**
Number of Projects Reporting	169	231	290	368	432

Note: Table 4.5 in Section 4 provides information on accountholder savings deposits.

* The cumulative number of IDA accounts decreased slightly from FY 2005 to FY 2006 for the FY 1999 AFI grants due to the reassignment of participants from the closing 1999 grant to grants awarded in subsequent years. The number of IDAs opened by participants is the same for FY 2006 and FY 2007 because the grants awarded in FY 1999 had closed.

Characteristics of Accountholders

AFI grantees provide demographic information on participants who have opened IDAs, as reported at the time of enrollment. Tables 3.4 through 3.13 identify the percentages of accountholders who comprise the categories within each demographic characteristic. The characteristics addressed are:

- Gender;
- Race/Ethnicity;
- Marital status;
- Household composition (adults);
- Household composition (children);
- Household income;
- Residence area;
- Educational status;
- Age; and
- Employment status.

The percentages shown in the tables are based on the cumulative number of IDAs opened from FY 1999 to the end of FY 2007. This number includes IDAs that have closed already because participants completed their IDA goal or were terminated from the project, or the project closed out its grant. Since the data were collected at the time the participants enrolled, the data reflect all participants, including those that successfully completed their asset purchases; are still saving towards their asset purchase; and who used the savings for non-qualified purposes, subsequently dropping out of the project without receiving IDA matching funds. Due to rounding, the percentages in some of the tables do not add to 100 percent. In addition, the "Number of Projects Reporting" in a table is specific to the demographic characteristic displayed in the table.

Gender

Table 3.4 presents information on the gender of accountholders. As of the end of FY 2007, 75 percent of all accountholders were female and 25 percent were male. These percentages have remained fairly consistent over the prior four years. Appendix F provides project-level data.

Table 3.4 Gender of Accountholders

Gender	Percentage of Accountholders				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Female	78%	78%	76%	76%	75%
Male	22%	22%	24%	24%	25%
Number of Projects Reporting	161	231	273	362	424

Race/Ethnicity

Table 3.5 summarizes the racial and ethnic distribution of accountholders. Since the beginning of the program, African Americans opened almost one-half (45 percent) of all IDAs and Caucasians opened slightly more than one-fourth (27 percent) of IDAs. Percentages of participants that identify with these categories of race had decreased slightly since FY 2003 while participation of other racial and ethnic groups had increased. From FY 2003 to FY 2007, the percentage of Hispanic accountholders increased from 14 to 17 percent. The remaining 12 percent of accountholders identified themselves as Asian Americans/Pacific Islanders, Native Americans, and other races or ethnicities. Appendix G provides project-level data.

Table 3.5 Race/Ethnicity of Accountholders

Racial or Ethnic Group	Percentage of Accountholders				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
African American	47%	46%	45%	44%	45%
Caucasian	32%	28%	27%	27%	27%
Hispanic	14%	16%	17%	18%	17%
Asian American/Pacific Islander	3%	6%	4%	4%	5%
Native American	2%	1%	2%	2%	2%
Other and Unknown	3%	3%	5%	5%	5%
Number of Projects Reporting	160	234	270	364	427

Marital Status

Table 3.6 summarizes the marital status of accountholders at the time of enrollment. As of the end of FY 2007, 24 percent of accountholders were married when they enrolled, while 54 percent were single and had never been married. The remainder (22 percent) were divorced, separated, or widowed. These percentages have remained consistent over the last five years. Appendix H provides project-level data.

Table 3.6 Marital Status of Accountholders at Time of Enrollment

Marital Status	Percentage of Accountholders				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Single, Never Married	53%	54%	54%	54%	54%
Married	23%	23%	24%	24%	24%
Divorced	17%	16%	15%	15%	15%
Separated	6%	6%	6%	6%	6%
Widowed	1%	1%	1%	1%	1%
Number of Projects Reporting	158	232	264	361	426

Household Composition

Tables 3.7 and 3.8 present household composition information for all participants who ever opened accounts. There are two elements of household composition reflected in this report — the number of adults residing in the household including the accountholder (Table 3.7) and the number of children living in the household (Table 3.8).

As of the end of FY 2007, the majority (58 percent) of all participants who had opened accounts lived in a household with only one adult at the time of enrollment (e.g., lived alone or were single parents). Nearly one-third (31 percent) of them lived in a household with two adult members. Twelve percent lived in a household with three or more adults. This distribution has been consistent over the last four years. Appendix I provides project-level data.

Table 3.7 Number of Adults in Household at Time of Enrollment

Number of Adults in Household (Including Participant)	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
1 Adult	60%	59%	59%	58%
2 Adults	31%	32%	31%	31%
3 Adults	6%	6%	6%	7%
4 or More Adults	3%	3%	4%	5%
Number of Projects Reporting	227	257	361	426

Note: Only four years of data are shown because the question was changed after the FY 2003 data were collected.

As shown in Table 3.8, 77 percent of all people who had opened IDAs through FY 2007 were members of a household with at least one child at the time of enrollment. However, the percentages of accountholders are distributed fairly evenly among those with households that had no children (23 percent); one child (26 percent); two children (27 percent); or three or more children (24 percent). This breakdown has been consistent over the last four years. Appendix J provides project-level data.

Table 3.8 Number of Children in Household at Time of Enrollment

Number of Children in Household	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
0 Children	21%	22%	23%	23%
1 Child	27%	27%	26%	26%
2 Children	27%	27%	27%	27%
3 Children	16%	15%	15%	15%
4 or More Children	10%	9%	9%	9%
Number of Projects Reporting	228	253	361	426

Note: Only four years of data are shown because the question was changed after the FY 2003 data were collected.

Household Income

Table 3.9 presents information on household income in relation to the Federal poverty line.[21] Income is recorded as of the date the participant enrolled in an AFI project. As of the end of FY 2007, one-half (50 percent) of all accountholders had household incomes greater than 150 percent of the Federal poverty line. One-fourth (25 percent) of accountholders reported that their income was between 101 percent and 150 percent of the Federal poverty line, while a similar percentage of respondents (24 percent) reported their income was below the Federal poverty line.

From the end of FY 2003 to the end of FY 2007, the proportion of participants who opened IDAs had shifted to individuals and families with slightly higher incomes at the time of enrollment, though still within the AFI program income eligibility requirements. The percentage of accountholders with reported incomes greater than 150 percent of the Federal poverty line increased from 40 percent at the end of FY 2003 to 50 percent at the end of FY 2007. In contrast, the percentage of accountholders with reported incomes below the Federal poverty line decreased from 30 percent to 24 percent. Appendix K provides project-level data.

Table 3.9 Household Income at Time of Enrollment

Household Income Range	Percentage of Accountholders				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
100 percent of poverty or less	30%	22%	27%	27%	24%
101 to 150 percent of poverty	30%	29%	25%	26%	25%
151 to 200 percent of poverty	40%	48%	48%	47%	50%
Number of Projects Reporting	150	222	245	280	317

Residence Area

Table 3.10 shows the percentage of accountholders who lived in major urban, minor urban, and rural or remote areas at the time of enrollment.[22] As of the end of FY 2007, 84 percent of people who opened IDAs lived in urban areas (major or minor), whereas approximately 15 percent lived in rural or remote areas. Since the end of FY 2004, the percentage of participants who reported living in an urban area at the time of enrollment has increased slightly, from 81 to 84 percent, while the proportion living in a rural or remote area has decreased. Appendix L provides project-level data.

[21]In FY 2007, the Federal poverty line was $10,210 for an individual; $13,590 for a family of two; $17,170 for a family of three; $20,650 for a family of four; and $24,130 for a family of five. Two hundred percent of the Federal poverty line, the maximum income allowable for AFI eligibility, was $20,420 for an individual; $27,380 for a family of two; $34,340 for a family of three; $41,300 for a family of four; and $48,260 for a family of five.

[22]A "major urban area" is a metropolitan statistical area with a population greater than 1,000,000. A "minor urban area" is one with a population between 500,000 and 999,999. The term “rural or remote area" encompasses areas not covered in "major urban area" and "minor urban area."

Table 3.10 Residence Area of Accountholders at Time of Enrollment

Residence Area	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Major Urban Area	45%	43%	46%	48%
Minor Urban Area	36%	37%	37%	36%
Rural or Remote Area	19%	20%	17%	15%
Number of Projects Reporting	230	268	314	357

Note: Only four years of data are shown because the question was changed after the FY 2003 data were collected.

Educational Status

Table 3.11 identifies the highest education credential achieved by accountholders as of the time they enrolled in an AFI project. The vast majority (86 percent) of participants who opened IDAs had completed high school or some postsecondary education or training when they enrolled; 14 percent had not been awarded a high school diploma at the time of enrollment. More than one-half (54 percent) of accountholders had achieved education beyond the high school level; 31 percent had obtained some college education; and an additional 23 percent had completed an associate's degree, a bachelor's degree, or graduate-level education. There has been a fairly consistent distribution in the educational background of project participants for the past five years. Appendix M provides project-level data.

Table 3.11 Educational Status of Accountholders at Time of Enrollment

Highest Education Credential Achieved	Percentage of Accountholders				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Less than a high school diploma	13%	15%	15%	13%	14%
High school diploma/ vocational school certificate	29%	29%	33%	33%	32%
Some college	35%	34%	31%	32%	31%
Associate's Degree	10%	8%	9%	9%	9%
Bachelor's Degree or higher	13%	14%	13%	13%	14%
Number of Projects Reporting	157	228	258	362	426

Age

Table 3.12 shows summary information about the ages of accountholders at the time of enrollment. Slightly more than one-third (36 percent) were 30 to 39 years of age. The majority of the remaining accountholders were either in their 20s or 40s (27 percent and 23 percent, respectively). Approximately 10 percent were 50 years or older and only 4 percent were ages 19 or younger. These percentages have remained consistent over the past four years. Appendix N provides project-level data.

Table 3.12 Age of Accountholders at Time of Enrollment

Age Range	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
19 and younger	3%	4%	3%	4%
20 - 29 years	26%	26%	26%	27%
30 - 39 years	37%	37%	37%	36%
40 - 49 years	24%	24%	24%	23%
50 years and older	9%	9%	10%	10%
Number of Projects Reporting	233	266	312	352

Note: Only four years of data are shown because the question was changed after the FY 2003 data were collected.

Employment Status

Table 3.13 identifies the employment status of accountholders at the time they enrolled. As of the end of FY 2007, 89 percent of all participants who opened IDAs were employed either full-time or part-time. The majority (64 percent) of accountholders were employed full-time, while one-fourth (25 percent) were employed part-time. Small percentages were students (5 percent), unemployed (3 percent), or retired (less than 1 percent). Appendix O provides project-level data.

Table 3.13 Employment Status of Accountholders at Time of Enrollment

Employment Status	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Employed Full-Time	64%	65%	66%	64%
Employed Part-Time	20%	24%	25%	25%
Unemployed	3%	4%	3%	3%
Student	8%	5%	5%	5%
Retired	1%	<1%	<1%	<1%
Other*	3%	2%	1%	3%
Number of Projects Reporting	232	266	363	426

Note: Only four years of data are shown because the question was changed after the FY 2003 data were collected.

*The "Other" category captures a variety of responses generated by grantees. Commonly occurring descriptions accompanying the selection of "Other" included self-employed, disabled and receiving Social Security benefits, homemaker, and employed more than full-time.

Accountholder Banking Experience

AFI grantees provide information about accountholders' experiences with having used three types of banking services prior to the time of enrollment. In addition, grantees report the percentage of participants who had used an automatic allotment/deposit service to make contributions to their IDAs. Table 3.14 provides information on these four types of banking experiences, as follows:

- Prior savings accounts;
- Prior checking accounts;
- Prior use of paycheck direct deposit; and
- Use of automatic allotment/direct deposit for IDAs.

Nearly one-half (48 percent) of all accountholders had used a savings account prior to enrolling in the AFI program, while 63 percent had used a checking account. These numbers have remained fairly consistent over the past several years. In contrast, only 10 percent of all accountholders had ever used direct deposit for their paychecks prior to enrolling in the AFI project. After opening an IDA, 12 percent used automatic banking procedures such as automatic transfers from other bank accounts or direct deposit of part or all of their paychecks directly into their IDAs. Since the end of FY 2003, the percentage of participants using direct deposit for their IDAs has risen from 6 percent to 12 percent.

Table 3.14 Accountholder Banking Experience

Type of Banking Services	Percentage of Accountholders				
	End of FY 2003 (n)	End of FY 2004 (n)	End of FY 2005 (n)	End of FY 2006 (n)	End of FY 2007 (n)
Savings account prior to enrollment	48% (128)	50% (198)	51% (210)	51% (210)	48% (325)
Checking account prior to enrollment	64% (129)	65% (199)	65% (212)	64% (212)	63% (324)
Use of paycheck direct deposit prior to enrollment	13% (95)	12% (139)	9% (190)	9% (190)	10% (397)
Use of automatic/direct deposit for the IDA	6% (104)	10% (163)	9% (192)	11% (192)	12% (233)

Note: In this table, each of these types of banking relationships was a separate question in the report form.

n = The number of grantees reporting on the particular question.

Demographics of Participants Who Purchased an Asset in FY 2007

When AFI project participants meet their savings goals and training requirements, they may use their IDA savings to purchase a qualified asset.

For this report, AFI grantees provided information about their participants who purchased assets with an IDA in FY 2007. Table 3.15 displays the demographic information of the asset purchasers as reported at the time of enrollment. For comparison, it also presents demographic information about *all* accountholders at the time of enrollment (discussed earlier in this section).

Based on data reported at the time of enrollment, accountholders who purchased assets in FY 2007 were proportionately similar in many demographic characteristics to all IDA accountholders, especially with regard to education and age at enrollment. However, some demographic characteristics differed between the group of asset purchasers and all accountholders. Notable differences between these groups are discussed below.

Approximately 69 percent of FY 2007 asset purchasers were female, whereas a slightly higher proportion of all IDA holders were female (75 percent). The opposite trend occurred for males-

31 percent of asset purchasers were male compared to 25 percent of all accountholders. In general, race and ethnicity categories of asset purchasers in FY 2007 were fairly representative of the entire AFI accountholder population, although a larger percentage of Hispanic and Asian American accountholders made purchases in FY 2007 than their respective proportions of all accountholders (20 percent versus 17 percent for Hispanics and 7 percent versus 5 percent for Asian Americans). Also, a larger percentage of those who made asset purchases during FY 2007 were married at the time of enrollment than of all accountholders (31 percent versus 24 percent).

The number of children in the household differed slightly between FY 2007 asset purchasers and all accountholders. A slightly larger percentage of asset purchasers had no children in the household than did all IDA accountholders (26 percent versus 23 percent).

In terms of household income, the participants who purchased assets in FY 2007 had higher incomes at time of enrollment than all accountholders. Fifty-seven percent of those who made asset purchases had household incomes between 151 and 200 percent of the Federal poverty line at the time of enrollment. In comparison, among all accountholders, only one-half reported this income level at enrollment. In contrast, a lower number, 21 percent of asset purchasers had incomes below the Federal poverty line compared to 24 percent of all participants. Fifty-four percent of asset purchasers in FY 2007 reported living in a major urban area at the time of enrollment, compared to 48 percent of all IDA accountholders.

Of the participants who purchased an asset in FY 2007, 45 percent did so for homeownership, while 24 percent made withdrawals for business capitalization, 31 percent withdrew funds for higher education, and less than 1 percent transferred the funds in their IDA to a family member's IDA. The patterns of uses of IDA savings by these participants differed somewhat from what all accountholders reported as their intended uses when they enrolled in the AFI project. For example, the percentage of FY 2007 asset purchasers who used their IDAs for homeownership was smaller than the percentage of all accountholders who anticipated using their IDAs for homeownership at the time of enrollment (45 percent and 61 percent, respectively). In comparison, a larger percentage of FY 2007 asset purchasers used their IDAs for business capitalization and postsecondary education or training (24 percent and 31 percent, respectively) than anticipated among all accountholders (19 percent and 20 percent, respectively).

Table 3.15 Demographics of FY 2007 Asset Purchasers at Time of Enrollment Relative to Demographics of All Accountholders at Time of Enrollment

Demographics of Accountholders	Accountholders who Purchased an Asset in FY 2007	All Accountholders
Gender		
Female	69%	75%
Male	31%	25%
Number of Projects Reporting	249	424
Race/Ethnicity		
African American	42%	45%
Caucasian	26%	27%
Hispanic	20%	17%
Asian American/Pacific Islander	7%	5%
Native American	1%	2%
Other and unknown	4%	5%
Number of Projects Reporting	236	427
Marital Status		
Single, Never Married	50%	54%
Married	31%	24%
Divorced	12%	15%
Separated	6%	6%
Widowed	1%	1%
Number of Projects Reporting	215	426
Number of Children in Household		
0 Children	26%	23%
1 Child	24%	26%
2 Children	28%	27%
3 Children	14%	15%
4 or More Children	9%	9%
Number of Projects Reporting	211	426
Household Income Range		
100 percent of poverty or less	21%	24%
101 to 150 percent of poverty	22%	25%
151 percent of poverty or more	57%	50%
Number of Projects Reporting	212	317
Residence Area		
Major Urban Area	54%	48%
Minor Urban Area	32%	36%
Rural or Remote Area	14%	15%
Number of Projects Reporting	227	357
Education Status		
Less than a high school diploma	15%	14%
High school diploma or vocational school certificate	31%	32%
Some college	29%	31%
Associate's Degree	9%	9%
Bachelor's Degree or higher	15%	14%
Number of Projects Reporting	208	426

Demographics of Accountholders	Accountholders who Purchased an Asset in FY 2007	All Accountholders
Age		
19 and younger	5%	4%
20 - 29 years	28%	27%
30 - 39 years	36%	36%
40 - 49 years	22%	23%
50 years or older	9%	10%
Number of Projects Reporting	211	352
Type of Banking Relationship		
Use of paycheck direct deposit	8%	10%
Number of Projects Reporting	197	356
Actual/Intended Use of IDA		
Homeownership	45%	61%
Business Capitalization	24%	20%
Postsecondary Education or Training	31%	19%
Transfer to Family Member	<1%	<1%
Number of Projects Reporting	247	426

Section 4. AFI Project Financial Management

The AFI program has several requirements governing the management of Federal AFI grant funds and non-Federal funds that grantees use to support their AFI projects. It also has specific rules that grantees and participants must follow concerning the administration of participant IDAs and the money the grantee will provide in the form of matching funds.

This section provides information about grantee maintenance of Federal and non-Federal project funds, including deposits and withdrawals from the Project Reserve Fund. It also presents information about participant IDA deposits and withdrawals. More specifically, the topics covered include:

- Federal AFI grant funds drawn down;
- Non-Federal funds deposited;
- Participant intended use of IDA funds;
- Participant IDA deposits;
- Participant withdrawals of savings and matching funds, by asset purchase and other uses; and
- Balances remaining in participant IDAs.

Federal AFI Grant Funds Drawn Down

As of the end of FY 2007, grantees administering regular AFI projects had accessed or drawn down a cumulative total of $56,262,675 of their Federal AFI grants.[23] Table 4.1 presents this data. Appendix P provides the details for each AFI project.

In general, the draw down rate has varied from project to project and has been affected by a number of factors. AFI grants have five-year project periods and grantees may draw down the funds in any increment as needed over the period. They may draw down the entire amount early in the project period or at intervals throughout their project.

Grantees reported that they typically draw down a smaller portion of their Federal AFI grant amounts in the initial years of the five-year project period, and an increasing amount in the later years when they match accountholders' savings. For example, FY 2003 grantees had drawn down 23 percent at the end of the first year, 35 percent at the end of the second year, 46

[23] This represents 47 percent of the total award amounts among the projects reporting for Table 4.1, and 44 percent of the total $129,054,921 awarded since FY 1999.

percent at the end of the third year, and 50 percent of their AFI grants by the end of the fourth year.

Looking at the percentage of funds drawn down by all AFI projects at the end of FY 2007 (see Table 4.2), 45 percent of all projects had drawn down 75 to 100 percent of their grant funds. Approximately one-quarter of projects (23 percent) had not drawn down any of their AFI grant, most of which had received funding within the last one to two years. These projects had drawn down only a minimal portion of their funds by the end of FY 2007 because they were in the early phases of project implementation.

Table 4.1 Amount and Percentage of Federal AFI Grant Drawn Down

Fiscal Year AFI Grant Awarded	End of FY 2003		End of FY 2004		End of FY 2005		End of FY 2006		End of FY 2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1999	$5,340,677	69%	$7,191,314	85%	$7,569,283*	82%	$7,569,283*	82%	$7,569,283*	82%
2000	$2,937,916	72%	$2,901,141	75%	$3,051,944	72%	$3,631,544**	86%	$3,631,544**	86%
2001	$6,203,421	43%	$8,361,854	45%	$10,079,241	60%	$11,611,020	74%	$12,201,890	76%
2002	$2,238,183	18%	$5,951,861	40%	$6,310,947	39%	$7,678,162	50%	$9,267,566	62%
2003	--	--	$2,648,088	23%	$4,422,614	35%	$6,510,480	46%	$7,080,658	50%
2004	--	--	--	--	$3,292,416	19%	$5,287,143	32%	$7,364,795	45%
2005	--	--	--	--	--	--	$1,330,254	10%	$3,202,108	25%
2006	--	--	--	--	--	--	$974,130	8%	$5,245,535	26%
2007	--	--	--	--	--	--	--	--	$699,296	6%
Total	**$16,720,197**	**43%**	**$27,054,258**	**47%**	**$34,726,445**	**45%**	**$44,592,016**	**45%**	**$56,262,675**	**47%**
Number of Projects Reporting	171		226		289		366		431	

* The amounts shown at the end of FY 2005, FY 2006, and FY 2007 are the same because the grants awarded in FY 1999 have ended.

**The amounts shown at the end of FY 2006 and FY 2007 are the same because the grants awarded in FY 2000 have ended.

Table 4.2 Percentage of Federal AFI Grant Drawn Down

Percentage of Grant Amount Drawn Down	Percentage of AFI Grants				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
0%	23%	20%	23%	25%	23%
1 - 24%	14%	11%	9%	9%	10%
25 - 49%	15%	14%	12%	13%	13%
50 - 74	13%	13%	13%	9%	10%
75 - 100%	34%	43%	42%	44%	45%
Number of Projects Reporting	171	218	289	365	431

Amounts of Non-Federal Funds Deposited

In accordance with the Act, AFI grantees must provide non-Federal funds to support the project in an amount at least equal to the Federal grant award. Grantees maintain the Federal and non-Federal funds in a special account or series of accounts called a Project Reserve Fund. Figure 5 illustrates the structure of a typical grantee's Project Reserve Fund. As shown, the grantee maintains its Federal AFI grant funds and non-Federal funds in this account from which it supports project activities and matches participant savings. Though not required, many grantees also allocate additional amounts of cash from sources other than their AFI grant, as well as in-kind resources for administering their projects and providing services for their participants. Appendix P provides more details about the amounts deposited by each grantee into their Project Reserve Fund.

Grantees may allocate or deposit non-Federal funds as they wish in terms of amount and timing throughout the project period. However, they must deposit non-Federal funds of at least the amount of AFI funds requested in order to draw down Federal funds. As of the end of FY 2007, grantees and their non-Federal funders had contributed $64,278,381 into their respective Project Reserve Funds, an approximate $13 million increase from FY 2006 (see Table 4.3).

In comparing Tables 4.1 and 4.3, the deposits of non-Federal resources ($64,278,381) exceed the amount of Federal funds that have been drawn down and deposited into their Project Reserve Funds ($56,262,675) by more than 14 percent; grantees cannot draw down Federal funds without matching non-Federal funds, but they may deposit more non-Federal funds into their Project Reserve Fund than is required by AFI.

FIGURE 5

Project Reserve Fund and Participant IDA: An Example

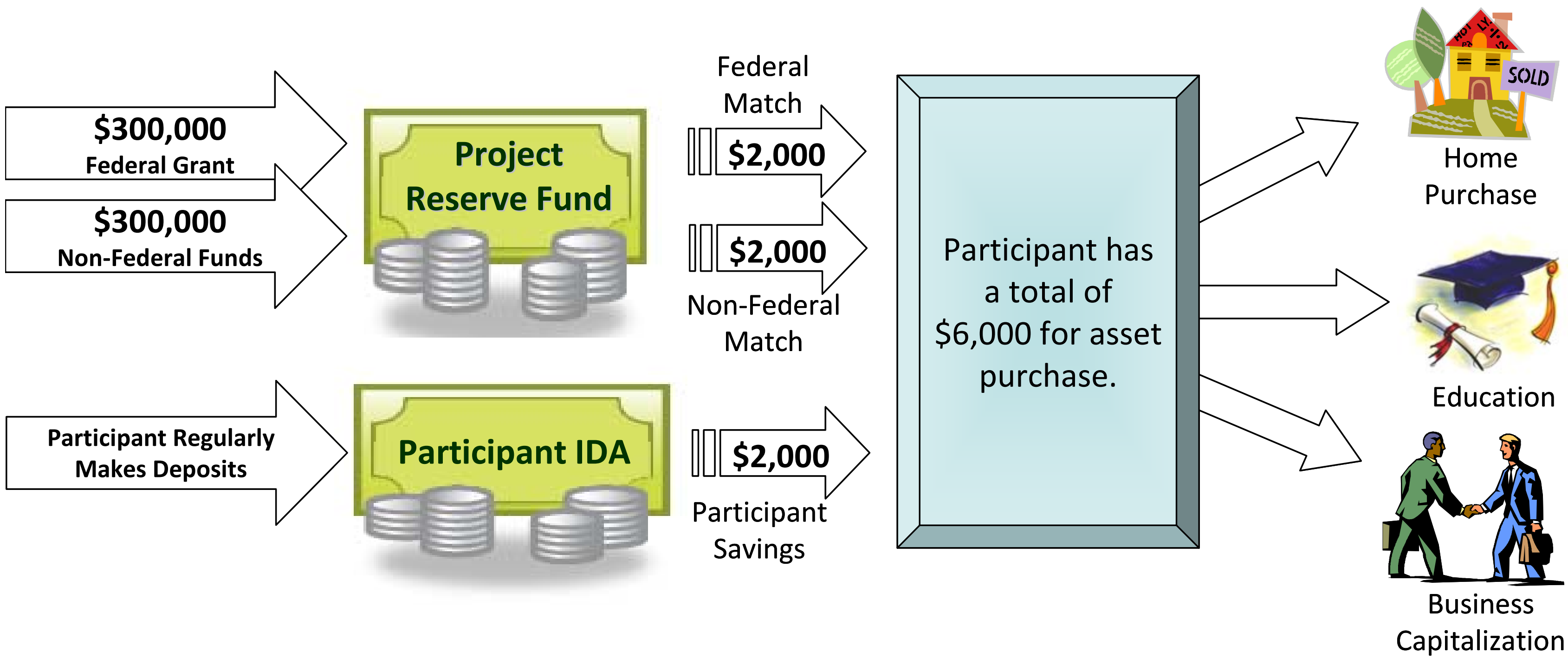

Table 4.3 Non-Federal Amounts in Project Reserve Fund

Fiscal Year AFI Grant Awarded	End of FY 2003		End of FY 2004		End of FY 2005		End of FY 2006		End of FY 2007	
	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting
1999	$6,483,196	32	$8,447,022	34	$8,820,287*	36	$8,820,287*	36	$8,820,287*	37
2000	$3,248,745	21	$2,941,225	19	$3,307,604	21	$3,791,610**	21	$3,791,610**	21
2001	$7,100,748	64	$10,509,894	73	$12,320,986	72	$12,659,944	71	$12,083,495	71
2002	$3,111,691	55	$5,340,885	55	$6,959,426	59	$8,656,717	58	$9,988,166	57
2003	--	--	$3,121,594	42	$4,417,840	43	$7,671,541	45	$8,127,441	45
2004	--	--	--	--	$3,897,044	58	$6,096,744	56	$8,042,376	57
2005	--	--	--	--	--	--	$1,577,190	41	$3,524,069	41
2006	--	--	--	--	--	--	$1,844,944	38	$8,132,699	66
2007	--	--	--	--	--	--	--	--	$1,768,238	37
Total	**$19,944,380**	**172**	**$30,360,620**	**223**	**$31,785,187**	**289**	**$51,118,977**	**366**	**$64,278,381**	**432**

*The amounts shown at the end of FY 2005, FY 2006, and FY 2007 are the same because the grants awarded in FY 1999 have ended.

**The amounts shown at the end of FY 2006 and FY 2007 are the same because the grants awarded in FY 2000 have ended.

Participant IDA Asset Purchase

The AFI program has strict guidelines for how participants may use the savings they deposit into their IDAs and the matching funds they receive.

Participants must make regular deposits of earned income into their IDAs. The AFI legislation requires participants to show regular savings patterns for at least six months before withdrawing IDA funds. Participants may access their savings and the matching funds only for expenses related to an approved asset purchase (homeownership, business capitalization, or postsecondary education or training), or transfer to a spouse's or dependent's IDA. They may use their savings without match funds for payments for certain allowable emergency expenses. When participants are ready to purchase an asset, the AFI project will match their savings using an equal portion of Federal and non-Federal money; the specific allowed uses and the match rate are determined by the grantee (see Section 2). Participants who withdraw savings to cover emergency needs do not receive any matching funds at that time, and they must replenish their IDA for the amount withdrawn within 12 months. Furthermore, a participant who withdraws IDA savings for any other non-permitted purpose may be suspended or terminated from the AFI project.

Figure 5 also provides an illustration of the flow of money from the grantee's Project Reserve Fund to match a participant's savings for an asset purchase. The figure shows, as an example, a project that provides $2 in match funds for each $1 the participant saves. In this example, the participant saves $2,000 in his IDA. The grantee provides match funds composed of equal parts Federal AFI grant funds ($2,000) and non-Federal funds ($2,000). In total, the participant will use the $6,000 in savings and match funds for an asset purchase.

Tables 4.4, 4.5, and 4.6 show the cumulative percentages for all regular AFI projects for the following aspects of participant IDA use:

- Participant intended use of IDA funds at the time of enrollment;
- Number of IDAs opened;
- Participant deposits into IDAs; and
- Average participant IDA savings balances.

As shown in Table 4.4, 61 percent of individuals who had opened IDAs through FY 2007 did so with the intention to save for homeownership. The remaining accountholders are divided evenly between those who intended to use their IDAs for business capitalization (20 percent) or postsecondary education or training (19 percent). Very few accountholders (less than 1 percent) indicated at the time of enrollment that they intended to transfer their savings to a spouse or dependent.

Table 4.4 Accountholder Intended Use of IDA Savings at Time of Enrollment

Intended Use of IDA	Percentage of Accountholders			
	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Homeownership	63%	63%	62%	61%
Business Capitalization	19%	19%	20%	20%
Postsecondary Education or Training	18%	18%	18%	19%
Transfer to Spouse or Dependent	<1%	<1%	<1%	<1%
Number of Projects Reporting	221	268	364	430

As shown in Table 4.5, as of the end of FY 2007, 43,932 IDAs had been opened through a regular AFI project. Participants who owned these accounts had deposited a total of $38,076,629 of earned income. The average amount deposited per accountholder was $867.

The average cumulative participant savings remained steady between the end of FY 2006 ($873) and FY 2007 ($867). Over the previous five fiscal years, however, average participant savings increased substantially — by nearly 50 percent. Savings increased from $592 at the end of FY 2003, to $697 at the end of FY 2004, to $756 at the end of FY 2005, to $873 at the end of FY 2006.

Table 4.5 Cumulative Number of IDAs Opened and Amounts Deposited by Accountholders

Fiscal Year AFI Grant Awarded	End of FY 2003			End of FY 2004			End of FY 2005			End of FY 2006			End of FY 2007		
	Number of IDAs	**Savings Deposited**	**Average Savings**	**Number of IDAs**	**Savings Deposited**	**Average Savings**	**Number of IDAs**	**Savings Deposited**	**Average Savings**	**Number of IDAs**	**Savings Deposited**	**Average Savings**	**Number of IDAs**	**Savings Deposited**	**Average Savings**
1999	6,110	$4,302,168	$704	7,576	$6,759,926	$892	8,081	$8,266,575	$1,023	8,047	$8,744,736	$1,087	8,047	$8,744,736	$1,087
2000	1,955	$1,081,745	$553	2,827	$1,636,919	$619	3,512	$2,323,726	$662	3,968	$3,192,216	$804	3,970	$3,196,727	$805
2001	3,255	$4,603,255	$493	6,427	$4,289,602	$667	8,825	$6,271,767	$711	9,841	$8,730,910	$887	10,747	$9,396,514	$874
2002	932	$240,437	$271	3,153	$1,566,549	$494	4,467	$2,851,803	$638	5,820	$4,985,609	$857	6,642	$6,008,406	$905
2003	--	--	--	1,057	$303,120	$287	2,213	$1,208,691	$546	4,183	$2,973,199	$711	5,524	$5,050,203	$914
2004	--	--	--	--	--	--	1,472	$671,328	$456	3,423	$2,358,271	$689	4,784	$3,573,781	$747
2005	--	--	--	--	--	--	--	--	--	660	$500,024	$758	1,661	$1,087,008	$654
2006	--	--	--	--	--	--	--	--	--	135	$23,328	$173	2,360	$988,854	$419
2007	--	--	--	--	--	--	--	--	--	--	--	--	197	$30,399	$154
Total	**12,252**	**$7,227,605**	**$592**	**21,040**	**$14,556,116**	**$697**	**28,570**	**$2,159,390**	**$756**	**36,077**	**$31,508,293**	**$873**	**43,932**	**$38,076,629**	$867
Projects Reporting	169	156	139	231	222	192	290	290	290	368	366	366	432	432	432

Note: The averages in this table cannot be calculated directly using the numbers in the table because not all grantees reported both components of the equation. Averages were calculated only where both variables were reported.

Table 4.6 presents the percentage of AFI projects whose cumulative average participant savings falls into each of five ranges of savings amounts. At the end of FY 2007, 82 percent of projects had cumulative average participant savings of $400 or more in their IDAs. This is little changed from FY 2006 (81 percent), but was higher than FY 2005, when 73 percent of projects had cumulative average participant savings of $400 or more.

The percentage of projects with open accounts whose participants had saved an average of less than $200 has decreased substantially over the last few years, from 17 percent of projects in FY 2003 to 5 percent of projects in FY 2007. The percentage of projects with participants who had saved an average of $800 or more has increased from 23 percent of projects in FY 2003 to 46 percent of projects in FY 2007. Appendix Q provides detailed information about cumulative accountholder deposits by project.

Table 4.6 Average Participant IDA Savings Balances

Average IDA Savings Balance	Percentage of AFI Projects				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
$0 - $199	17%	13%	7%	6%	5%
$200 - $399	24%	21%	19%	13%	13%
$400 - $599	24%	25%	19%	18%	18%
$600 - $799	11%	16%	19%	20%	18%
$800 or More	23%	26%	35%	43%	46%
Number of Projects Reporting	139	199	249	293	346

Participant IDA Withdrawals

Through FY 2007, a total of 30,254 participants in regular AFI projects had withdrawn $28,010,932 of the earned income they had saved from their IDAs (Table 4.7). The average amount withdrawn from an IDA was $926 per participant. These figures include withdrawals for all purposes — asset purchase, emergency withdrawal, and other purposes when exiting the program. The amount of withdrawals was 32 percent higher than the $21,300,488 in total withdrawals at the end of FY 2006.

Table 4.7 Summary of Participant Withdrawals of All Types through FY 2007

Withdrawals	Total Participants	Total Withdrawals		Average Withdrawal
		Amount	%	
Asset Purchase	14,658	$18,096,989	64%	$1,235
Emergency	1,756	$947,551	4%	$540
Other	13,840	$8,966,392	32%	$648
Total	**30,254**	**$28,010,932**	**100%**	**$926**
Number of Projects Reporting	424	424	424	424

As Table 4.7 illustrates, as of the end of FY 2007, 14,658 participants had withdrawn $18,096,989 for purchasing an asset or transferring to a spouse or dependent. This amount represented 64 percent of the total withdrawal amount. The average amount withdrawn was $1,235 when only considering withdrawals for asset purchases.

Tables 4.8 and 4.9 provide additional information on the number of participants who made withdrawals, as well as the total and average amounts of participant withdrawals for one of the four allowed purposes (purchasing a first home or higher education, capitalizing a business, or transferring funds to a spouse or dependent). Table 4.8 shows that the amount of participant savings plus match funds withdrawn averaged $3,975 per participant; this is approximately $136 more than the $3,839 average total withdrawn per participant at the end of FY 2006.

Table 4.8 includes additional information on the total and average amounts of disbursements of Federal and non-Federal funds to match participant savings as of the end of FY 2007. Table 4.9 presents withdrawal amount information as reported at the ends of FY 2003 through FY 2007. The asset-specific data in both Tables 4.8 and 4.9 are discussed further in the following sections:

- Homeownership;
- Business capitalization;
- Postsecondary education or training; and
- Family transfer to a spouse's or dependent's IDA.

More details are presented in Appendices Q and R. Appendix Q provides cumulative accountholder savings and qualified withdrawals per project as of the end of FY 2007. Appendix R shows, for each project, the cumulative amounts of savings withdrawn by participants for homeownership, business capitalization, and postsecondary education or training.

Table 4.8 Total and Average Participant Withdrawals and IDA Match Funds Disbursements

Participant Withdrawals and Project Match Funds	Cumulative Withdrawals as of End of FY 2007				
	Home-ownership	Business Capitalization	Education or Training	Family Transfer	Total*
Number of participants making these withdrawals	6,044	4,301	4,264	49	**14,658**
Total amount of savings withdrawn by participants	$8,744,098	$5,083,538	$4,215,279	$54,074	**$18,096,989**
Average amount of savings withdrawn by each participant	$1,447	$1,182	$989	$1,104	**$1,235**
Federal grant funds disbursed as IDA match funds	$9,113,809	$5,328,263	$5,184,136	$43,696	**$19,669,905**
Non-Federal funds disbursed as IDA match funds	$10,057,010	$5,258,456	$5,140,047	$43,696	**$20,499,209**
Total savings and IDA match funds disbursed	$27,914,917	$15,670,257	$14,539,462	$141,466	**$58,266,102**
Average total funds disbursed per participant	$4,619	$3,643	$3,410	$2,887	**$3,975**
*Number of Projects Reporting**	414	376	378	288	424

*Only those AFI projects that reported both the number of participants making withdrawals and amount of participant savings withdrawn are included here. Some participants made withdrawals from their IDAs for multiple purposes, such as education and business capitalization. Such participants are counted in both types of withdrawals. In addition, the figures reflect the number of participants who made withdrawals for an asset purchase, ***not*** the number of withdrawals made. For example, a participant using his or her IDA for postsecondary education or training expenses might make multiple withdrawals for tuition expenses across a number of semesters.

Homeownership: Withdrawals and Allocations of Matching Funds

Withdrawals for homeownership were the most common use of IDA funds. The total and average amounts for this type of withdrawal also have been the largest in dollar value. As shown in Table 4.8, 6,044 participants had withdrawn $8,744,098 from their IDAs for this purpose by the end of FY 2007. Both the number of participants who made withdrawals for homeownership and the amount of the withdrawals at the end of FY 2007 were nearly 31 percent larger than the number at the end of FY 2006. At the end of FY 2006, 4,629 participants had withdrawn $6,672,655 for homeownership.

The average amount of savings plus matching funds disbursed for homeownership was $4,619 (an average of $1,447 of savings withdrawn and $3,172 of matching funds). The average amounts withdrawn for homeownership have not changed since FY 2006. However, the percentage of projects having participants making higher average savings withdrawals has increased over the last five years (see Table 4.9). The percentage of projects having participants who had withdrawn larger average amounts (more than $2,000) has increased from 15 percent of projects in FY 2003 to 22 percent of projects in FY 2007. Furthermore, the percentage of projects having participants who had withdrawn small average amounts of savings (less than $500) decreased from 8 percent of projects in FY 2003 to 3 percent of projects in FY 2007.

As of the end of FY 2007, the percentages of projects with average participant savings withdrawals for homeownership were distributed relatively equally in the other four amount categories: 25 percent of projects had average participant withdrawals of less than $1,000; 28 percent had average participant withdrawals of $1,000 to $1,499; 25 percent had average participant withdrawals of $1,500 to $1,999; and 22 percent had average participant withdrawals of $2,000 or more.

Table 4.9 Distribution of Projects with Average Participant Withdrawal Amounts by Range and Use of Withdrawal

Ranges of Average IDA Withdrawal Amounts	Percentage of Projects				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Withdrawals for Homeownership					
< $500	8%	3%	3%	2%	3%
$500 - $999	25%	28%	27%	23%	22%
$1,000 - $1,499	32%	29%	27%	28%	28%
$1,500 - $1,999	20%	18%	22%	23%	25%
$2,000+	15%	22%	22%	24%	22%
Number of Projects Reporting	65	119	147	201	242
Withdrawals for Business Capitalization					
< $500	31%	12%	8%	7%	8%
$500 - $999	35%	35%	38%	33%	32%
$1,000 - $1,499	35%	30%	25%	27%	24%
$1,500+	0%	24%	29%	33%	37%
Number of Projects Reporting	55	101	133	172	208
Withdrawals for Postsecondary Education or Training					
< $200	13%	5%	4%	1%	1%
$200 - $499	28%	20%	14%	14%	11%
$500 - $999	33%	41%	46%	48%	42%
$1,000+	26%	25%	36%	37%	45%
Number of Projects Reporting	54	111	143	184	215

Note: This table reports the average amount of the participant's savings withdrawn for these purposes, but does not include the grantee's match funds.

Business Capitalization: Withdrawals and Allocations of Matching Funds

Withdrawals for business capitalization were the second most frequent type of IDA use. As shown in Table 4.8, 4,301 participants had withdrawn $5,083,538 of their own savings for this purpose by the end of FY 2007. In many cases, these participants made multiple withdrawals to implement an approved business plan, rather than a single large withdrawal as is typical for homeownership. At the end of FY 2007, the number of participants who had withdrawn funds for business capitalization was nearly 31 percent higher than the 3,280 participants who had withdrawn funds for this purpose as of the end of FY 2006.

As of the end of FY 2007, the average amount of savings withdrawn plus matching funds disbursed for business capitalization expenses was $3,643 (an average of $1,182 of savings withdrawn and $2,451 of matching funds). The average amounts of earned income participants had withdrawn for business capitalization at the end of FY 2007 was slightly higher than the average amount at the end of FY 2006 ($1,119).

As demonstrated in Table 4.9, the percentage of projects with participants who had withdrawn small average amounts (less than $500) for this purpose decreased from 31 percent of projects in FY 2003 to 8 percent of projects in FY 2007; the percentage of projects with participants who had withdrawn larger average amounts (more than $1,500) increased from 0 percent in FY 2003 to 37 percent at the end of FY 2007.

Postsecondary Education or Training: Withdrawals and Allocations of Matching Funds

Withdrawals for postsecondary education or training purchases were the third most frequent use of IDA funds. As shown in Table 4.8, 4,264 participants had withdrawn $4,215,279 for this purpose by the end of FY 2007. This was almost a 39 percent increase from FY 2006, when 3,079 participants made such withdrawals. The average amount of savings withdrawn plus matching funds for this purpose was $3,410 (an average of $989 of savings and $2,421 of matching funds).

As for business capitalization, multiple postsecondary education withdrawals were common as participants pay for course credit hours and related expenses as they progress along their educational paths. More than half (53 percent) of withdrawals had been in amounts between $200 and $999, while 45 percent were $1,000 or greater. However, the same trends were evident for postsecondary education withdrawals as for withdrawals for other asset types: the percentage of projects with participants withdrawing smaller amounts on average (less than $200) for this purpose decreased from 13 percent to 1 percent over the past five years, while the percentage of projects with participants withdrawing larger amounts on average ($1,000 or more) increased from 26 percent to 45 percent (see Table 4.8).

Allowable Emergency Withdrawals

Participants may access their IDA savings with permission of the grantee in certain emergency situations, such as for purchasing medical care, preventing eviction, stopping foreclosure of a mortgage, or meeting living expenses following loss of employment. Participants who withdraw their earned income from their IDAs in such situations do not receive matching funds when they make the withdrawal. In order to remain a project participant after withdrawing funds to pay for an emergency expense, participants must replenish their IDA to its original balance within 12 months.

IDA savings were an important source of emergency support for a number of regular AFI project participants as of the end of FY 2007. As shown in Table 4.7, 1,756 participants had withdrawn a total of $947,551 of their IDA savings for emergency costs. The total amount withdrawn for emergency situations accounts for 4 percent of the total amount of all withdrawals. Across projects where both the number of participants and dollar amount of emergency withdrawals were available, the average emergency withdrawal was $540 as of the end of FY 2007. Appendix S provides project-by-project information about this withdrawal category.

Other Withdrawals

While participants are encouraged strongly to abide by their savings plans and deposit earned income regularly over the course of the AFI project, some participants who open IDAs have found it necessary to withdraw savings before they are ready to purchase their planned asset. Participants who make such withdrawals may be suspended or removed from the AFI project, and they forfeit access to any matching funds.

As of the end of FY 2007, a total of 13,840 participants had made such withdrawals. These participants had withdrawn a total of $8,966,392 from their IDAs, or an average of $648 per withdrawal. The total amount of other withdrawals accounted for 32 percent of the total amount of all withdrawals. By comparison, 11,482 participants had withdrawn $6,999,959 as of the end of FY 2006. See Appendix S for project-level details. HHS does not require grantees to provide information about the reasons participants make these withdrawals.

Balances Remaining in Participant IDAs

As shown in Table 4.10, a total of 14,275 IDAs remained open in regular AFI projects as of the end of FY 2007. These IDAs contained total participant savings of $9,415,617 and held an average balance of $660. This average represents a decrease of approximately 8 percent compared to the average savings balance of $714 in the 13,895 IDAs open as of the end of FY 2006. Although, the average savings balance has increased from $489 in 9,028 IDAs open at the end of FY 2003.

Table 4.10 Number of Open IDAs, Cumulative Savings Deposited, and Average Savings Balances

Fiscal Year AFI Grant Awarded	End of FY 2003			End of FY 2004			End of FY 2005			End of FY 2006			End of FY 2007		
	Number of IDAs	Savings Deposited	Average Savings	Number of IDAs	Savings Deposited	Average Savings	Number of IDAs	Savings Deposited	Average Savings	Number of IDAs	Savings Deposited	Average Savings	Number of IDAs	Savings Deposited	Average Savings
1999	3,838	$2,293,831	$598	2,832	$2,075,198	$741	989	$845,529	$855	--*	--*	--*	--*	--*	--*
2000	1,457	$626,956	$430	1,007	$450,167	$447	1,473	$782,829	$531	896	$589,270	$658	--*	--*	--*
2001	2,830	$1,230,965	$435	6,329	$1,728,683	$497	4,736	$2,920,514	$617	3,635	$3,064,251	$843	2,369	$1,579,507	$667
2002	903	$259,678	$288	1,613	$638,023	$396	3,098	$1,776,870	$574	3,071	$2,588,359	$843	2,468	$2,231,729	$904
2003	--	--	--	846	$288,182	$347	1,661	$786,035	$473	3,065	$1,796,841	$586	2,773	$2,125,264	$766
2004	--	--	--	--	--	--	1,190	$532,900	$448	2,477	$1,509,228	$609	3,280	$1,993,929	$608
2005	--	--	--	--	--	--	--	--	--	618	$329,708	$534	1,169	$633,601	$542
2006	--	--	--	--	--	--	--	--	--	133	$42,132	$317	2,022	$822,262	$407
2007	--	--	--	--	--	--	--	--	--	--	--	--	194	$29,325	$151
Total	**9,028**	**$4,411,430**	**$489**	**12,627**	**$5,180,253**	**$533**	**13,147**	**$7,644,677**	**$581**	**13,895**	**$9,919,789**	**$714**	**14,275**	**$9,415,617**	**$660**
Projects Reporting	157	157	137	213	206	206	290	289	289	368	367	366	432	432	432

Note: The averages cannot be calculated directly using the numbers in the table because not all grantees reported both components of the equation. Averages were calculated only where both variables were reported.

* These FY 1999 and FY 2000 grants ended prior to FY 2006 and FY 2007, respectively; thus, there were no remaining open IDAs in those years.

The average savings balances generally increase each year of the five-year grant period. For example, for grants awarded in FY 2002, the average savings of participants was $288 in FY 2003, $396 in FY 2004, $574 in FY 2005, $843 in FY 2006, and $904 in FY 2007. This is also exhibited by comparing participants enrolled in projects that started in FY 2002 and FY 2003 to participants who enrolled in later years. The average balance was $904 for participants in projects awarded in FY 2002; $766 for participants in projects awarded in FY 2003; $608 for participants in projects awarded in FY 2004; $542 for participants in projects awarded in FY 2005; $407 for participants in projects awarded in FY 2006; and $151 for participants in projects awarded in FY 2007. It may be that the average balance generally increases each year because participants in projects funded in earlier years have had a longer time to save.

As shown in Table 4.11, as of the end of FY 2007, 10 percent of AFI projects had participants with an average IDA balance between $0 and $199; 24 percent of projects had participants with an average balance ranging from $200 to $399; 21 percent of projects had participants with an average balance ranging from $400 to $599; 14 percent of projects had participants with an average balance ranging from $600 to $799; and 31 percent of projects had participants with an average balance of more than $800.

The percentage of projects with participants having higher average balances has increased over the last few years, while the percentage with smaller average balances has decreased. At the end of FY 2003, 16 percent of AFI projects had participants with an average balance of $800 or more. This percentage had grown to 24 percent at the end of FY 2005, 29 percent as of the end of FY 2006, and 31 percent at the end of FY 2007. At the end of FY 2003, almost half of AFI projects (49 percent) had participants with an average balance of less than $400, compared to 38 percent of projects at the end of FY 2005, and 34 percent of projects at the end of FY 2007.

Table 4.11 Average Savings Balances in IDAs

Average Participant Savings Balances in Open IDAs	Percentage of Projects				
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
$0 - $199	25%	19%	15%	10%	10%
$200 - $399	24%	35%	23%	20%	24%
$400 - $599	22%	19%	21%	21%	21%
$600 - $799	13%	14%	17%	20%	14%
$800 or More	16%	14%	24%	29%	31%
Number of Projects Reporting	137	206	289	367	432

Note: Percentages shown in this table were calculated using only those programs reporting open IDAs.

Section 5. Special State Projects in Indiana and Pennsylvania

The Assets for Independence Act (specifically, Section 405) authorizes OCS to award grants to support state-administered IDA projects that were authorized by state legislation and funded prior to the passage of the AFI Act. These programs are exempt from many AFI requirements (those in Sections 407 through 411 of the Act) if their state legislation differs. Two states — Indiana and Pennsylvania — meet these criteria and have received AFI grants annually since FY 1999.[24] This section describes the two state projects and provides an update on the status of each of them as of the end of FY 2007.

Indiana IDA Program

The Indiana IDA program is administered by the Indiana Housing and Community Development Authority (IHCDA). Established by state law in 1997, it was one of the earliest large-scale IDA programs in the country.

This subsection describes the following aspects of the Indiana IDA program:

- Funding sources and program administration;
- Program design;
- Financial education and asset-specific training;
- Accountholders and their characteristics; and
- Participant savings and withdrawals.

Funding Sources and Program Administration

Until AFI funding became available in FY 1999, the Indiana program relied solely on state funding. Currently, the primary sources of funding are the AFI program and annual state appropriations. As shown in Table 5.1, from FY 1999 through FY 2007, the program was awarded a total of $8,124,944 in AFI funds.[25] During this period, the program also was appropriated $11,456,900 in state funds. The agency has allocated and drawn down a total of $6,680,070 in AFI funds and $7,269,770 in state monies to fund the Indiana IDA program since its first AFI award in FY 1999.

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[24] OCS has awarded the states of Indiana and Pennsylvania a total of 18 grants to support these two special state AFI projects.

[25] OCS did not award an AFI grant to the state of Indiana in FY 2006. The state submitted an application in FY 2006, but HHS deferred awarding a grant until early FY 2007. The state of Indiana subsequently submitted an application in FY 2007, and HHS awarded a grant based on that application as well.

Table 5.1. AFI Grant Awards per Fiscal Year: Indiana IDA Program

Fiscal Year	AFI Grant Award Amount
1999	$930,000
2000	$700,000
2001	$494,944
2002	$1,000,000
2003	$1,000,000
2004	$1,000,000
2005	$1,000,000
2006	$0
2007	$2,000,000
Total	**$8,124,944**

Annually, the IHCDA awards year-long contracts to sub-recipients across the state to administer IDA projects. In FY 2007, IHCDA awarded contracts to 33 sub-recipient agencies. Table 5.2 displays the types of organizations that received contracts from IHCDA in FY 2007. Community action agencies were the most frequently selected type of organization to be sub-recipients (42 percent).

Table 5.2. Types of Sub-recipient Agencies in FY 2007: Indiana IDA Program

Sub-recipient Agency Type	Number of Sub-recipients	Percentage of Sub-recipients
Community Action Agency	14	42%
Community Development Corporation	7	21%
Housing Authority or Organization	7	21%
Faith-based Organization	2	6%
Local United Way	2	6%
Other Human Services Organization – Nonprofit	1	3%
Total	**33**	**99%**

Note: Column does not sum to 100 percent due to rounding.

The state devotes two full-time equivalent (FTE) staff to IHCDA central administration. Individual IDA projects varied considerably in size, affecting sub-recipient staffing needs. Therefore, sub-recipient staffing requirements can range from five hours to 60 hours of paid staff time per week (0.13 to 1.50 FTE). Approximately 39 percent of sub-recipients employed between 0.50 and 1.50 FTE staff, whereas 61 percent of sub-recipients employed fewer than 0.50 FTE. Through FY 2007, administration costs across sub-recipients totaled approximately

$400,000 per year. Federal AFI funds accounted for $200,000 of these costs, with an equal amount provided by state funds.

Program Design

Indiana authorizing legislation allows for up to 1,000 new IDAs annually. However, the actual number of accounts funded each year depends on the annual budget and the number of accounts expiring from the previous program year. Participants are considered "active" when they fall within the designated four-year program participation period. After the four-year time period expires, participants are able to keep IDAs open until any remaining money is utilized to purchase a qualified asset.

Through FY 2007, the state allowed sub-recipient organizations to determine many participant requirements, such as minimum initial deposits, minimum regular deposits, and emergency withdrawal conditions. Most sub-recipients required a minimum deposit of $25 to open an account (although several required as little as $1) and a minimum monthly deposit of $25 (although some allowed just one lump sum deposit per year to satisfy requirements). New requirements were enacted in October 2007 that standardized these amounts program-wide.

Due to fluctuations in funding, the Indiana IDA program has made minor adjustments to its program design over time. When the state started receiving AFI funds in 1999, it used them to increase the saving match rate for some of its participants. In later years, the state authorized its sub-recipient agencies to apportion the AFI grant funds among participants at their discretion, and most chose to provide a higher match amount to those participants who successfully attained their savings goals from the preceding year. Beginning in 2003, the state established a standard match rate of $6 in match funds for $1 in savings; however, in August 2006, the state changed the standard rate to a $4 to $1 match for accounts opened in FY 2006 and FY 2007 in order to increase the number of participants it could serve.

As of July 2007, participants entering the program receive a $4 match for every $1 saved (up to $400 of participant savings can be matched per year for four years), provided the savings are used subsequently for qualified withdrawals. (Previously, participants were matched on a maximum $300 of savings each year for four years.) Participants may save more than $400 per year, but savings in excess of $400 are not matched. Over four years, the maximum amount of participant savings that can be matched is $1,600 (or $1,200 for those who entered the program prior to July 2007).

Similar to the AFI program, eligible assets include homeownership, education, or business capitalization. Indiana includes home repair and principal payments on mortgages under its homeownership asset category, and does not allow savings to be transferred to a spouse's or dependent's IDA.

When a participant attains a savings goal, the sub-recipient requests the match money from IHCDA. Funds are transferred from IHCDA's project reserve fund to the sub-recipient's reserve account or into separate participant-level match accounts, each of which parallels an individual participant's savings in his or her IDA. Funds remain in the sub-recipient's reserve account or the participant-level parallel match accounts until the participant is ready to make an asset purchase. Some accountholders wait several years to make their purchase. For example, because transfers to dependents' IDAs are not allowed, some participants wait until their children reach college age so they can use their IDA to finance their children's education.

The Indiana IDA program differs from the AFI program in the following ways:

- Although it was intended originally to be a four-year savings program, it operates in year-long increments. Participants who are able to commit to a savings goal of $400 per year (for each of the four years) are able to enroll. However, participants receive match funds on any amount saved even if it falls short of the $400 (these are called "partial matches"). From FY 1999 through FY 2006, match funds were disbursed twice a year (this changed to a rolling schedule in October 2006).

- Sub-recipients encourage but do not require participants to make regular deposits. Participants may be allowed to make a one-time deposit to receive matching funds for that year.

- Participants are allowed to participate for a maximum of four years. Because IHCDA applies for AFI grants annually, a participant usually is supported by more than one AFI grant over his or her four-year period of participation.

- After four years, participants are no longer eligible to receive match funds, but they can keep their IDAs open indefinitely until they use the matching funds for an asset purchase. These are called 'expired' accounts. (As with regular AFI projects, controls are in place to ensure that participants use the money to purchase authorized assets.)

- Because participants have an indefinite period of time to expend the funds, match funds may remain in sub-recipients' project reserve accounts or individual participants' parallel match accounts for years following draw down from AFI.

Financial Education and Asset-Specific Training

Participants are required to complete eight hours of financial literacy education. Currently, several financial literacy curricula are utilized, but the state is working to create a standardized financial literacy program. Additionally, participants are required to complete six hours of asset-specific education.

Accountholders and their Characteristics

From FY 1999 through FY 2007, 3,854 participants opened IDAs with AFI support. By the end of FY 2007, 1,300 were considered "active" participants, 410 participants had left the program, and 2,144 participants held expired accounts, but had not exited the program as of the end of FY 2007. It is unknown how many of the latter group continued to save or hold funds on deposit in the accounts with plans to use them for asset purchase(s) in the future.

Through the end of FY 2007, 78 percent of participants who had opened accounts were female. Caucasians opened the majority of accounts (54 percent), while African American participants represented another 33 percent of all accountholders. When accountholders enrolled, 47 percent were single, 21 percent were divorced, and 23 percent were married. A majority of accountholders were the only adult living in the household at the time of enrollment (65 percent); most accountholders had one or two children (52 percent). Almost two-thirds (66 percent) of accountholders were between 20 and 40 years old when they enrolled.

At the time of enrollment, 37 percent held only a high school diploma while nearly half (49 percent) had received education beyond the high school level (an associate's degree, some college, a college degree, some graduate school, or a graduate degree). Seventy-two percent of accountholders were employed either full-time or self-employed when they enrolled in the IDA program.[26]

Participant Savings and Withdrawals

As of the end of FY 2007, participants had deposited $2,067,776 in personal savings (an average of $537 per participant). This amount represents only participant savings that qualified to be matched by the state. As participants have an indefinite period of time to make a qualified asset purchase, they may continue to save beyond the initial four-year savings period. As such, additional participant savings may not be captured in these figures.

From FY 1999 through FY 2007, approximately 2,364 participants withdrew and used $975,702 of their own savings to make qualified asset purchases (an average of $413 per participant). The total amount of matching funds disbursed (AFI and state funds combined) was $4,997,503. An additional 183 participants withdrew $79,145 in unmatched savings for emergencies or due to termination.

The largest subset of participants who made withdrawals (47 percent, or 1,108 participants) did so for education. The second largest subset made withdrawals for homeownership (31 percent, or 732 participants).[27] Finally, 22 percent (522 participants) used IDA funds for business capitalization. Participants can use their savings to make more than one asset purchase, so these groups of participants are not mutually exclusive.

Pennsylvania Family Savings Account Program

The Pennsylvania Family Savings Account (FSA) program, administered by the Pennsylvania Department of Community and Economic Development (DCED), became operational in 1998.

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[26] Although all sub-recipients reported project data for this year's report, some sub-recipients did not collect or report certain demographic information from participants. As such, these figures are based on incomplete information. The share of "unknown" demographic information ranged from 11 percent (gender) to 26 percent (employment status).
[27] Homeownership figures also include participants who made qualified withdrawals for principal payments on mortgages and home renovations/repair.

This subsection describes the following elements of the Pennsylvania FSA program:

- Funding sources and program administration;
- Program design;
- Financial education and asset-specific training;
- Accountholders and their characteristics; and
- Participant savings and withdrawals.

Funding Sources and Program Administration

The FSA program first received AFI support in FY 1999. Since that time, DCED has allocated nearly $22 million in state and Federal funds to the program. Funding sources included the AFI program ($8,582,000); state appropriations ($8,228,000); the Temporary Assistance for Needy Families (TANF) program ($6,000,000); and the Community Services Block Grant (CSBG) program ($46,000).

Table 5.3 identifies the AFI awards for the Pennsylvania FSA program. The data reported this year was calculated by aggregating information across four AFI awards. The first, awarded in FY 1999, provided funding through annual installments from FY 1999 to FY 2003 (considered five separate grants for the purposes of this report). The remaining three were awarded in FY 2004, FY 2005, and FY 2006. The most recent grant was awarded to the Pennsylvania FSA program on September 30, 2007, the final day of FY 2007. This report does not include data for awards issued at that time since they were made too late in the Fiscal Year to have data to report.

Table 5.3. AFI Grant Awards per Fiscal Year: Pennsylvania FSA Program

Fiscal Year	AFI Grant Award Amount
1999	$930,000
2000	$1,000,000
2001	$1,000,000
2002	$1,000,000
2003	$826,000
2004	$826,000
2005	$1,000,000
2006	$1,000,000
2007	$1,000,000
Total	**$8,582,000**

Table 5.4 displays the types of organizations that have received AFI funding via the DCED. The FSA program has been administered by 49 sub-recipients across the state, 44 of which have received AFI support. Like Indiana, the most frequent type of sub-recipients were Community Action Agencies (59 percent).

Table 5.4. Types of Sub-recipient Agencies in FY 2007: Pennsylvania FSA Program

Sub-recipient Agency Type	Number of Sub-recipients	Percentage of Sub-recipients
Community Action Agency	26	59%
Human Services Agency (nonprofit)	6	14%
Housing Organization or Agency	5	11%
Community Development Corporation	3	7%
Faith-based Organization	2	4%
Other	2	4%
Total	**44**	**99%**

Note: Column does not sum to 100 percent due to rounding.

The State dedicates one full-time staff person to the administration of the overall FSA program. This person receives program-specific direction from a Division Chief who also oversees two other state/Federal programs and other DCED management. Sub-recipients receiving AFI support devoted an estimated average of 24 staff hours per week (0.6 FTE) to FSA program administration, as well as an average of two hours of volunteer time per week.

Program Design

The FSA program allows participants to use FSA savings to purchase the three AFI allowable assets: homeownership, postsecondary education or training, and business capitalization. Authorized uses of funds also include home repair and car purchase, computer purchase, or day care (if the car, computer or day care is related to employment or education). Federal AFI funds may be used to match savings for any of these asset purchases. There have been changes to allowed asset purchases over the program's existence. Prior to 2002, FSA savings could be used to open individual retirement accounts (IRAs), but this is no longer allowed. Starting in 2000, participants have been allowed to put their FSA savings in a Section 529 college savings plan including Pennsylvania's state plan, the Tuition Assistance Program (TAP 529).[28] FSA accountholders do not have to be the beneficiary of the college savings plan. For example, a grandparent may save for a grandchild.

The match rate also has varied over the years. The current match rate is $1 in matching funds for $1 in savings. The maximum match is $1,000 for the first year or $2,000 for the length of the program which could be 13 months up to 36 months. The annual $1,000 limit on matching

[28] A 529 college savings plan is a type of investment account that enables individuals to set aside money for their child's education and allow it to grow tax-free. The money can be used for tuition, fees, room and board, books, supplies, and equipment. All 529 plans are administered by individual states.

funds creates an incentive to save for longer than 12 months. For example, if a participant declares a savings period of only one year, he or she is eligible to receive only one year's match, or up to $1,000. However, declaring a savings period of longer than 12 months - even just 13 months - makes the participant eligible for two years' worth of matching funds, or up to a lifetime maximum of $2,000.

Most participants are required to deposit at least $10 per week, or an amount that averages to at least $10 per week on a monthly basis. During the reporting period, participants had between 12 and 24 months to attain their savings goals. In 2005, the maximum savings period was increased to 36 months; this extension went into effect with sub-recipient contracts that the state awarded in 2005. The maximum lifetime matchable savings limit remains $2,000. After a participant's savings goal is met, the participant has either three or five years (depending on when they enrolled) to make the asset purchase. Participants who enrolled prior to July 2005 have three years to make the asset purchase, and participants who enrolled after July 2005 have five years. If they fail to make the purchase in the required time, they do not receive the match money. Subsequently, the sub-recipient must refund this money to the DCED.

The Pennsylvania FSA program differs from the AFI program in the following ways:

- Authorized uses of funds also include home repair and car purchase, computer purchase, or day care (if the car, computer, or day care is related to employment or education), as well as Section 529 college savings plans.

- Participants may contribute for a maximum of two years (if they enrolled prior to 2005) or three years (if they enrolled in 2005 or later).

- Participants must make their asset purchases within three or five years of attaining their savings goal (depending on their enrollment date), or they do not receive the match money.

Financial Education and Asset-Specific Training

Participants are required to attend at least four general financial education classes, each of which is typically four hours in length. They also must participate in at least two other asset-specific training sessions, which vary in length based on the asset purchase goal.

Accountholders and their Characteristics

Since its inception, the Pennsylvania FSA program had allocated funds to support 11,658 participant savers through FY 2007. Nearly 8,800 participants had opened IDAs through the FSA program, of which 4,745 received AFI support. Approximately 2,762 participants had graduated from the program, 1,689 of which received AFI support. At the end of FY 2007, 2,780 participants still had accounts open; 1,223 of them were AFI-supported.

Through the end of FY 2007, 77 percent of accountholders had been female. Caucasians had opened the majority of accounts (55 percent); African Americans represented the next largest group of accountholders (35 percent). When accountholders enrolled, approximately half had never been married. Most accountholders either lived alone or were single parents at the time of enrollment. More than two-thirds (67 percent) of accountholders were the sole head of household. Nearly half (48 percent) of accountholders had either one or two children at the time of enrollment; 27 percent had no children. The majority (53 percent) of accountholders were between 20 and 39 years old when they enrolled.

Slightly more than half (52 percent) of accountholders were employed full-time when they enrolled; another 21 percent held part-time jobs. At the time of enrollment, 40 percent had attained only a high school diploma, while 41 percent had received education beyond the high school level (an associate's degree, some college, a college degree, some graduate school, or a graduate degree).[29]

Participant Savings and Withdrawals

From FY 1999 through FY 2007, 4,745 individuals opened FSAs with AFI support. They deposited approximately $5.1 million into their FSA. By the end of FY 2007, 1,689 participants, or nearly 36 percent of all FSA accountholders, had made matched withdrawals from their FSAs. (This figure may exclude people who completed the program and obtained the match but had not yet withdrawn all the money from their FSA.)[30]

Of the 1,689 participants who made matched withdrawals from their FSAs, 64 percent (1,088 individuals) did so for Pennsylvania-specific authorized uses. The most popular authorized uses were home repair (36 percent) and car purchase related to employment or education (24 percent), while education (both an AFI-authorized and Pennsylvania authorized use) represented 18 percent of qualified withdrawals.

Those making withdrawals for qualified asset purchases withdrew approximately $3.2 million of their own savings (an average of $1,900 per participant). The amount of matching funds (AFI and other sources combined) disbursed for these purchases was $2.9 million, or an average of $1,730 per participant. The average amount of participants' own savings withdrawn for qualified purchases is slightly higher than the matched amount because participants are allowed to continue making deposits into their accounts after meeting the matchable maximum and to save past the allowed matching time period, but the excess savings is not matched by the FSA program.

[29] Although all sub-recipients reported project data for this year's report, some sub-recipients did not collect certain demographic information from participants. As such, these figures are based on incomplete information. The share of "unknown" demographic information ranged from 12 percent (race/ethnicity) to 34 percent (age group).

[30] The number of participants who made matched withdrawals increased to 1,689 from the 707 reported in FY 2006. This is due to two factors: adding the 497 participants who made matched withdrawals in FY 2007 and an extra 485 participants to the FY 2006 reported number (due to incomplete reporting in FY 2006 by 16 sub-recipients that did not previously report these data).

Section 6. Additional OCS Support to Grantees

The Office of Community Services (OCS) conducts several related activities in support of the AFI program. In addition to administering grants and monitoring grantees, it also staffs and manages the AFI Resource Center, which provides a variety of training and technical assistance support for grantees, their sub-recipients, and other partners. OCS also administers the evaluation of the AFI program.

This section provides brief background information on the types of support OCS provides to grantees, as follows:

- Training and technical assistance;
- Project management and data collection;
- Performance outcome measures and indicators;
- Special initiatives; and
- Program evaluation.

Training and Technical Assistance

OCS staffs and manages the AFI Resource Center, which is the structure used for providing training and technical assistance to all AFI program grantees and, as appropriate, their sub-recipients and other partners. Through the AFI Resource Center, staff and other experts provide a number of types of assistance:

- **AFI University.** AFI University is a multi-day forum featuring Training Academies and an All Grantee National Conference. AFI University and the All Grantee National Conference offer unique opportunities for learning and sharing among AFI grantee leadership, staff, and partners from across the nation;
- **Training Academies.** A series of training events for staff from AFI grantees and their partners;
- **Topical Conference Calls.** Monthly conference calls about asset building and AFI administrative matters featuring best practices and tips for grantees;
- **Customized Technical Assistance.** Telephone or in-person assistance on administrative or programmatic issues, such as recruiting participants, providing financial education, building partnerships, or closing out grants;
- **Data Help Desk.** All grantees are required to submit one cumulative data report annually for each grant they administer. OCS incorporates the data into a program-wide database,

analyzes the data, and uses it to compile a number of reports, including the annual report to Congress. To assist grantees in this endeavor, OCS supports a data help desk that is available to all grantees; and

- **Asset Building Website.** Provides general information about asset building, the AFI program, funding opportunities, and other resources for grantees, their partners, and the public. The Website also features links to research and publications on asset building. The Web address is http://www.acf.hhs.gov/programs/ocs/afi/.

Management and Data Collection

OCS developed and manages the AFI^2 Project Management Tool, a Web-based system available free of charge to all grantees. The AFI^2 tool is designed to enable grantees and their sub-recipients to efficiently collect and manage information to improve program outcomes. The system is designed specifically to reduce grantees' administrative costs and simplify the data collection for management and reporting. It is also useful for program analysis and evaluation, and for preparing the annual data report that is the basis for this annual Report to Congress. OCS released a new version of the AFI^2 tool in FY 2007 that will reduce the burden of preparing the annual data report for grantees that choose to use it.

Performance Outcome Measures and Indicators

OCS continues to integrate a performance management approach to the overall administration of the AFI program, an approach which OCS began to develop in 2006. As such, OCS has established a mid-term performance outcome measure and an efficiency measure to gauge overall program performance. The performance measure focuses on two related elements: 1) the annual rate of growth in the number of participants who purchase an allowed asset with an IDA; and 2) the annual rate of growth in the amount of earned income participants use for the asset purchases. The efficiency measure examines the ratio of participant savings to the amount of Federal AFI funds used for an asset purchase. Currently, OCS is designing a third measure — a long-term outcome measure — that will focus on the degree to which participants move up the economic ladder and are more economically secure after the asset purchases.

To further integrate performance management into the program, OCS collaborated closely with grantees throughout FY 2006 and FY 2007 to develop a menu of 25 project-level performance indicators. The indicators provide a framework that grantees can use to manage their projects and compare their progress with similarly situated grantees located throughout the nation. The indicators also are helpful to OCS for monitoring, identifying best practices, and allocating training and technical assistance resources. OCS continues to work with grantees to develop performance targets for the menu of project-level indicators. The emerging framework, which will continue in development during FY 2008, was introduced to grantees at the AFI University in November 2007. Furthermore, in FY 2007, OCS expanded its capacity to assist grantees in information collection and analysis of a long-term measure.

Special Initiatives

OCS also supports grantees through special initiatives that address innovation and promising practices among AFI grantees, as well as target areas of opportunity for strengthening assistance to AFI participants. OCS collaborated with grantees and partners to establish the following special initiatives:

- **New Strategies for Stronger Outcomes.** In August 2007, the AFI Resource Center announced the New Strategies for Stronger Outcomes Initiative, a combination demonstration/technical assistance effort with the goals of supporting innovation and building knowledge about good practices among AFI grantees. Over the course of 16 months, nine AFI projects will identify new or innovative approaches that would enhance their project and increase knowledge about program implementation for many grantees. Throughout the Initiative, each selected grantee will receive specialized technical assistance and other support as they develop, implement, and test one or more new approaches. Knowledge gained will be shared with all AFI grantees and the asset building community.

- **AFI Financial Literacy Enhancement.** Recognizing the importance of financial education to AFI participants, the AFI Resource Center created the AFI Financial Literacy Enhancement Initiative. The goal of the Initiative is to support AFI grantees in designing and delivering top-quality, transformative financial education within the context of their projects. To meet this goal, the Initiative will provide grantees with financial education training, technical assistance, tools and resources, and access to FDIC's Money Smart curriculum.

- **AFI Family Support 360 IDAs.** There is a growing awareness among AFI grantees and their partners that some people with disabilities, and their families, have a difficult time accessing and using IDAs. In response to this need, OCS is collaborating with ACF's Administration on Developmental Disabilities (ADD) to sponsor the Assets for Independence Family Support 360 IDAs Initiative. Through the Initiative, the AFI Resource Center provides AFI grantees and their partner organizations with training and technical assistance for providing IDA services to this important population.

- **New Grantee Development.** OCS is implementing an effort to reach out to additional organizations with the goal of increasing the number that either are administering AFI projects or partnering with current grantees to enhance existing AFI-funded projects. The Initiative is focused on increasing grantee capacity to administer complex AFI projects. Finally, it has a subsidiary goal of informing potential non-Federal funders, such as financial institutions, United Ways and state and local government agencies, about the successes of AFI projects throughout the nation.

Program Evaluation

HHS is supporting a multi-phase evaluation of the AFI program. The evaluation design for the current phase includes two components: a process study and an impact study. The process study provides a comprehensive picture of the development, planning, start-up, and ongoing operations of selected AFI projects. The impact study is examining the effects of IDAs on participants, based on a three-year longitudinal survey of 600 participants nationwide. It is designed to examine the extent to which AFI-funded IDAs affect participant savings and asset accumulation. HHS plans to share study findings from the current phase in early FY 2008.

Appendices

These appendices present information compiled from reports submitted by AFI grantees. Each grantee organization submitted separate data sets for each AFI project(s) it administers. The appendix tables present an array of information reported by grantees, including demographics about project participants and their households at the time of enrollment; details about financial aspects of each project, including the status of reserve funds, deposits, and withdrawals; and facts about project configurations, financial education training requirements, staffing, and other details. Each table features project-level information for every AFI grant awarded between FY 1999 (October 1, 1998) and FY 2007 (September 30, 2007).

The appendix tables display all data as reported by grantees. Please note that while the appendices display information as reported by the grantees, any grantee data with inconsistencies that could not be explained or corrected by the grantee were not used in the analysis presented in this report. The averages that appear in the report are based only on information from AFI projects that reported both components of the equation.

The appendices provide the following data, as reported by the grantees:

A. All AFI Grants Awarded (FY 1999 - FY 2007)
B. Project Staffing
C. Basic Financial Literacy Education
D. Asset-Specific Training
E. IDA Openings, Deposits, Withdrawals, and Remaining Balances in Open IDAs
F. Gender of Accountholders
G. Race and Ethnicity of Accountholders
H. Marital Status of Accountholders
I. Number of Adults in Household (Including Accountholder)
J. Number of Children in Household
K. Household Income as a Percentage of Federal Poverty Line
L. Residence Area of Accountholders
M. Educational Status of Accountholders
N. Age of Accountholders
O. Employment Status of Accountholders
P. Summary of Grantee Project Reserve Funds and Accountholder IDAs
Q. Cumulative Amounts of Accountholders' Savings, Matching Funds, and Withdrawals
R. Cumulative Amounts of Accountholders' Qualified Withdrawals by Type
S. Cumulative Amounts and Types of Accountholders' Other Withdrawals

Footnotes Key for Appendices

[1]Grant was awarded on September 30, 2007, the last day of the Fiscal Year, and therefore was not required to report.
[2]Due to significant data challenges, grantee was unable to complete the report for this grant.
*Data for the special state AFI projects is inclusive of all grants awarded to each project.