Report to Congress

Assets for Independence Program

Status at the Conclusion of the Seventh 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 Seventh Annual Report to Congress provides an update on the status of the Assets for Independence (AFI) program through the end of Fiscal Year (FY) 2006. 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 of 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 this 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[1] and cash from nonfederal entities. The amount provided by nonfederal sources must be at least equal to the Federal AFI grant amount. Grantees account for the Federal grant funds and the nonfederal 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 produced as of the end of FY 2006 by all AFI projects.

Inputs – Government, Nonprofit, and Private Sector Support

- OCS has awarded $120.8 million in grant funds to support 398 AFI projects from FY 1999 to FY 2006. These include 368 active regular projects, 2 active special State projects and 28 projects that were inactive as of the end of FY 2006.[2]

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[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 only the Federal AFI grant, not any other Federal funds grantees have received.

[2] Inactive projects are those for which OCS awarded an AFI grant but the grantee subsequently indicated that they would not implement the project. These grantees have not accessed any Federal AFI grant funds.

- Grantees and their partners have pledged at least $120.8 million in nonfederal funds to “match” the Federal grant amount to support their AFI projects.

- A total of 368 regular AFI projects have been implemented by 258 grantees located throughout the nation. These grantees have more than 817 subrecipients that are working with them to provide IDAs and related services to individuals and families.

- Two States – Indiana and Pennsylvania – are implementing special State AFI projects.

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

- Participants have opened 43,934 IDAs—36,077 in regular AFI projects and 7,857 in the special State AFI projects.

- Participants have deposited $36.8 million of earned income into their IDAs.

- Participants have used $49.2 million to purchase long-term economic assets. For this, participants used their own IDA savings ($15.4 million) and matching funds ($33.8 million). The matching funds are comprised of Federal AFI grant funds ($16.4 million) and nonfederal funds ($17.4 million).

- More than 13,000 participants have 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 have withdrawn funds from their IDAs for approved asset purchases:
  - 5,116 for homeownership;
  - 3,644 for business capitalization;
  - 4,194 for postsecondary education or training;
  - 302 for other asset purchases (allowed in the State of Pennsylvania only); and
  - 43 for transfers to IDAs of a spouse or dependent.

- Approximately 14,400 participants have saved earned income in an IDA but have been unable to use their savings as originally planned. They have withdrawn their IDA savings for emergency expenses or purposes other than purchasing any of the three allowed AFI assets. Those who have withdrawn their own savings for such reasons did not receive any Federal or nonfederal match funds.
  - These participants have withdrawn nearly $1 million for emergencies authorized by AFI.

- o They also have withdrawn $7.4 million to address other types of emergencies and for other purposes not allowable under the AFI program.

Data Methodology

This report presents cumulative information about the overall AFI program as of the end of FY 2006. The report is based on information reported by grantees administering 368 regular AFI projects and the two[3] special State AFI projects that were funded with Federal AFI grants from the initiation of the program in FY 1999 through June 2006.[4] It does not include information about 28 projects that were inactive as of the end of FY 2006.[5]

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 2006. They provided an array of information, including characteristics of the grantee organization; details about the AFI projects they administer; and information about the project participants, such as savings balances, savings withdrawals, and uses of IDA resources.

OCS provided a significant amount of technical assistance to grantees concerning the data collection and reporting process in an effort to minimize administrative burden and ensure the validity of the information grantees provided.

Status of Regular AFI Projects: Outcomes as of the End of FY 2006

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.

Table ES.1 shows the cumulative totals as of the end of FY 2006 for all regular AFI projects. The data represent substantial increases between the end of FY 2005 and the end of FY 2006:

- 26 percent increase in the number of IDAs opened;
- 46 percent increase in the amount of earned income participants have deposited into their IDAs; and

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[3] Throughout the report, we count the Indiana and Pennsylvania programs as two AFI projects. These special projects have been funded with a total of 14 separate Federal AFI grants.

[4] Starting in FY 2005, OCS instituted a process of awarding AFI grants in three cycles throughout the Fiscal Year, with awards made in early February, early June, and late September. This report includes data through the June 2006 awards since the September 2006 awards were made too late in the Fiscal Year to have data to report.

[5] As noted in footnote 2, inactive projects are those for which OCS awarded an AFI grant but the grantee subsequently indicated that they would not implement the project. These grantees have not accessed any Federal AFI grant funds.

- 54 percent increase in total amount of money (IDA savings and match funds) participants have used to make purchases.

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

Table ES.1. Participant Outcomes for Regular AFI Projects

Participant Outcome	End of FY 2005	End of FY 2006	Year-to-Year Change	
			Amount	Percent Increase
Accounts Opened	28,570	36,077	7,507	26
Savings Deposited by Participants	$21,593,890	$31,508,293	$9,941,404	46
Participants Making Withdrawals				
Homeownership	3,008	4,629	1,621	54
Business Capitalization	2,209	3,280	1,071	48
Postsecondary Education and Training	2,057	3,079	1,022	50
Transfer for Spouse or Dependent	17	41	24	141
Total Participants with Withdrawals	**7,291**	**11,029**	**3,738**	**51**
Funds Used for Asset Purchases*				
Participant Savings Used for Asset Purchases	$8,832,091	$13,419,369	$4,587,278	52
AFI Grant Funds Disbursed as Matching Funds for Asset Purchases	$9,082,006	$13,989,463	$4,907,457	54
Nonfederal Funds Disbursed as Matching Funds for Asset Purchases	$9,531,621	$14,927,138	$5,395,517	57
Total Funds for Asset Purchases	**$27,448,718**	**$42,335,970**	**$14,887,252**	**54**

Note: This table does not include information about special State AFI Projects in Indiana and Pennsylvania.

* Includes transfers of IDAs to a spouse or dependent, in addition to amounts used for homeownership, business capitalization, and postsecondary education or training. This does not include amounts withdrawn for emergency expenses.

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 2006.

OCS awards AFI grants to nonprofits, community-based entities, and government agencies that partner with nonprofits. Grantees use each AFI grant to support one AFI project for five years. Some grantees are administering concurrent grants. Therefore, they are managing several unique AFI projects simultaneously.

IDAs are restricted savings accounts through which low-income individuals and families who are asset-poor[6] combine their own savings with matching public and private funds to purchase a first home, capitalize a business, pay for postsecondary education or vocational 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/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 nonfederal funds. All AFI grantees must provide nonfederal cash in an amount at least equal to the Federal grant amount awarded. Grantees work in partnership with financial institutions, such as banks and credit unions, in providing the IDAs, financial education, and other services. Many grantees also work with other types of partner organizations to assist and support participants.

Section 2. Regular Project Administration and Operations

AFI grantees include nonprofit organizations, government agencies that partner with nonprofit groups, and low income credit unions and Community Development Financial Institutions (CDFIs) that collaborate with community anti-poverty organizations.

Nearly one-half of grantees are Community Action Agencies or Community Development Corporations:

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

As of the end of FY 2006, grantees also include faith-based organizations, local United Ways, human services agencies, and many other forms of private nonprofit entities.

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[6] "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.

AFI projects are distributed fairly evenly across the nation. They are located in 49 States and the District of Columbia. (Wyoming is the only State that does 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.

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, grantees may offer IDA match rates (combining Federal and nonfederal 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.

- $2 match for each $1 saved is the most common match rate across all three major asset purchase goals—homeownership, business capitalization, and postsecondary education or training.
- Maximum match amount ranges from $360 to $4,000; the average is $1,665.
- $24 is the average minimum monthly participant savings amount.

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 grantees also provide “asset-specific” training to participants, featuring such topics as homeownership training, career counseling, and entrepreneurship. Some grantees offer other support services to participants of AFI projects and their other clients, such as employment support, transportation, and medical care.

- On average, grantees require participants to participate in 11.9 hours of financial education training before purchasing an asset.
- Many grantees require participants to attend on average 6 to 14 hours of training focused on the type of asset being purchased.
- 80 percent of grantees offer their AFI project participants financial counseling and 77 percent of grantees offer credit repair service.
- About one-half of all grantees offer each of the following services to participants: employment support, crisis management, and peer support.
- 32 percent of grantees offer participants transportation services, and about 12 percent offer referral and follow up for medical services.

Section 3. Participants

A total of 36,077 IDAs have been opened in regular AFI projects. OCS collects information about accountholder characteristics from grantees to understand which populations are participating in the AFI program and compare outcomes by group. This information helps OCS assess the need for stronger outreach to various demographics groups.

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 noteworthy statistics as of the end of FY 2006:

- 76 percent of participants who have opened IDAs have been female.

- 44 percent of participants have been African American and 27 percent have been Caucasian. The percent of Hispanic participants between FY 2005 and FY 2006 has increased by almost one-third, from 14 percent to 18 percent.

- More than 75 percent of participants who opened an IDAs have had children. Participant households with children have been divided equally among those with one, two, or three or more children.

- 87 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.

- Accountholders have had experience with a savings or checking account prior to enrollment; 48 percent of participants reported having used a savings account and 64 percent had used a checking account prior to enrolling in an AFI project.

Section 4. AFI Financial Management

Grantees must adhere to requirements of the Act regarding the maintenance of Federal and nonfederal 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 various program/project requirements and guidelines. This report includes information about the amounts of funds grantees have accessed and the amount of savings participants have deposited into and withdrawn from their IDAs.

Federal Grant Funds and Nonfederal Funds

Grantees are not required to draw down (that is, 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.

Grantees may access only that portion of the Federal grant equal to the amount of nonfederal cash that they have deposited into the Project Reserve Fund.

- Grantees administering regular AFI projects have drawn down 45 percent of Federal funds awarded. The total amount drawn down is $44,592,016.

- Grant drawdown rates vary:
    - 44 percent of projects have accessed more than 75 percent of the grant.
    - 25 percent of projects have not accessed any of the grant funds yet.

- Grantees have deposited nearly $51 million of nonfederal funds and nearly $45 million of their Federal AFI award into the Project Reserve Fund, exceeding the amount of required nonfederal matching funds by over 13 percent.

Although not required by Federal program rules or the Act, grantees tend to rely on nonfederal funds before accessing Federal grant funds for their projects. This practice is consistent with the overall design of AFI projects. Grantees may use the majority of the Federal grant funds only for matching participants' IDA savings, so many grantees 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 actually making asset purchases—have a higher rate of drawing down the funds.

The following paragraphs highlight information that also is displayed in Table ES.1.

Participant IDA Deposits

- 36,077 IDAs have been opened under regular AFI projects.

- $31,508,294 of earned income has been deposited by participants under regular AFI projects, with an average of $873 per participant.

Participant Withdrawals for Homeownership, Business Capitalization, and Postsecondary Education or Training

As shown on Table ES.1:

- 11,029 participants have withdrawn $13,419,369 from their IDAs for purchasing one of the three allowed asset types or transferring their IDA savings to a spouse or dependent's IDA. These withdrawals account for 63 percent of the entire amount withdrawn from IDAs. A total of 24,046 participants have withdrawn $21,300,488 from their IDAs for all purposes – including purchasing an asset, paying costs of emergency expenses, or withdrawing funds for unallowable purposes.

- The number of participants who have made withdrawals increased by 51 percent from the end of FY 2005 to the end of FY 2006.

- Withdrawals for homeownership are the greatest both in number and in average dollar value.

    - 4,629 participants have withdrawn funds for homeownership, with an average savings withdrawal of $1,441 and an average match of $3,084.

    - The number of individuals who have made withdrawals for homeownership as of the end of FY 2006 is nearly 47 percent higher than the number as of the end of the prior year.

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

    - 3,280 participants have withdrawn funds for business capitalization, with an average savings withdrawal of $1,119 and an average match of $2,327.

    - The number of individuals who have made withdrawals for business capitalization as of the end of FY 2006 was more than 48 percent higher than the prior year.

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

    - 3,079 participants have withdrawn funds for postsecondary education, with an average savings withdrawal of $987 and an average match of $2,256.

    - The number of individuals who have made withdrawals for postsecondary education or training as of the end of FY 2006 was approximately 50 percent higher than the number reported at the end of the prior year.

- 41 participants transferred their IDA savings to a spouse or dependent. The amounts transferred averaged $897 in savings and $1,846 in match funds.

Balances Remaining

- 13,895 IDAs were open and active as of the end of FY 2006. These accounts hold an overall total of $9,919,789 in participant savings.

- 49 percent of the accounts had an average balance equal to or greater than $600; only 10 percent had an average balance of less than $200.

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 have received 14 grants totaling $12.8 million in AFI funding to support these two special AFI projects.[7]
- The two special State projects have involved close to 100 subrecipients across both States since the AFI program began.
- Approximately 7,900 participants have opened IDAs through these projects across Indiana and Pennsylvania.

Indiana IDA program highlights:

- Participants may use IDAs to save over a four-year period.
- Participants may save up to $1,200 in their IDAs (maximum of $300 per year for each of four years) and receive a $6 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.
- 3,331 people have participated and a total of 1,760 have completed their savings and received matching funds with support of AFI grants since 1999.
- Participants have withdrawn an average of $392 from their IDAs.
- Nearly one-half of participants used their IDA resources for education, with the remainder divided fairly equally between homeownership and small business capitalization.

Pennsylvania Family Savings Account (FSA) program highlights:

- Participants may use an FSA to save over a two-year period.
- Savings are matched dollar for dollar up to $1,000 annually.

[7] Throughout the report, we count the Indiana and Pennsylvania programs as two AFI projects. These special projects have been funded with a total of 14 separate Federal AFI grants.

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

- 4,526 people have participated, and of these, 707 have completed their savings and received matching funds with support of AFI grants since FY 1999.

- Participants have withdrawn an average of $1,835 in savings and received an average of $1,805 in matching funds to buy a home, obtain higher education, capitalize a small business, finance home repair or automobile purchase, and 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 Web-based system, helps grantees and subrecipients efficiently collect, manage, and report project data.

- OCS is implementing three program-wide outcome measures and developing 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) 2006. 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 (September 1999) and through June of FY 2006.[8]

The narrative is organized as follows:

- The **Introduction** explains the organization and content of the report. It provides brief descriptions of each section and information on the data methodology.

- **Section 1: Assets for Independence Program** gives 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 Project Grantees, 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 nonfederal 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 2006. (This information is synthesized from a new set of data collected for the first time in the FY 2006 grantee reports.)

- **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 Funds (required bank account(s)) in which the grantee maintains grant funds and nonfederal 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.

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[8] Starting in FY 2005, OCS instituted a process of awarding AFI grants in three cycles throughout the Fiscal Year, with awards made in early February, early June, and late September. This report includes data through the June 2006 awards since the September 2006 awards were made at the end of the Fiscal Year.

- **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 outcomes to date. These two projects are supported with 14 separate AFI grants.

- **Section 6: OCS Support for Grantees** describes the AFI Resource Center and the training and technical assistance services that OCS makes available to grantees and their partners.

- The **Appendices** are a series of data tables with detailed information about each AFI grant awarded through June 2006. 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 nonfederal cash provided by grantees and their funding partners, and the types and frequency of training and supportive services provided by each project.

Scope of the Report

This report is based on data submitted by program grantees in the Fall of 2006. As required by Section 412 of the Act, grantees submit reports to OCS annually, which provide information on several specific topics:

- Number and characteristics of AFI accountholders;

- Balances and features of Project Reserve Funds;

- Project IDA account characteristics (i.e., required deposits, maximum match level, and match rates);

- Amounts of earned income participants have deposited into their IDAs;

- Amounts withdrawn from IDAs and the purposes for the withdrawals;

- Balances of all open IDAs; and

- Support services that grantees and their partners provide to participants.

Data Methodology

The data each AFI grantee has provided for this report is cumulative from the date of their grant award to the end of FY 2006. For example, grantees that received funding in 2001 provided five years of data, while those that received funding in 2002 provided only four years of data. This report presents the most current information available from grantee projects that had ended as of the end of FY 2006 or that did not submit current information.

Table INTRO.1 shows the total number of AFI grants awarded in each Fiscal Year and the grants for which data is included in this report. From October 1, 1998 to June 2006, OCS awarded 410 grants. The data for this year's report is submitted primarily by 258 unique grant recipients that are administering 368 active projects, referred to as regular AFI projects, and the two active special State AFI projects.[9] These figures include amounts awarded for 28 projects that were inactive as of the end of FY 2006; however, this report does not include additional facts from these inactive projects, because they have not been implemented and have not enrolled any participants.[10]

Section 1 of this report provides an overview of the AFI program and information on all AFI projects combined. Sections 2, 3, and 4 address data specific to the 368 active regular AFI projects. Section 5 focuses on the two special State AFI projects.

[9] Throughout the report, we count the Indiana and Pennsylvania programs as two AFI projects. These special projects have been funded with a total of 14 separate Federal AFI grants.

[10] Inactive projects are those for which OCS awarded an AFI grant but the grantee subsequently indicated that they would not implement the project. These grantees have not accessed any Federal AFI grant funds.

Table INTRO.1. AFI Grants Awarded and Data Responses

Fiscal Year AFI Grant Awarded	Total Number of AFI Grants Awarded and Number with Data Included in this Report		
	Grants Awarded	Completed/Inactive Grants	Grants for Which Data are Included in this Report
1999	38	1	37
2000	25	4	21
2001*	80	9	71
2002*	66	8	58
2003*	48	3	45
2004	60	3	57
2005	41	0	41
2006**	38	0	38
Total	**396**	**28**	**368**
Special State Grants	14	0	14
Grand Total	**410**	**28**	**382**

* Over the past year, OCS identified and corrected an error in calculating the number of awards per fiscal year. The correction resulted in a count of one fewer grant for both FYs 2001 and 2002 and two additional grants for FY 2003 from prior reports.

** This report includes data about the 38 AFI projects funded in February and June of 2006 only. It does not include information about the 31 projects funded in September 2006; if included, the total number of grant awards made from September 1999 to September 2006 would be 429.

Unless otherwise noted, throughout this report, the unit of analysis is the AFI project. Grantees that have received more than one AFI grant provided separate reports for each grant (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 has provided all data requested, each table in this report includes the number of AFI projects that provided usable data for the particular analysis.

Program Evaluation

OCS is supporting a comprehensive evaluation of the AFI program, as required by Section 414 of the AFI Act. Information being developed through the evaluation includes descriptions of strategies AFI grantees are using to implement their projects, analyses of common challenges faced by grantees and project participants, highlights of effective practices, and suggestions for improving performance. The evaluation also is producing information about the longer-term impact of IDAs, financial education, and asset acquisition on project participants and their families. This portion of the evaluation is focusing on the core effects of IDA incentives and supports on savings behaviors, savings rates of project participants, and variations of savings among people with differing demographic characteristics and household sizes.

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 project participants save earned income and receive Federal and nonfederal matching funds for the purpose of purchasing allowed economic assets. According to the Act, allowed asset purchases include expenses related to homeownership,[11] 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.

Every dollar saved by project participants in an IDA and used for such asset purchases is matched by the project at the time of asset purchase. According to Section 410 of the Act, AFI projects may provide participants a maximum of $2,000 in Federal funds for IDA match. The amount of matching funds provided may range from $1 to $8 for each dollar of earned income a participant deposits in the IDA. The IDA match amount provided for any participant must include at least as much in nonfederal funds as Federal funds.

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

[11] A participant is considered to be a first-time homebuyer if the individual (and, if married, the individual's spouse) have not owned a home for three years prior to the date they use their AFI resources to purchase a home.

AFI grants have five-year project periods. For example, grants awarded in FY 2001 were active through FY 2006. Those that were funded initially in FY 2002 will be active through FY 2007, and so forth. Grantees may apply for one-year, no-cost extensions 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 grant for which they are responsible. All grantees are given 90 days to close out their grants following the end of their project period. Participants can make asset purchases through this close-out period.

Grants

Congress appropriated $10 million each year in FYs 1999 and 2000 and approximately $25 million each year from FY 2001 through FY 2006.

As of June 2006, OCS had awarded 410 grants totaling over $120 million. These include $108,124,528 awarded to 258 organizations to implement 368 regular AFI projects.[12] and $12,706,944 awarded to the States of Indiana and Pennsylvania via 14 grants for the two special State projects. Grant amounts average about $300,000 for the five-year project period. The maximum grant amount allowed is $1,000,000. As shown on Table 1.1, OCS has awarded varying numbers of competitive grants and amounts each year.

The AFI projects are serving individuals and families in 49 states and the District of Columbia.[13] Appendix A is a comprehensive list of grantee organizations, including their grant amounts and the year(s) they received grants.

[12] This includes $8,272,339 that was awarded to, but not used by, the 28 inactive projects.
[13] Wyoming is the only State without an AFI project.

Table 1.1. Number of Grants and Dollar Amounts Awarded

Fiscal Year AFI Grant Awarded	Number Awarded	Dollar Amount Awarded
1999	37	$9,595,904
2000	21	$4,240,620
2001	71	$15,606,114
2002	58	$15,244,960
2003	45	$14,108,990
2004	57	$16,479,774
2005	41	$12,999,604
2006	38	$11,576,223*
Special State Projects	14**	$12,706,944
Total Active Grants	**382**	**$112,559,133**
Inactive Grants	**28**	**$8,272,339**
Grand Total	**410**	**$120,831,472**

* This figure reflects only a portion of the total amount awarded in FY 2006. This is the amount of 38 AFI grants awarded through June 2006. OCS awarded an additional 31 grants in September 2006. The total amount of AFI grants awarded in FY 2006 was $21,361,351.

** OCS has awarded a total of 14 grants to support the two special State Projects in Indiana and Pennsylvania.

Numerous grantees are administering multiple AFI projects. As such, they have submitted competitive proposals for each separate grant received. Table 1.2 shows the original and additional amounts awarded to grantees by the year they received their first grant. For example, the row labeled "Year Initial AFI Grant Awarded" shows that in 1999, 38 organizations received grants and, reading across the table, several of them received additional competitive grants in succeeding years. In 2001, 13 of those that had received their original grant in 1999 applied for and received an additional grant. Likewise, in 2002, 13 of them also received an additional grant. In 2003, five of those that received their original AFI grant in 1999 received another one, and so on.

Approximately 46 percent (22 of 48) of entities that received grants in FY 2003 have applied for and received other AFI grants to support additional projects. Similarly, 45 percent (17 of 38) of entities that received grants in FY 2006 are administering projects funded with grants awarded previously.

OCS awarded $6.6 million for the Pennsylvania Family Savings Account program and $6.1 million for the Indiana IDA program through June of FY 2006.[14] Section 5 offers more information about these programs.

[14] OCS awarded an additional $1 million grant to the State of Pennsylvania on September 30, 2006. Grants awarded on that date 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. Please see Section 5 for complete information about these two special State Projects.

Table 1.2. Number of Grants, Grant Amounts, and Cumulative Amounts of AFI Funds Awarded FYs 1999 – 2006

FiscalYear Initial AFI Grant Awarded	FY 1999		FY 2000		FY 2001		FY 2002		FY 2003		FY 2004		FY 2005		FY 2006 as of June 2006*		Total Grant Amounts, FY 1999 to June of FY 2006	
	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	$4,996,936	13	$1,279,424	5	$1,034,812	5	$1,502,414	4	$456,100	4	$23,207,419	82
2000	--	--	$4,554,620	25	$2,777,794	8	$1,433,241	6	$297,058	3	$500,000	2	$1,500,000	2	$138,000	1	$11,190,713	47
2001	--	--	--	--	$13,124,081	59	$2,709,120	15	$1,753,999	10	$2,609,122	10	$658,353	3	$1,931,176	6	$22,785,851	103
2002	--	--	--	--	--	--	$6,691,502	32	$318,470	4	$1,716,880	6	$190,000	2	--	--	$8,916,852	44
2003	--	--	--	--	--	--	--	--	$11,985,029	26	$2,129,740	4	$1,000,000	1	$730,000	2	$15,844,769	33
2004	--	--	--	--	--	--	--	--	--	--	$9,709,140	33	$1,436,660	4	$755,702	3	$11,901,502	40
2005	--	--	--	--	--	--	--	--	--	--	--	--	$6,712,177	25	$655,000	1	$7,367,177	26
2006	--	--	--	--	--	--	--	--	--	--	--	--	--	--	$6,910,245	21	$6,910,245	21
Total	**$9,695,904**	**38**	**$4,554,620**	**25**	**$20,143,704**	**80**	**$15,830,799**	**66**	**$15,633,980**	**48**	**$17,699,694**	**60**	**$12,999,604**	**41**	**$11,576,223**	**38**	**$108,124,528**	**396**
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	$0	**	$6,124,944	7
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	$0	**	$6,582,000	7
Grand Total	**$11,555,904**	**40**	**$6,254,620**	**27**	**$21,638,648**	**82**	**$17,830,799**	**68**	**$17,459,980**	**50**	**$19,525,694**	**62**	**$14,999,604**	**43**	**$11,576,223**	**38**	**$120,831,472**	**410**

*In FY 2006, 38 grants were awarded February through June. An additional 31 grants, including a grant to the State of Pennsylvania, were awarded in September 2006. FY 2006 grant awards total $21,361,351.

**OCS awarded an additional $1 million grant to the State of Pennsylvania on September 30, 2006. Grants awarded on that date 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. Please see Section 5 for complete information about these two special State Projects.

Program Requirements

The Assets for Independence Act stipulates numerous requirements involving project administration and participant eligibility. All grantees must administer their projects in accordance with these requirements.

- **Participant Eligibility.** 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 or they have an adjusted gross household income equal to or less than 200 percent of the Federal poverty line,[15] *and* if their household net worth is less than $10,000 (excluding the value of a primary dwelling unit and one motor vehicle).

- **Regular Deposits.** Participants must deposit earned income into their IDAs regularly.

- **Participant IDA Match Rate.** 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.

- **Uses of IDA Balances.** Participants may use their accumulated IDA savings plus the matching funds to purchase a first home, capitalize a business, or pursue postsecondary education or training. They also may transfer their IDA resources to a spouse 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.

- **Nonfederal Funds.** Project budgets must include nonfederal 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 nonfederal funds into their Project Reserve Fund.

- **Project Reserve Fund.** 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 nonfederal 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 nonfederal funds directly to appropriate third parties, such as mortgage lenders, education institutions, or vendors for business capitalization expenses. Grantees also use a small amount of the Federal and nonfederal funds in the Project Reserve Fund to support project activities, as described below.

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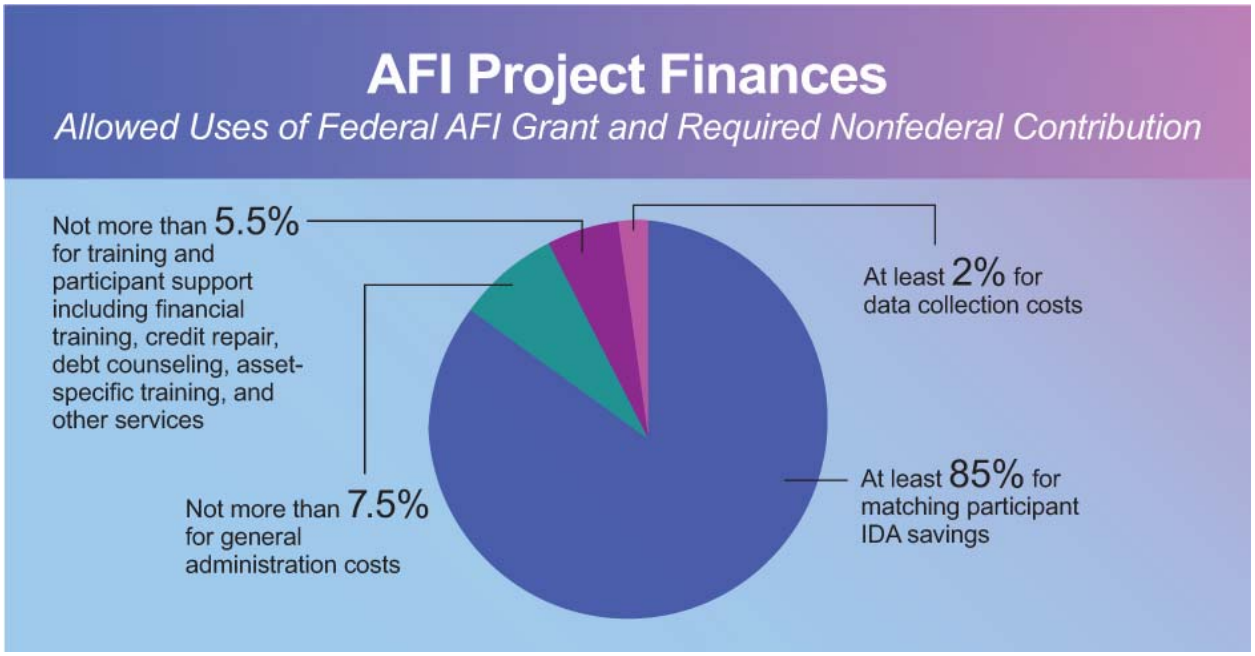
[15] In FY 2006, 200 percent of the Federal poverty line was $19,600 for a single person; $26,400 for a family of two; $33,200 for a family of three; $40,000 for a family of four; and $46,800 for a family of five.

- **Uses of Federal Grant Funds and Required Nonfederal Funds.** Grantees must allocate at least 85 percent of the combined total amount of their Federal grant funds and nonfederal 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, they must budget at least two percent of their grant funds and nonfederal 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: Grant Example

The following example demonstrates the breakdown of project finances for an average size AFI project that provides IDA services to 127 participants with a total budget of $600,000 (a $300,000 Federal AFI grant and at least $300,000 in nonfederal cash support). To conform with requirements shown in Figure 1, the average grantee must allocate its Federal grant funds plus all nonfederal funds over the five-year project period as follows:

- **Matching Participant IDA Savings**. At least $510,000 to match participants' IDA savings ($255,000 of the Federal grant plus $255,000 of the nonfederal funds).

- **General Administration Costs**. No more than $45,000 for administration ($22,500 of the Federal grant plus $22,500 of the nonfederal 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 the nonfederal funds). This expenditure is approximately $50 per participant per year ($25 from the Federal grant and $25 from the nonfederal funds for each year in the five-year project period).

- **Data and Evaluation Costs**. At least $12,000 for data collection and evaluation costs ($6,000 of the Federal grant plus $6,000 of the nonfederal funds).

Design of AFI Projects

OCS encourages grantees to customize AFI projects to meet participants' needs. Many aspects of project design are based on the 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. The figure illustrates participant activities and grantee services conducted in a typical AFI project. Individual projects may follow different procedures. For example, some grantees may require participants to complete financial education before opening their IDAs, whereas other grantees allow participants to open their IDAs and begin saving before or while receiving the financial education.

In Step 1, prospective participants attend a program orientation session to learn about the benefits of saving regularly and strategies that can help them save. In Step 2, 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. In Step 3, participants attend financial education courses. In Step 4, which often occurs simultaneously with Step 3, participants open their IDAs. In Step 5, participants save earned income and make regular deposits into their IDA accounts based on specific project requirements. Throughout the process, participants also receive coaching, case management, and other support services from the AFI project. In Step 6, as savings begin to accumulate, participants also may receive asset-specific training. Finally, participants reach Step 7 after they have met their savings goals and satisfied all other project requirements. In this final step, grantees disburse the matching Federal and nonfederal funds directly to appropriate third parties to enable participants to make asset purchases with the IDA funds.

Figure 2

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 nonfederal funders** that provide at least 50 percent of the cash funds required by the Act to match participant savings as well as other resources, such as in-kind facilities or services needed for administering AFI projects;

- **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 that are set by the grantee organization or its nonfederal funders;

- **Participant savings plan agreements** that state key program details and specific responsibilities of both the participant and the grantee, such as:

    - The participant's savings goal;

    - Timeframe for achieving the chosen goal and schedule for making savings deposits;

    - The participant's planned use of his or her IDA savings and match;

    - The amount of IDA match funds the project will allocate to the participant's IDA (e.g., maximum match, match rate);

    - The required financial education activities that the project will provide and the participant will attend;

    - Any asset-specific training that the participant will receive; and

    - Other program requirements.

- **Financial education** 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 Credits 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

Since the beginning of the AFI program, OCS has awarded funds to 258 grantees to support the 368 regular AFI projects discussed in this report. To implement these projects successfully, grantees develop administrative arrangements and build partnerships to fulfill nonfederal 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;
- Nonfederal 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.

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 low-income credit unions and Community Development Financial Institutions (CDFIs) that are collaborating with local community-based anti-poverty organizations.

As shown in Table 2.1, nearly one-half of grantees (45 percent) are Community Action Agencies (CAAs) or Community Development Corporations (CDCs). Other common grantee types include nonprofit human service organizations, faith-based organizations, and local United Ways (12 percent, 8 percent, and 8 percent, respectively).

Table 2.1. Types of AFI Grantees

Type of AFI Grantee	Percentage at End of FY 2005	Percentage at End of FY 2006
Community Action Agency	33%	32%
Community Development Corporation	15%	13%
Human Service Nonprofit	13%	12%
Faith-Based Organization	7%	8%
Local United Way	6%	8%
Community Development Financial Institution/Credit Union	5%	6%
State, Local, or Tribal Government Agency	4%	6%
Housing Nonprofit	4%	4%
Microenterprise Development Organization	4%	3%
Workforce Development Agency	1%	2%
Youth Development Agency	2%	2%
Other	6%	4%
Number of Grantees Reporting	*190*	*232*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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

Nonfederal Funding Sources

All AFI grantees are required to provide nonfederal 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. The grantees report that they often need even more funding and in-kind support for project administration costs such as staff salaries, facilities, financial education materials, and so forth. Nonfederal 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 and workforce development organizations; human services agencies; and other entities.

In addition to the AFI program, grantees also turn to other Federal sources to support their projects. These sources include certain programs administered by the Department of Health and Human Services (such as the Community Services Block Grant)[16] and the Department of Housing and Urban Development (such as the Community Development Block Grant).[17]

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. About one-half of the grantees receive nonfederal funding from financial institutions, and about one-third report that they receive support from foundations.

Table 2.2. Sources of Nonfederal Funding for IDA Match and Project Operations

Type of Non-AFI Funder	AFI Projects that Have Received Funding	
	Funds Used for Matching Participant Savings	Funds Used for Project Operations
Financial Institutions	50%	45%
Foundations	28%	29%
State Government Agencies	19%	19%
Local United Way Agencies	17%	21%
Local Government Agencies/Local Housing Authorities	16%	17%
Businesses	14%	13%
Individuals	13%	11%
HUD (Community Development Block Grant and others)	10%	14%
HHS (Community Services Block Grant)	NA	17%
Civic Fraternal Organizations	7%	7%
Federal Home Loan Bank	6%	<1%
Faith-Based Organizations	5%	4%
Number of Projects Reporting	*367*	*367*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

[16] Grantees may not use Community Services Block Grant (CSBG) funds as the nonfederal cash contribution for an AFI grant, but they may use these funds to support other aspects of their projects.

[17] Grantees may use Community Development Block Grant (CDBG) funds as the nonfederal cash contribution for an AFI grant. The CDBG legislation explicitly authorizes CDBG recipients to use the funds as a source of nonfederal funds required by other Federal programs.

Administrative Arrangements

Grantees that are managing 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 nonfederal 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

A total of 236 regular AFI projects (64 percent) are operated by single organizations, without any formal subrecipient 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 nonfederal funds. These grantees often partner and collaborate with other agencies that provide particular services, such as training or data management. Figure 3 provides an illustration of a single agency project.

Network Projects and Partners

In contrast, 130 AFI regular projects (36 percent) are operated by grantees that have formal subrecipient 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 subrecipients of the AFI grant funds. The number of partners ranges from one to 15, with an average of six. Figure 4 provides an illustration of a typical network project.

Many subrecipient organizations currently involved in 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 vary from network to network. As shown in Table 2.3, approximately 55 percent of AFI network projects have lead agencies and partners that both work directly with participants to open IDAs and provide services to the participants; the remaining 45 percent rely on subrecipient agencies for these functions. Many lead agencies also share project responsibilities with their subrecipients including raising nonfederal support for the project, maintaining project documentation, and managing the Project Reserve Fund. Under the remaining percentages of AFI projects, the grantees perform these functions themselves.

Table 2.3 also shows other aspects of operating an AFI network project and the percentage of these projects in which the lead agency shares responsibility for key functions with its partners. In 43 percent of AFI network projects, the lead agencies and the partners share the task of raising nonfederal cash for the project. In approximately one-third of the projects, the partner agencies work with the lead agency to maintain documentation and records. In nine percent of these projects, the partners assist the grantee agency in managing the Project Reserve Fund.

Table 2.3. Shared Functions in AFI Network Projects

Major Function	AFI Network Projects in which Grantee Agency Shares the Function with Partners
Open IDAs with Participants	55%
Raise Nonfederal Cash for the Project	43%
Maintain Documentation and Records for Reporting and Evaluation Purposes	34%
Manage the Project Reserve Fund	9%
Number of Projects Reporting	*130*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Among all regular AFI project grantees—both single-agency and network—and their subrecipients, there are approximately 1,200 separate organizations across the nation currently providing AFI services. Among the 130 AFI network projects, there are 817 subrecipient organizations implementing AFI services for participants. These partner organizations include many of the same types of organizations that manage single-agency projects. Thirty-five percent of subrecipients are CAAs; 14 percent are nonprofit human services organizations; and 13 percent are CDCs (not shown in table).

Figure 3

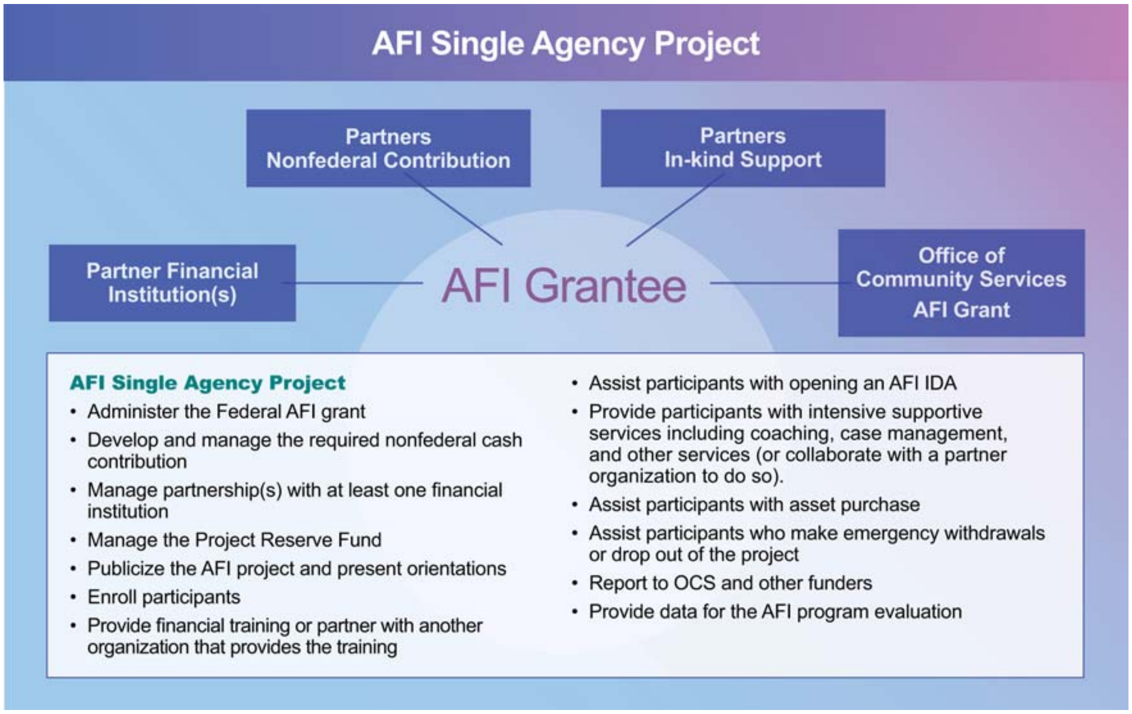
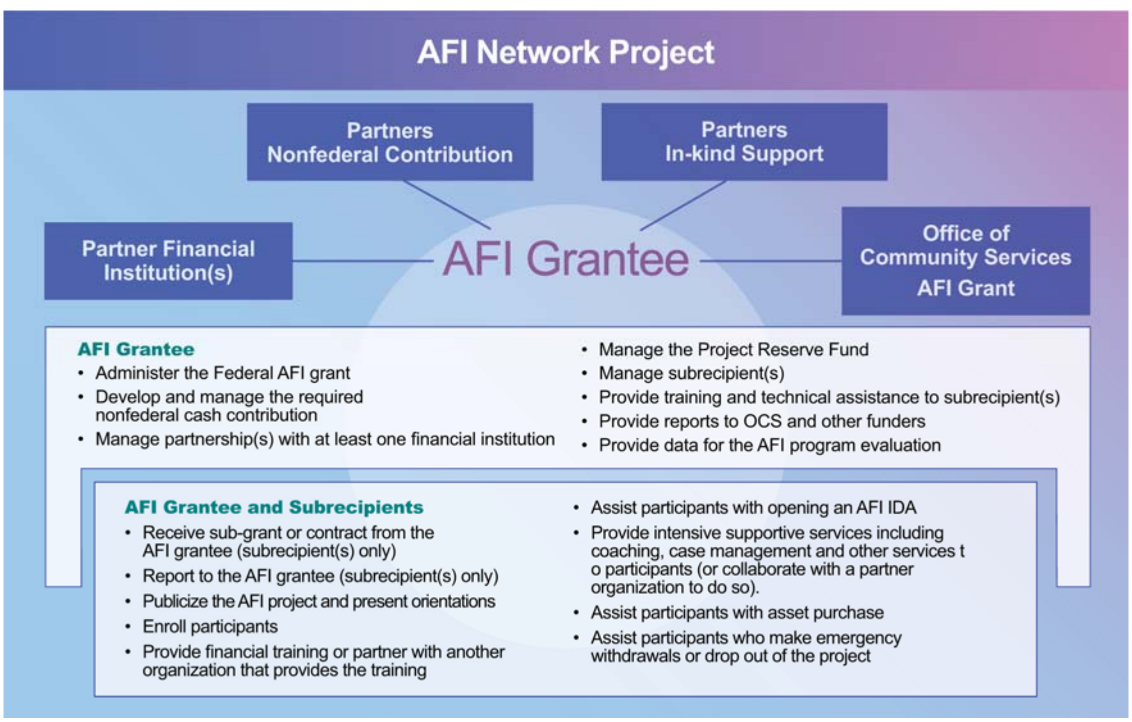


Figure 4



Staffing

Depending on the administrative framework in place, the implementation phase, and other project specific factors, grantee staffing needs vary. AFI grantees and their subrecipients (in the case of AFI network projects) use an average of 1.69 full-time equivalent (FTE) staff to manage their AFI projects (approximately 68 staff hours/week). Grantees that have projects with fewer than 25 participants have an average of 0.54 FTE employees and 0.14 FTE volunteers. Grantees whose AFI projects have 150 or more participants operate their projects with an average of 3.15 FTE employees and 0.51 FTE volunteers.

Grantees that are operating new projects prior to enrolling participants (as indicated in the table as the row with "0" number of accountholders) require even more staff time than those with fewer than 25 participants (0.67 FTE employees as compared to 0.54 FTE employees), due to the large amount of work needed to set up an AFI project. In addition, many grantees rely on Americorps volunteers. These volunteers provided more than 1,400 hours per week for all AFI projects in FY 2006. Appendix B provides detailed information about project staffing.

Table 2.4. Average and Total Number of Staff per Accountholder

Number of Accountholders	Average Number of FTE Employees	Average Number of FTE Volunteers	Total Average FTE Staff (Employees plus Volunteers)
0	0.67	0.10	0.78
1 to 24	0.54	0.14	0.68
25 to 74	1.35	0.51	1.85
75 to 149	1.04	0.18	1.22
150 or more	3.15	0.51	3.66
Overall	**1.39**	**0.30**	**1.69**
Number of Projects Reporting	*338*	*338*	*338*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: This table reflects the number of FTE staff for lead and partner agencies combined. One FTE is equal to 40 hours per week.

IDA 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 program stipulates qualified uses of IDA savings and the maximum amount of 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, business capitalization, and postsecondary education or training. Grantees may choose to focus on one or more asset goals. The majority of grantees offer all three goals, with homeownership as the most common. Grantees may allow participants also to have the option to transfer their IDA to a spouse or dependent's IDA for purchase of one of the three allowed asset types. Table 2.5 shows the percentage of AFI projects that allow their participants to pursue each of the asset goals as well as the transfer option.

Table 2.5. Qualified Uses of IDA Savings and Matching Funds

Qualified Use	AFI Projects Offering Use
Homeownership	94%
Postsecondary Education	86%
Business Capitalization	84%
Transfer to Spouse or Dependent	30%
Number of Projects Reporting	*367*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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). The most common match rate is $2 to $1, followed by $3 to $1, as shown in Table 2.6.

Table 2.6 shows the match rates AFI projects offer by allowable asset goals. Most projects offer a single match rate to all participants regardless of their asset goal, but some projects provide differing match rates depending on the asset goal or other factors determined by the grantee. This variation in match rate is especially prevalent among network projects, where subrecipient sites may offer different match rates depending on the needs of their community and requirements imposed by their nonfederal funders. This scenario is listed as “varied rates” in the table.

Table 2.6. Match Rates Provided per Asset Goal

Match Rate Provided	Asset Goal: Homeownership	Asset Goal: Business Capitalization	Asset Goal: Education
$1 to $1	7%	8%	9%
$2 to $1	59%	66%	65%
$3 to $1	20%	15%	14%
$4 to $1	12%	9%	8%
$5 to $1	1%	1%	1%
$6 to $1	0%	0%	<1%
$7 to $1	<1%	0%	<1%
$8 to $1	1%	<1%	2%
Varied rates	10%	10%	11%
Number of Projects Reporting	*345*	*308*	*317*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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

Note: Though not shown in this table, less than 1 percent of AFI projects offer either a “$1.5 to $1” or “$2.5 to $1” match rate.

Match Levels and Deposit Requirements

Table 2.7 provides information about participant IDA characteristics and the match level—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 total match amount ranges from a low of $360 to a high of $4,000; the average is $1,665. For 48 projects, the maximum match amount varies 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. The minimum opening deposit required ranges from $0 to $125, with an average of $24. The minimum monthly deposit required ranges from $0 to $125, with an average of $24. More than one-half of the projects (56 percent) require minimum monthly deposits from $20 to $30. In addition, 57 other projects (16 percent) vary their deposit requirements depending on the participant’s savings goal or other factors. Finally, the number of missed deposits that projects allow before terminating a participant ranges from zero to six, with an average of three missed deposits. These characteristics differ 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
Maximum amount of IDA savings that can be matched by the AFI grantee	$1,665	$360 to $4,000	48
Minimum initial or opening IDA deposit	$24	$0 to $125	46
Minimum monthly IDA deposit	$24	$0 to $125	57
Number of deposits a participant may miss before being terminated from the project	3	0 to 6	83
Number of Projects Reporting	*338-368**		

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

* Some grantees did not report complete information for every question asked, so each question here is based on data provided by a varying number of grantees.

Training for Participants

The Act requires grantees to provide their participants training in general financial education. In addition, they may offer participants training specifically about the participants' intended asset goals.

Financial Education

Grantees ensure that project participants receive 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 use the "Money Smart" curriculum distributed by the Federal Deposit Insurance Corporation; 10 percent use "Finding Pathways to Prosperity" published by the National Endowment for Financial Education; and an additional 24 percent use a combination of both programs. A large number of grantees (41 percent) offer customized curricula based on the needs of their participants.

Table 2.8 presents information on the type and amount of training grantees require their participants to take, as well as the average number of times the training is offered and participant training completion rates. With regard to general financial education, the number of training hours required ranges from two to 32 hours; the average amount of training required is 11.9 hours. The average frequency with which AFI projects offer general financial education courses is 7.6 times per year. As of the end of FY 2006, 75 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 is Offered per Year (n)*	Participants Who Have Received the Required Amount of Training (n)**
General Financial Education	2 hours	32 hours	11.9 hours (355)	7.6 (240)	75% (350)
Asset-Specific: Homeownership	0 hours	48 hours	8.3 hours (340)	11.4 (248)	57% (341)
Asset-Specific: Small Business	0 hours	100 hours	13.6 hours (301)	7.9 (191)	72% (326)
Asset-Specific: Education	0 hours	100 hours	5.8 hours (310)	7.4 (157)	80% (324)

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

* The average number of times training is 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 have information not only on how to purchase their chosen assets but also how to maintain them after the purchase. Table 2.8 provides information on grantee requirements and participant completion rates regarding this training.

Among participants saving for first-time homeownership, 57 percent have received training provided by the AFI grantee organization itself or another source. The average number of hours of homeownership training required is 8.3 total hours, but it ranges as high as 48 hours. Courses are offered an average of 11.4 times per year.

Among participants saving for business capitalization, 72 percent have received their asset-specific training. The average number of required hours of business training required is 13.6 total hours, but it can range as high as 100 hours. Courses are offered an average of 7.9 times per year.

Among project participants saving for postsecondary education, 80 percent have received asset-specific training. The average number of hours of postsecondary education training required is 5.8 total hours, but some projects require as many as 100 hours of this training. Courses are offered an average of 7.4 times per 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 for their participants independently or with their partner organizations. Many grantees are community-based human services organizations that routinely provide a variety of support services for their clients, including their AFI project participants. Some of these services are financial in nature, such as financial counseling, credit repair, and loans. Other examples include employment support, child care, transportation, medical care, crisis management, mentoring, and peer support. Table 2.9 provides this information.

Among the AFI projects that provide financial services, 80 percent provide financial counseling; and 77 percent provide credit counseling, credit repair, and financial planning for participants. A smaller percentage of projects offer services such as advanced financial education, loans, or cash assistance.

Among projects that provide other services, approximately 50 percent offer general support services such as employment support, crisis management, peer support, and mentoring. Some grantees (10 to 32 percent) offer transportation, medical referrals, and other types of services.

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

Table 2.9. Services Provided to Participants In-House and by Other Agencies

Type of Services Provided by AFI Projects at Any Time from FY 1999 to FY 2006	AFI Projects Providing the Service	AFI Projects Providing the Service In-House	AFI Projects Where Other Agencies Provide the Service
Financial Information and Intervention Services			
Financial Counseling	80%	85%	57%
Credit Counseling and Repair	77%	74%	69%
Advanced Financial Education	43%	73%	63%
Loans	33%	63%	61%
Cash Assistance	23%	79%	40%
Other	9%	88%	55%
General Support Services			
Employment Support	52%	76%	72%
Crisis Management	51%	84%	60%
Peer Support	50%	85%	49%
Mentoring	47%	84%	59%
Child Care	44%	73%	61%
Transportation	32%	71%	59%
Medical (treatment referrals)	12%	44%	84%
Other	10%	72%	58%
Number of Projects Reporting	*367*		

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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

Note: Percentages shown are based on those who cited offering the services, not the full 367 projects reporting on the question.

Section 3. Participants

This Section provides cumulative information about all individuals who have participated in regular AFI projects between FY 1999 and the end of FY 2006. In particular, it describes the demographic characteristics of the following AFI populations:

- The target populations, as identified by grantees;
- Accountholders, at the time of enrollment; and
- Asset purchasers, who purchased an asset in FY 2006.

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, the populations on which grantees most often focus are families with children; recipients of services provided by the TANF program or TANF-eligible families; women; African Americans; and single parents (81 percent, 76 percent, 76 percent, 75 percent, and 75 percent, respectively). Many grantees also provide services to other populations including residents of public housing; refugees and immigrants; victims of domestic violence; and individuals with disabilities (57 percent, 35 percent, 31 percent, and 30 percent, respectively). AFI projects also serve groups such as youth; prisoners or ex-prisoners; seasonal or migrant workers; and employees of a particular firm (21 percent, 18 percent, 14 percent, and 11 percent, respectively).

Table 3.1. Target Population

Target Population	AFI Projects Targeting the Population
Families with Children	81%
People Eligible to Receive TANF Benefits	76%
Women	76%
African Americans	75%
Single Parents	75%
EITC Outreach Project Clients	71%
Hispanic/Latinos	69%
Residents of Public Housing	57%
Asians	47%
Native Americans/Alaskan Natives	37%
Refugees/Immigrants	35%
Native Hawaiians/Other Pacific Islanders	33%
Victims of Domestic Violence	31%
Individuals with Disabilities	30%
Youth (ages 13-18)	21%
Homeless Individuals	21%
Prisoners/Ex-Prisoners	18%
Seasonal/Migrant Workers	14%
Employees of a Particular Firm	11%
Number of Projects Reporting	*251*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: Grantees reported this data for the first time in 2006. Therefore, these data do not include information from past grantees whose grants have closed.

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 on Figure 2 (page 13), the typical project includes seven steps for participants from first attending an orientation session to purchasing an asset. The data presented here focuses on the earlier stages of this process, as follows: Step 1) Recruitment and orientation; Step 2) Application and enrollment; Step 3) Financial training; and Step 4) Opening an IDA.

Table 3.2 identifies the number of individuals who participated in Steps 1, 2, and 4.[18] Among the 277 projects for which information was submitted, more than 104,000 individuals attended an orientation session to learn about the AFI projects. Of those, 50 percent (52,105) submitted an application. Among the applicants, 60 percent (31,479) enrolled. Among those who enrolled, 92 percent (29,021) opened an IDA. Those participants opening accounts comprise about 28 percent of all individuals who attended an orientation session.

Table 3.2. Participation Rates in Initial Project Steps

Project Step	Number of Individuals	Percentage of Individuals from Prior Step
Attended orientation session	104,287	NA
Submitted an application	52,105	50%
Enrolled in project	31,479	60%
Opened an IDA	29,021	92%
Number of Projects Reporting	*277*	

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: The 29,021 account openers reported here are from the 277 projects for which grantees provided information on all four of these steps. The number of accountholders reported in Table 3.3 (36,077) includes individuals in the 368 regular projects for which grantees provided data for that question.

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 to save earned income in that account. They benefit from the knowledge gained through each of these steps.

Number of Accountholders

Table 3.3 provides information on the cumulative number of accounts that have been opened through the end of FY 2006. Subsequent tables address demographic characteristics of participants at the time of enrollment.

Through September 2006, participants in the 368 regular AFI projects have opened a total of 36,077 IDAs. More than 7,500 of these accounts were opened in FY 2006 alone, reflecting an

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[18] For information on the percentage of participants who completed the required financial training (Step 3 in Figure 2), see Section 2, Table 2.8. This table also addresses asset-specific training (Step 6 in Figure 2). For information on average participant earned income savings (Step 5 in Figure 2), see Tables 4.5 and Table 4.6. For information on the number of participants who have made withdrawals to purchase assets (Step 7 in Figure 2), see Section 4, Table 4.7.

increase of 26 percent from the end of the prior year (see Table ES.1). 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
1999	6,110	7,576	8,081	8,047*
2000	1,955	2,827	3,512	3,968
2001	3,255	6,425	8,825	9,841
2002	932	3,153	4,467	5,820
2003	--	1,057	2,213	4,183
2004	--	--	1,472	3,423
2005	--	--	--	660
2006	--	--	--	135**
Total	**12,252**	**21,038**	**28,570**	**36,077**
Number of Projects Reporting	*169*	*231*	*290*	*368*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: The total number of IDAs opened by participants in regular AFI projects and the special State projects is 43,934 (7,857 participants in Indiana and Pennsylvania).

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

* The cumulative number of IDA accounts decreased slightly this year for the FY 1999 grants due to participants who were reassigned from the closing 1999 grants to subsequent grants.

** This number represents the number of IDAs opened by entities that received a FY 2006 AFI grant through June 2006 only. This report does not include information about grants awarded in September 2006 since they were made too late in the Fiscal Year to have data to report.

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 each address one demographic characteristic and identify the percentages of accountholders who comprise the categories within it. The demographic characteristics are:

- Gender;
- Race/Ethnicity;
- Marital status;
- Household composition;
- 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 the reported fiscal year (e.g., “End of FY 2003”). This number includes IDAs that already have closed. Since the data were collected at the time the participants enrolled, the data reflect both those that successfully completed their asset purchases as well as some who used the savings for another purpose, 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 2006, 76 percent of all accountholders have been female and 24 percent have been male. These percentages have remained fairly consistent over the last 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
Female	78%	78%	76%	76%
Male	22%	22%	24%	24%
Number of Projects Reporting	*161*	*231*	*273*	*362*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Race/Ethnicity

Table 3.5 summarizes the racial and ethnic distribution of accountholders. Since the beginning of the program, African Americans have opened close to one-half of all IDAs (44 percent) and Caucasians have opened slightly more than one-fourth of IDAs (27 percent). These percentages have decreased over the years while participation of other ethnic groups has increased. From FY 2003 to FY 2006, the percentage of Hispanic accountholders has increased, rising to 18 percent. The remaining 11 percent of accountholders are Asian Americans/Pacific Islanders, Native Americans, and other 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
African American	47%	46%	45%	44%
Caucasian	32%	28%	27%	27%
Hispanic	14%	16%	17%	18%
Asian/Pacific Islander	3%	6%	4%	4%
Native American	2%	1%	2%	2%
Other	3%	3%	5%	5%
Number of Projects Reporting	*160*	*234*	*270*	*364*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Marital Status

Table 3.6 summarizes the marital status of accountholders at the time of enrollment. As of the end of FY 2006, 24 percent of participants were married, while 54 percent had never been married. The remainder (22 percent) were divorced, separated, or widowed. These percentages have remained fairly consistent over the last four 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
Single, Never Married	53%	54%	54%	54%
Married	23%	23%	24%	24%
Divorced	17%	16%	15%	15%
Separated	6%	6%	6%	6%
Widowed	1%	1%	1%	1%
Number of Projects Reporting	*158*	*232*	*264*	*361*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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 (including the accountholder) (Table 3.7) and the number of children (Table 3.8).

As of the end of FY 2006, the majority of all people who have opened accounts (59 percent) had a household with only one adult at the time of enrollment (e.g., lived alone). About one-third of them (31 percent) had a household with two adult members. Only 10 percent had a household with three or more adults. This distribution of percentages has been consistent over the last three 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
1	60%	59%	59%
2	31%	32%	31%
3	6%	6%	6%
4 or more	3%	3%	4%
Number of Projects Reporting	*227*	*257*	*361*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: Only three 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 were members of a household with at least one child at the time of enrollment; only 23 percent were members of households had no children living with them. However, the percentages of participants with IDAs are distributed fairly evenly among those with households that had no children; one child; two children; or three or more children (23 percent, 26 percent, 27 percent, and 24 percent, respectively). These percentages have been consistent over the last three 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
0	21%	22%	23%
1	27%	27%	26%
2	27%	27%	27%
3	16%	15%	15%
4 or more	10%	9%	9%
Number of Projects Reporting	*228*	*253*	*361*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: Only three 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 terms of the Federal poverty line.[19] Income is recorded as of the date the participant enrolled in an AFI project. As of the end of FY 2006, nearly one-half (47 percent) of all people who have opened IDAs had household incomes greater than 150 percent of the Federal poverty line at the time of enrollment. Slightly more than one-fourth of participants (26 percent) reported that their income was between the poverty line and 150 percent of the Federal poverty line; while a similar percentage of respondents (27 percent) reported that they were living in poverty with an income below the Federal poverty line.

From the end of FY 2003 to the end of FY 2006, the proportion of people who had opened IDAs has shifted to individuals and families with slightly higher incomes, though still within the AFI program income eligibility requirements. Among accountholders with reported incomes greater than 150 percent of the Federal poverty line, the percentage increased from 40 percent at the

[19] For FY 2006, the Federal poverty guidelines were as follows:
- -- The poverty line was $9,800 for an individual and $20,000 for a household of four people.
- -- The range between poverty and 150 percent of poverty was $9,800 to $14,700 for an individual and $20,000 to $29,000 for a household of four people.
- -- The range from 150 to 200 percent of poverty was $14,700 to $19,600 for an individual and $30,000 to $40,000 for a household of four people.

end of FY 2003 to 47 percent at the end of FY 2006. In contrast, the percentage of accountholders with reported incomes below the Federal poverty line decreased from 30 percent to 27 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
Below Poverty Line	30%	22%	27%	27%
100 to 150% of Poverty Line	30%	29%	25%	26%
150 to 200% of Poverty Line	40%	48%	48%	47%
Number of Projects Reporting	*150*	*222*	*245*	*280*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Residence Area

Table 3.10 shows the percentages of people who have opened IDAs and who lived in major urban, minor urban, and rural or remote areas at the time of enrollment.[20] As of the end of FY 2006, 83 percent of people who had opened IDAs lived in urban areas when they enrolled, while 17 percent lived in rural or remote areas. These percentages have remained consistent over the past three years. Appendix L provides project-level data.

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
Major Urban Area	45%	43%	46%
Minor Urban Area	36%	37%	37%
Rural or Remote Area	19%	20%	17%
Number of Projects Reporting	*230*	*268*	*314*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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

[20] 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. “Rural or remote area” encompasses areas not covered in “major urban area” and “minor urban area.”

Educational Status

Table 3.11 identifies the highest education credential achieved by people who have opened IDAs as of the time they enrolled in an AFI project. The vast majority of participant who have opened an IDA (87 percent) had high school or some postsecondary education when they enrolled; only 13 percent had no high school diploma at the time of enrollment. More than one-half of accountholders (54 percent) had enrolled in education beyond the high school level; 32 percent had obtained some college education; and 22 percent had completed an associate's or bachelor's degree or more education. There has been a fairly consistent distribution in the educational background of project participants for the past four 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
No High School Diploma	13%	15%	15%	13%
High School Diploma/Vocational School Certificate	29%	29%	33%	33%
Some College	35%	34%	31%	32%
Associate's Degree	10%	8%	9%	9%
Bachelor's Degree or Higher	13%	14%	13%	13%
Number of Projects Reporting	*157*	*228*	*258*	*362*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Age

Table 3.12 shows summary information about the ages of people who have opened IDAs. Slightly more than one-third of accountholders (37 percent) were 30 to 39 years of age when they enrolled. Approximately equal percentages were either in their 20s or 40s (26 percent and 24 percent, respectively) when they enrolled. Ten percent were 50 years or older, and only three percent were ages 19 or younger when they enrolled. These percentages have remained consistent over the past three 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
19 and younger	3%	4%	3%
20 – 29 years	26%	26%	26%
30 – 39 years	37%	37%	37%
40 – 49 years	24%	24%	24%
50 years or older	9%	9%	10%
Number of Projects Reporting	*233*	*266*	*312*

Note: Only three 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 people who have opened IDAs. As of the end of FY 2006, 91 percent of all participants who have opened IDAs were employed either full-time or part-time when they enrolled. The majority of accountholders (66 percent) were employed full-time, while one-fourth (25 percent) were employed part-time. A very small percentage was either unemployed (3 percent) or retired (less than 1 percent) when they enrolled. (These participants became employed in order to have earned income for deposit into their IDA.) While the distribution of percentages has remained fairly consistent since the end of FY 2004, slightly more people who opened IDAs were employed part-time and a smaller portion were full-time students when they enrolled in the AFI project. 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
Employed Full Time	64%	65%	66%
Employed Part Time	20%	24%	25%
Unemployed	3%	4%	3%
Student	8%	5%	5%
Retired	1%	<1%	<1%
Other or Unknown	3%	2%	1%
Number of Projects Reporting	*232*	*266*	*363*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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

Accountholder Banking Experience

AFI grantees provide information about experiences participants had using three types of banking services prior to enrollment in an AFI project. In addition, grantees report on the percentage of participants who have used an automatic allotment/deposit service to make contributions to their IDAs. Table 3.14 provides information on four aspects of banking experience, as follows:

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

Approximately one-half (48 percent) of all people who have opened IDAs have used a savings account, while 64 percent have used a checking account prior to enrolling in an AFI project. These numbers have remained consistent over the past several years. In contrast, only nine percent of all IDA accountholders ever used direct deposit of paychecks prior to enrolling in the AFI project.

After opening an IDA, the percentage of the participants who reported using automatic banking procedures, such as automatic transfers from other bank accounts or deposit of part of their paychecks directly into their IDAs, increased slightly to 11 percent.

Table 3.14. Accountholder Banking Experience

Type of Banking Experience	Percentage of Accountholders			
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006
Savings account prior to enrollment	48% (128)	50% (198)	51% (210)	48% (257)
Checking account prior to enrollment	64% (129)	65% (199)	65% (212)	64% (258)
Use of paycheck direct deposit prior to enrollment	13% (95)	12% (139)	9% (190)	9% (274)
Use of automatic allotment/direct deposit for the IDA	6% (104)	10% (163)	9% (192)	11% (166)

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: In this table, each of these types of banking relationships was a separate question in the report form; the number in parentheses is the number of grants for which data were submitted.

Demographics of Participants Who Purchased an Asset in FY 2006

After AFI project participants meet their savings goals and training requirements, they are ready to complete their participation by using their IDA savings to purchase an asset.

For this year's report, AFI grantees provided information about their participants who purchased assets with an IDA in FY 2006. Table 3.15 displays the demographic information they reported as of the time of enrollment. For comparison, it also presents demographic information about all accountholders at the time of enrollment, as of the end of FY 2006 (discussed earlier in Section 3).

Based on data reported at the time of enrollment, participants who purchased assets in FY 2006 are proportionately similar in their gender, race, and marital status to all IDA accountholders. As a result, these particular demographic characteristics did not seem to affect the likelihood of participants using their IDAs to make qualified purchases. Other demographic characteristics, though, did seem to have an impact on whether the participant used the IDA to purchase a qualified asset. For example, participants who were members of households with children at the time of their enrollment were more likely to use their IDAs to make purchases, as were members of households with higher incomes and those who reported using direct deposit at the time of enrollment.

In terms of similarities, about three-fourths of FY 2006 asset purchasers and an equal portion of all IDA holders have been female; slightly less than one-half have been African American; and one-fourth, Caucasian. Percentages for asset purchasers and all accountholders are similar in terms of marital status: more than half had not been married; one-fourth were married; and one-fifth were divorced, separated, or widowed at the time of enrollment. The two groups also are similar in terms of educational credentials, residence area, and age.

The percentages for the number of children in the household vary between FY 2006 asset purchasers and all accountholders. While the asset purchasers and accountholders tended to have children, the distribution of percentages is not the same. Among all people with IDAs, the percentages for households with no children, one, two, and three or more children are within four percentage points of each other. Among the participants who used their IDA to purchase an asset in FY 2006, the range for these four categories is 11 percentage points; the highest percentage is households with two children (31 percent) compared to those with no children (20 percent).

In terms of household income, the participants who purchased assets in FY 2006 had higher incomes at time of enrollment than all accountholders. Nearly two-thirds (62 percent) of those who made asset purchases had household incomes between 150 and 200 percent of the poverty level at the time of enrollment. In comparison, among all accountholders, less than one-half reported this same income level at enrollment. Likewise, 15 percent of asset purchasers had incomes below the poverty line, while 27 percent of all participants who had opened IDAs reported this same income level at enrollment.

Finally, the two populations varied considerably in their intended and actual uses of their IDAs. At time of enrollment, 62 percent of all accountholders declared their intention to use their IDA savings to purchase a home; 19 percent, for business capitalization; and 18 percent, for postsecondary education or training. Of those who used their IDAs to purchase assets in FY 2006, however, the distribution of assets purchased differed from that of accountholders' initial intentions. Fewer of these participants who originally had planned to buy homes with their IDA savings actually did so (45 percent); rather, more accountholders invested their IDA savings in business capitalization (30 percent) and postsecondary education or training (25 percent). Moreover, those who purchased assets in FY 2006 were more likely than accountholders to have set up direct deposit into their IDAs (13 percent versus 9 percent).

Table 3.15 Demographics of FY 2006 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 2006	All Accountholders
Gender		
Female	73%	76%
Male	27%	24%
Number of Projects Reporting	*200*	*362*
Race/Ethnicity		
African American	47%	44%
Caucasian	25%	27%
Hispanic	18%	18%
Asian/Pacific Islander	5%	4%
Native American	1%	2%
Other	4%	5%
Number of Projects Reporting	*189*	*364*
Marital Status		
Single, Never Married	54%	54%
Married	24%	24%
Divorced	15%	15%
Separated	6%	6%
Widowed	<1%	1%
Number of Projects Reporting	*178*	*361*
Number of Children in Household		
0	20%	23%
1	28%	26%
2	31%	27%
3	15%	15%
4 or more	7%	9%
Number of Projects Reporting	*173*	*361*
Household Income Range		
Below Poverty	15%	27%
100 - 150% of Poverty	23%	26%
151 - 200% of Poverty	62%	47%
Number of Projects Reporting	*162*	*280*

Demographics of Accountholders	Accountholders who Purchased an Asset in FY 2006	All Accountholders
Residence Area		
Major Urban Area	44%	46%
Minor Urban Area	37%	37%
Rural or Remote Area	19%	17%
Number of Projects Reporting	*187*	*314*
Education Status		
No High School Diploma	10%	13%
High School Diploma/Vocational School Certificate	37%	33%
Some College	28%	32%
Associate's Degree	9%	9%
Bachelor's Degree or Higher	16%	13%
Number of Projects Reporting	*166*	*362*
Age		
19 and younger	4%	3%
20 – 29 years	25%	26%
30 – 39 years	39%	37%
40 – 49 years	25%	24%
50 years or older	7%	10%
Number of Projects Reporting	*174*	*312*
Type of Banking Relationship		
Using paycheck direct deposit	13%	9%
Number of Projects Reporting	*180*	*274*
Intended/Actual Use of IDA		
Homeownership	45%	62%
Business Capitalization	30%	20%
Education	25%	18%
Transfer to Family Member	<1%	<1%
Number of Projects Reporting	*194*	*364*

Section 4. AFI Financial Management

The AFI program has several requirements governing the management of Federal AFI grant funds and nonfederal funds that grantees use to support their AFI projects. It also has specific rules that grantees and participants must following 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 nonfederal 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;
- Nonfederal fund deposits;
- 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 2006, grantees administering regular AFI projects had accessed or drawn down a cumulative total of $44,592,016 of their Federal AFI grants (out of a total of $120.8 million awarded since FY 1999). Table 4.1 presents this information. Appendix P provides the details for each AFI project.

In general, grantees report that they typically draw down a larger portion of their Federal AFI grant amounts in later years of the five-year project period. After one year in the grant period, grantees that received funds in FYs 2003 and 2004 had drawn down 23 percent and 19 percent of their respective Federal funds on average. By comparison, FY 2005 grantees had drawn down an average of only 10 percent of Federal funds one year after receiving their grants.

Looking at the percentage of funds drawn down by all AFI projects at the end of FY 2006, 44 percent of all projects had drawn down 75 to 100 percent of their grant funds by that time. Although 25 percent of the projects had not drawn down any of their AFI funds by the end of FY 2006, those that received grants in either FY 2005 or 2006 (79 projects) comprise approximately 20 percent of the total number of regular AFI Projects. A significant percentage of these projects had drawn down only a minimal portion of their funds by the end of FY 2006 because they were in the early phases of project implementation and need less money during the early/middle years than the later years, when they need to match all the accountholders' savings.

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 size increment as needed over the period. They may, for example, draw down the entire amount early in the project period or at intervals throughout their project.

Table 4.1. Amount and Percentage of Federal AFI Grant Drawn Down

Grant Year	End of FY 2003		End of FY 2004		End of FY 2005		End of FY 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
1999	$5,340,677	69%	$7,191,314	85%	$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%
2001	$6,203,421	43%	$8,361,854	45%	$10,079,241	60%	$11,611,020	74%
2002	$2,238,183	18%	$5,951,861	40%	$6,310,947	39%	$7,678,162	50%
2003	--	--	$2,648,088	23%	$4,422,614	35%	$6,510,480	46%
2004	--	--	--	--	$3,292,416	19%	$5,287,143	32%
2005	--	--	--	--	--	--	$1,330,254	10%
2006	--	--	--	--	--	--	$974,130	8%
Total	**$16,720,197**	**43%**	**$27,054,258**	**47%**	**$34,726,445**	**45%**	**$44,592,016**	**45%**
Number of Projects Reporting	*171*		*226*		*289*		*366*	

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Note: Slight changes in the percentages reflect corrections and adjustments provided by AFI Projects to their financial information in the FY 2006 reports. For example, the portion of FY 1999 funds that had been drawn down at the end of FY 2004 is 85 percent, while the portion is 82 percent at the end of FY 2005.

*The amounts shown at the end of FY 2005 and FY 2006 are the same because these grants have ended.

Table 4.2. Percentage of Federal AFI Grants Drawn Down

Percentage of Grants Amount Drawn Down	Percentage of All AFI Grants			
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006
0%	23%	20%	23%	25%
1 – 24.9%	14%	11%	9%	9%
25 – 49.9%	15%	14%	12%	13%
50 – 74.9%	13%	13%	13%	9%
75 – 100%	34%	43%	42%	44%
Number of Projects Reporting	*171*	*218*	*289*	*365*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Amounts of Nonfederal Funds Deposited

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

Table 4.3 shows that as of the end of FY 2006, the reporting grantees had deposited $51,117,977 of nonfederal funds into their Project Reserve Funds. Of this, more than $11 million was deposited since the end of FY 2005.

The grantees may allocate or deposit nonfederal funds as they wish in terms of amount and timing throughout the project period. They are expected to provide the funds as needed for project expenses, not necessarily at the beginning of their project or grant period. As of the end of FY 2006, grantees and their nonfederal funders had contributed 44 percent of the amount pledged in their applications for AFI grants. In comparing Tables 4.1 and 4.3, the deposits of nonfederal resources ($51,117,977) well exceed the amount of Federal funds that have been drawn down and deposited into their Project Reserve Fund ($44,592,016) by over 13 percent, revealing that grantees not only are complying with the match requirement, but also are leveraging the Federal funds successfully for even more nonfederal funds than are required.

Figure 5

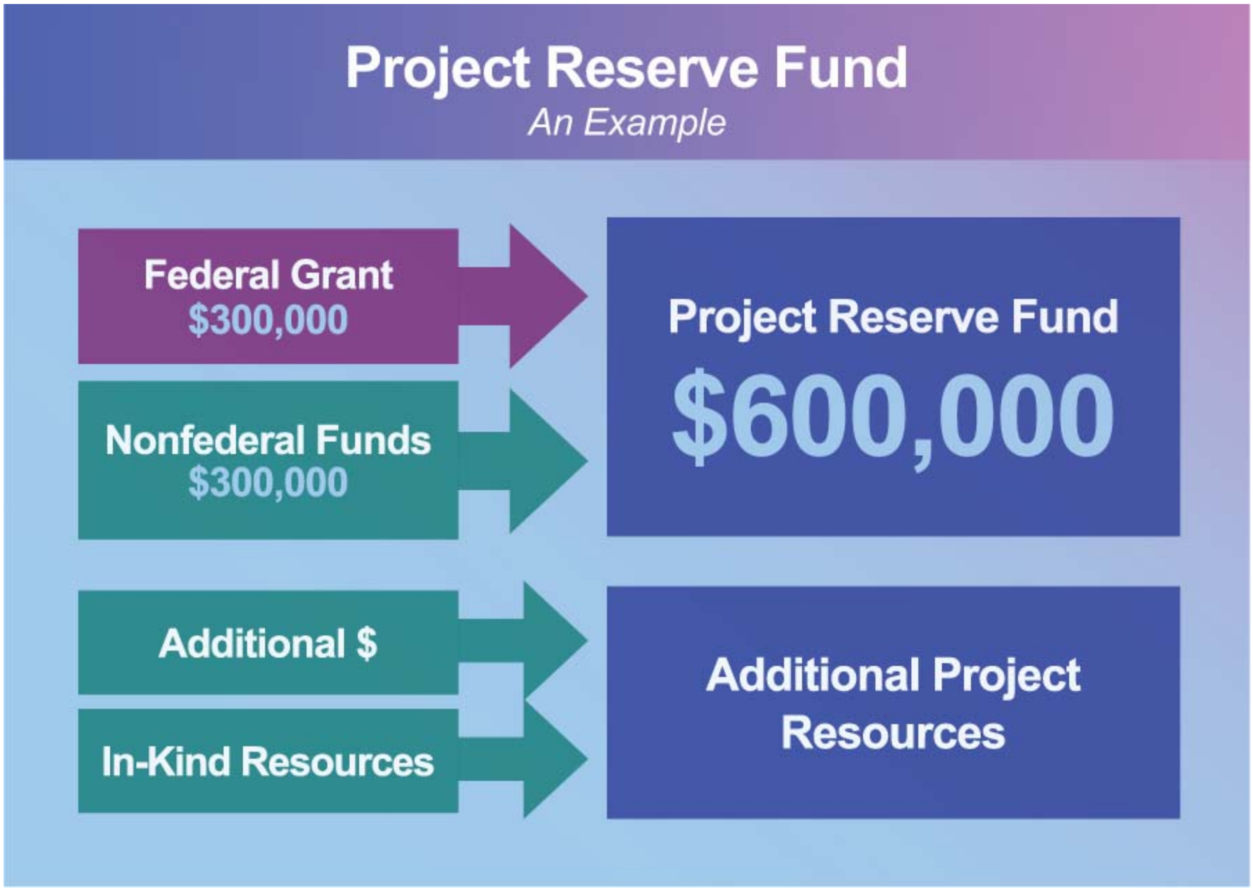

Project Reserve Fund
An Example
Federal Grant
$300,000
Nonfederal Funds
$300,000
Project Reserve Fund
$600,000
Additional $
In-Kind Resources
Additional Project
Resources

Table 4.3. Nonfederal 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	
	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*
2000	$3,248,745	21	$2,941,225	19	$3,307,604	21	$3,791,610	21
2001	$7,100,748	64	$10,509,894	73	$12,320,986	72	$12,659,944	71
2002	$3,111,691	55	$5,340,885	55	$6,959,426	59	$8,656,717	58
2003	--	--	$3,121,594	42	$4,417,840	43	$7,670,541	45
2004	--	--	--	--	$3,897,044	58	$6,096,744	56
2005	--	--	--	--	--	--	$1,577,190	41
2006	--	--	--	--	--	--	$1,844,944	38
Total	**$19,944,380**	**172**	**$30,360,620**	**223**	**$39,723,187**	**289**	**$51,117,977**	**366**

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

*The amounts shown at the end of FY 2005 and FY 2006 are the same because these grants have ended.

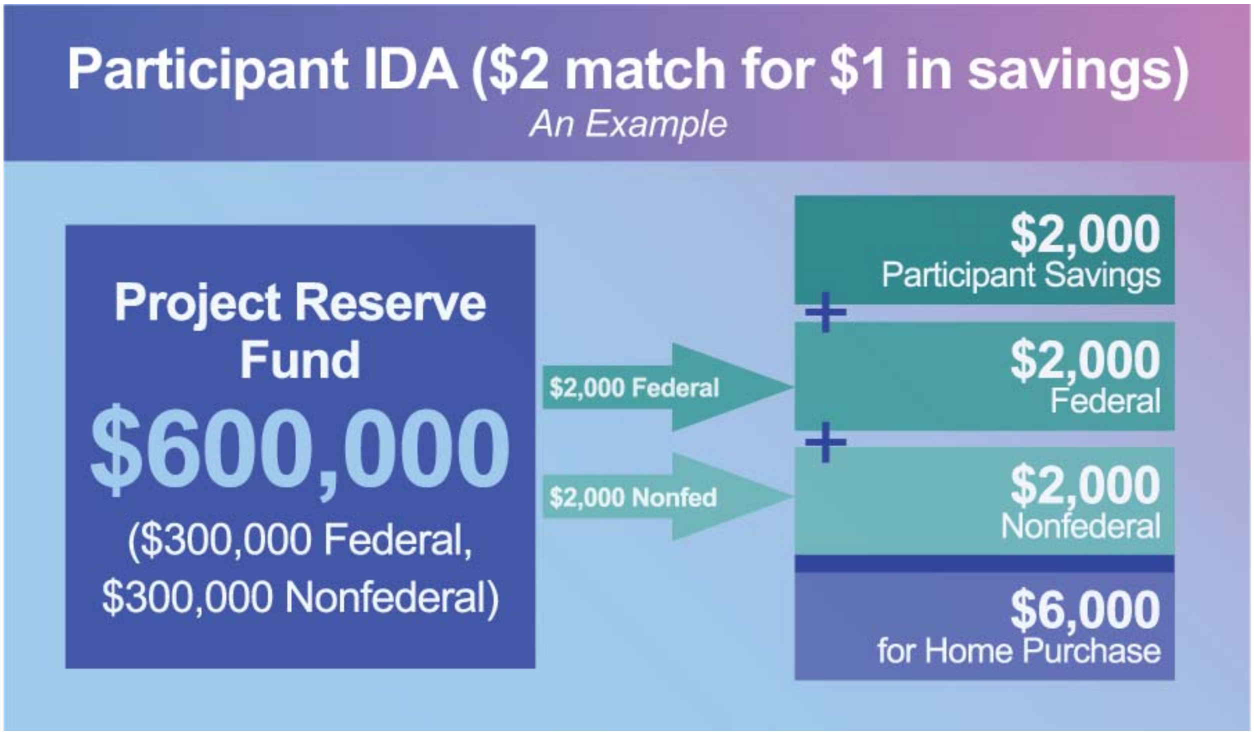
Participant IDA Asset Purchase

The AFI program imposes 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. All AFI projects require their 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 (first home, business capitalization, or postsecondary education or training), transfer to a spouse's or dependent's IDA, or payment for certain emergency expenses. When participants are ready to purchase an asset, the AFI project will match their savings using an equal portion of Federal and nonfederal 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 6 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 for homeownership. The grantee provides match funds composed of equal parts Federal AFI grant funds ($2,000) and nonfederal funds ($2,000). In total, the participant will use the $6,000 in savings and match funds for homeownership.

Figure 6



Tables 4.4, 4.5, and 4.6 address the following aspects of participant IDA use:

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

As shown in Table 4.4, 62 percent of individuals who have opened IDAs did so with the intention to save for homeownership. The remaining accountholders are divided fairly evenly between those who intended to use their IDAs for business capitalization (20 percent) or postsecondary education (18 percent). Very few accountholders (less than one 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
Homeownership	63%	63%	62%
Business Capitalization	19%	19%	20%
Education	18%	18%	18%
Transfer to Spouse or Dependent	<1%	<1%	<1%
Number of Projects Reporting	*221*	*268*	*364*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

As shown in Table 4.5, as of the end of FY 2006, 36,077 IDAs have been opened through a regular AFI project. As of the end of FY 2006, participants who owned these accounts had deposited a total of $31,508,293 of earned income into them. The average amount deposited was $873.

The average cumulative participant savings increased 15 percent between the end of FY 2005 and FY 2006. Over the previous four fiscal years, this number increased substantially—by 47 percent. It 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, and to $873 at the end of FY 2006.

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

Grant Year	End of FY 2003			End of FY 2004			End of FY 2005			End of FY 2006		
	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
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
2001	3,255	$1,603,255	$493	6,427	$4,289,602	$667	8,825	$6,271,767	$711	9,841	$8,730,910	$887
2002	932	$240,437	$271	3,153	$1,566,549	$494	4,467	$2,851,803	$638	5,820	$4,985,609	$857
2003	--	--	--	1,057	$303,120	$287	2,213	$1,208,691	$546	4,183	$2,973,199	$711
2004	--	--	--	--	--	--	1,472	$671,328	$456	3,423	$2,358,271	$689
2005	--	--	--	--	--	--	--	--	--	660	$500,024	$758
2006	--	--	--	--	--	--	--	--	--	135	$23,328	$173
Total	**12,252**	**$7,227,605**	**$592**	**21,040**	**$14,556,116**	**$697**	**28,570**	**$21,593,890**	**$756**	**36,077**	**$31,508,293**	**$873**
Projects Reporting	*169*	*156*	*139*	*231*	*222*	*192*	*290*	*290*	*290*	*368*	*366*	*366*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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.

Like Table 4.5, Table 4.6 shows that the average cumulative participant savings has increased over time. For example, at the end of FY 2005, 73 percent of participants had saved an average of $400 or more in their IDAs. Only 12 months later, at the end of FY 2006, 81 percent of participants had saved that amount. Additionally, the amount of balances has increased over the past four years as the percentage of participants with balances less than $199 has decreased from 17 percent in FY 2003 to six percent In FY 2006, while the percentage with balances of $800 or more has increased from 23 percent in FY 2003 to 43 percent in FY 2006. Appendix Q provides detailed information about cumulative accountholder deposits by project.

Table 4.6. Average Participant IDA Savings Balances

Average Participant IDA Savings Balances	Percentage of AFI Projects			
	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006
$0 – $199	17%	13%	7%	6%
$200 – $399	24%	21%	19%	13%
$400 – $599	24%	25%	19%	18%
$600 – $799	11%	16%	19%	20%
$800 or more	23%	26%	35%	43%
Number of Projects Reporting	*139*	*199*	*249*	*293*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Participant IDA Withdrawals

A total of 24,046 participants in regular AFI projects have withdrawn $21,300,488 from their IDAs as of the end of FY 2006. The average amount withdrawn from an IDA was $886 per participant. These figures include withdrawals for all purposes—asset purchase, emergency withdrawal, and other purposes when exiting the program.

Tables 4.7 and 4.8 provide information on 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). As can be seen in Table 4.7, as of the end of FY 2006, 11,029 participants had withdrawn $13,419,369 for purchasing an asset or transferring to a spouse or dependent. This amount represented 63 percent of all withdrawals. The amount of participant savings plus match funds withdrawn averaged $3,839 per participant.

Table 4.7 includes additional information on the disbursement of Federal and nonfederal funds to match participant savings. Table 4.8 presents withdrawal information as reported at the end of FYs 2003 to 2006. The asset-specific data in both Tables 4.7 and 4.8 are discussed further under the following topic headings:

- Homeownership;
- Business capitalization;
- Postsecondary education or training; and
- Family transfer.

More details are displayed in Appendices Q and R. Appendix Q provides cumulative accountholder savings and qualified withdrawals per project as of the end of FY 2006. Appendix R shows, for each project, the cumulative amounts of savings withdrawn by participants for homeownership, business capitalization, and postsecondary education or training.

Table 4.7. 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 2006				
	Home-ownership	Business Capital-ization	Education or Training	Family Transfer	Total*
Number of participants making these withdrawals	4,629	3,280	3,079	41	**11,029**
Total amount of earned income withdrawn by participants	$6,672,655	$3,670,032	$3,039,889	$36,793	**$13,419,369**
Average amount of earned income withdrawn by each participant	$1,441	$1,119	$987	$897	**$1,217**
Federal grant funds disbursed as IDA match funds	$6,728,935	$3,837,793	$3,393,100	$29,635	**$13,989,463**
Nonfederal cash disbursed as IDA match funds	$7,548,945	$3,793,886	$3,554,671	$29,635	**$14,927,138**
Total savings and Federal and nonfederal funds disbursed	$20,950,535	$11,301,711	$9,987,661	$96,063	**$42,335,970**
Average total funds disbursed per participant	$4,526	$3,446	$3,244	$2,343	**$3,839**
*Number of Projects Reporting**	*337*	*302*	*310*	*128*	***360***

Note: This table does not include information about the special State projects in Indiana and Pennsylvania.

*Only those AFI projects that reported both the number of participants making withdrawals and amount of participant savings withdrawn are included here. Some participants make 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 making withdrawals, ***not*** the number of withdrawals made. For example, a participant using their IDA for education expenses might make multiple withdrawals for tuition expenses across a number of semesters. These data show the number of participants making matched asset purchases of each type, not the number of withdrawals made for each qualified purchase.

Table 4.8. Percent of Participants Who Have Made IDA Withdrawals by Use and Amount

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

Note: This table does not include information about the special State projects in Indiana and Pennsylvania.

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.

Homeownership: Withdrawals and Allocations of Matching Funds

Withdrawals for homeownership were the most common use of IDA funds. This type of withdrawal also has been the largest in dollar value. As shown in Table 4.7, 4,629 participants had withdrawn $6,672,655 of their savings for this purpose by the end of FY 2006. The number of participants reported having made withdrawals for homeownership at the end of FY 2006 was nearly 54 percent larger than one year earlier. This number of participants and amount withdrawn has increased since the end of FY 2005 when 3,008 participants had withdrawn $4,392,895 (see Table ES.1).

The average amount of savings plus matching funds disbursed for homeownership is $4,526 (an average of $1,441 of savings and $3,084 in matching funds). The average amounts withdrawn for homeownership have not changed substantially since FY 2005. However, the amount withdrawn has increased over the past four years. The portion who have withdrawn larger amounts (more than $2,000) has increased from 15 percent to 24 percent over the past four years. Furthermore, the portion of participants who have withdrawn small amounts of savings (less then $500) has decreased from eight percent to two percent during that time period.

As shown in Table 4.8, the ranges of average amounts withdrawn for homeownership have been in fairly equal portions: less than $1,000; $1,000 to $1,499; $1,500 to $1,999; and $2,000 and greater (25 percent, 28 percent, 23 percent, and 24 percent, respectively).

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 4.7, 3,280 participants had withdrawn $3,670,032 of their own savings for this purpose by the end of FY 2006. 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 2006, the number of participants who had withdrawn funds for business capitalization was more than 48 percent higher than the 2,209 participants who had withdrawn funds for this purpose as of the end of FY 2005 (see Table ES.1).

As of the end of FY 2006, the average amount of savings plus IDA matching funds disbursed for business capitalization expenses is $3,446 (an average of $1,119 of savings and $2,327 of matching funds). The average amounts of earned income participants had withdrawn for business capitalization did not change substantially between the end of FY 2005 and FY 2006 ($1,126 through FY 2006 compared with $1,077 through FY 2005). However, the portion of participants who had withdrawn small amounts (less than $500) for this purpose decreased from 31 percent to seven percent since 2003; and the portion who had withdrawn larger amounts (more than $1,500) increased from 24 percent to 33 percent since 2004.

As shown in Table 4.8, for 60 percent of participants who had withdrawn funds for business capitalization, the average amount of earned income withdrawn was greater than $1,000. Over half (33 percent) of those withdrawals were for $1,500 or more.

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 4.7, 3,079 participants had withdrawn $3,039,889 for this purpose by the end of FY 2006. At that time, the number of participants who had made withdrawals for postsecondary education was about 50 percent larger than the 2,057 participants reported to have made such withdrawals as of the end of FY 2005 (see Table ES.1).

The average amount of savings plus matching funds made available to participants for this purpose was $3,244 (an average $987 of savings and $2,256 of matching funds).

Like business capitalization withdrawals, multiple education withdrawals are common as participants pay for course credit hours and related expenses as they progress along their educational paths. In the case of education expenses, the average amounts are generally much smaller than the other two asset types. About two-thirds (63 percent) of withdrawals have been in amounts between $200 and $999, while 37 percent were $1,000 or greater. However, the same trends are evident for education withdrawals as for withdrawals for other asset types: larger amounts are being withdrawn more frequently and smaller amounts are being withdrawn less frequently. The portion of participants withdrawing smaller amounts (less than $200) for this purpose decreased from 13 percent to one percent over the past four years, while the portion who have withdrawn larger amounts ($1,000 or more) has increased from 26 percent to 37 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 to make payments related to 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 the matching funds. 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 have been an important source of emergency support for a number of project participants as of the end of FY 2006. Among regular AFI projects, 1,535 participants had used their IDA savings for emergency costs. They had withdrawn a total of $881,161. Across grants where both the number of participants and dollar amount of emergency withdrawals are available, the average emergency withdrawal was $574 as of the end of FY 2006. Appendix S provides project-by-project information about this withdrawal category.

Other Withdrawals

While participants are encouraged strongly to abide by their savings plan and deposit savings over the course of the AFI project, a significant number of participants who open IDAs have found it necessary to withdraw savings before they are ready to purchase their planned assets. 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 2006, a total of 11,482 participants had made such withdrawals. These participants had withdrawn a total of $6,999,959 from their IDAs. These numbers are higher than the 7,191 participants who had withdrawn $3,148,233 as of the end of FY 2005. See Appendix S for project-level details. Currently, OCS does not require grantees to provide information about the reasons participants make these withdrawals.

Balances Remaining in Participant IDAs

As shown on Table 4.9, as of the end of FY 2006, a total of 13,895 IDAs remained open in regular AFI projects. These IDAs contained a total participant savings of $9,919,749 and held an average balance of $714. This average represents an increase of approximately 23 percent relative to the average savings balance of $581 in the 13,147 IDAs that were open as of the end of FY 2005.

Participants who have been participating in AFI projects with earlier start dates have had more time to accumulate savings. Thus, for example, those who enrolled in projects that started in 2001 and 2002 had much larger average balances in open accounts ($843) than did participants who enrolled in later years. It may be that the average balance increases each year because participants in projects funded in earlier years have had a longer time to save. The average balance is $586 for projects that received Federal funding in 2003, $609 for projects that received funding in 2004, $534 for those that received funding in 2005, and $317 for projects funded in 2006.

As shown in Table 4.10, as of the end of FY 2006, 10 percent of all AFI participants had average IDA balances of between $0 and $199; 20 percent had a balance ranging from $200 to $399; 21 percent had balances ranging from $400 to $599; 20 percent had balances ranging from $600 to $799; and 29 percent had average balances of more than $800.

As shown in Table 4.10, the average balances had increased substantially in two years prior to the end of FY 2006. At the end of FY 2004, only 14 percent of AFI participants had average balances above $800. This percentage had grown to 24 percent at the end of FY 2005 and to 29 percent as of the end of FY 2006. At the end of FY 2004, more than one-half of AFI Projects (54 percent) had average balances below $400, 38 percent had this average balance at the end of FY 2005, and only 30 percent had this average balance at the end of FY 2006.

Table 4.9. Number of Open IDAs and Total and Average Savings Balances

Grant Year	End of FY 2003			End of FY 2004			End of FY 2005			End of FY 2006		
	Number of Open IDAs	Total Savings Balance	Average Savings Balance	Number of Open IDAs	Total Savings Balance	Average Savings Balance	Number of Open IDAs	Total Savings Balance	Average Savings Balance	Number of Open IDAs	Total Savings Balance	Average Savings Balance
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
2002	903	$259,678	$288	1,613	$638,023	$396	3,098	$1,776,870	$574	3,071	$2,588,359	$843
2003	--	--	--	846	$288,182	$347	1,661	$786,035	$473	3,065	$1,796,841	$586
2004	--	--	--	--	--	--	1,190	$532,900	$448	2,477	$1,509,228	$609
2005	--	--	--	--	--	--	--	--	--	618	$329,708	$534
2006	--	--	--	--	--	--	--	--	--	133	$42,132	$317
Total	**9,028**	**$4,411,430**	**$489**	**12,627**	**$5,180,253**	**$533**	**13,147**	**$7,644,677**	**$581**	**13,895**	**$9,919,749**	**$714**
Number of Projects Reporting	*157*	*157*	*137*	*212*	*206*	*206*	*290*	*289*	*289*	*368*	*367*	*367*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

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 grants ended prior to FY 2006.

Table 4.10. Average Savings Balances in IDAs

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

Note: This table does not include information about special State projects in Indiana and Pennsylvania.

Section 5. Special State AFI Projects in Indiana and Pennsylvania

The Assets for Independence Act (specifically, Section 405(g)) 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 this criterion and have received AFI grants annually[21] since FY 1999. These State projects and their statuses at the end of FY 2006 are described below.

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.

The Indiana IDA program is described through the following sections:

- 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 to FY 2006, the program was awarded a total of $6,124,944 in AFI funds.[22] The program also received $10,460,000 in State funds during this period. The agency disbursed a total of $5,680,000 in AFI funds and $6,270,000 in State funds to their IDA participants. AFI funds are available over a five-year period.

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[21] OCS has awarded the States of Indiana and Pennsylvania a total of 14 grants to support these two special State AFI Projects.

[22] OCS did not award an AFI grant to the State of Indiana in FY 2006. The State submitted an application, but the application review panel did not rank it among the fundable applications.

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
Total	**$6,124,944**

Annually, the IHCDA awards year-long contracts to community-based agencies (subrecipients) across the State to administer IDA projects. Since 1999, IHCDA has contracted with 56 agencies. In FY 2006, IHCDA awarded contracts to 36 subrecipient agencies. Table 5.2 displays the types of organizations that received contracts from IHCDA in FY 2006.

Table 5.2. Types of Subrecipient Agencies in FY 2006: Indiana IDA Program

Subrecipient Agency Type	Number of Subrecipients	Percentage of Subrecipients
Community Action Agency	10	28%
Unknown	8	22%
Housing Organization, nonprofit	6	17%
Human Services Organization	5	14%
Community Development Corporation	4	11%
Housing Authority	1	2%
Economic Development Agency	1	2%
Faith-based Organization	1	2%
Total	**36**	**98%***

* The total percentage is not 100 percent due to rounding.

The State devotes one full-time equivalent (FTE) staff person to IHCDA central administration. Individual IDA projects vary considerably in size, affecting subrecipient staffing needs. Therefore, subrecipient staffing requirements can range from 0.25 to 1.00 FTE, with most subrecipients employing between 0.50 and 1.00 FTE staff person. Administration costs at the subrecipient level total approximately $400,000 per year. Federal AFI funds account for $200,000 of these costs, with an equal amount of State funds covering the remainder.

Program Design

Indiana authorizing legislation allows for up to 800 new IDAs annually. However, the actual number of accounts that are funded per year depends on the annual budget and the number of accounts expiring from the previous program year (which can be allocated to new participants). 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 spent (eligible asset requirements still apply).

The State allows subrecipient organizations to determine many participant requirements, such as minimum initial deposits, minimum regular deposits, and emergency withdrawal conditions. Most subrecipients require a minimum deposit of $25 to open an account (although several require as little as $1) and a minimum monthly deposit of $25 (although some allow just one lump sum deposit per year to satisfy requirements).

Participants receive a $6 match for every $1 saved and used for qualified withdrawals. The maximum match per year is $300 (participants may save more than $300, but no more than $300 per year is matched). Over four years, a total match of $1,200 is attainable.

Similar to the AFI program, eligible assets include homeownership, education, or business capitalization. Unlike the Federal program, Indiana does not allow savings to be transferred to a spouse or dependents’ IDA.

When a participant attains a savings goal, the subrecipient requests the match money from IHCDA. Funds are transferred from IHCDA’s reserve account to the subrecipient’s reserve account or into participant-level parallel accounts. Funds remain in place until the participant is ready to make an asset purchase. Some participants 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 spend their IDA money on 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 $300 per year (for the each of four years) are able to enroll. However, participants receive match funds on any amount saved even if it falls short of the $300 (these are called “partial matches”). From FY 1999 to FY 2006, match funds were disbursed twice a year (this changed to a rolling schedule in October 2006).

- Regular deposits are encouraged but not required by all subrecipients. 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. (Like 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 at the subrecipient-level or individual-level reserve accounts for years following drawdown.

Due to fluctuations in funding, the State has made minor adjustments to its program design over time. When the State started receiving AFI awards in 1999, it used the Federal funds to increase the saving match rate for some of its participants. In later years, the State authorized its subrecipient 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, and in August 2006, the State changed the standard rate to a $4 to $1 match for accounts opened in FY 2006 and 2007.

Financial Education and Asset-Specific Training

Participants are required to attend between two and 10 hours of financial education annually, with an average of approximately six hours. There is no State requirement for asset-specific training. However, subrecipients determine if and how to provide such assistance. If it is available within the area, most subrecipients require some form of asset-specific training (commonly about eight hours).

Accountholders and their Characteristics

From FY 1999 to FY 2006, 3,331 participants opened IDAs with AFI support as of the end of FY 2006. Of these participants, 1,333 were "active" participants, 371 had left the program, and 1,627 participants had expired accounts, but had not left the program. It is unknown how many of the latter group continued to hold funds on deposit in the accounts with plans to use them for later asset purchase.

At the end of FY 2006, 79 percent of accountholders have been female. Caucasians have opened the majority of accounts (52 percent). When accountholders enrolled, 47 percent were single, 21 percent were divorced, and 23 percent were married. A majority of accountholders were single parents at the time of enrollment; most accountholders had one or two children (53 percent). More than half (66 percent) of accountholders were between 20 and 40 years old when they enrolled.

Approximately three-quarters (73 percent) of accountholders were employed full-time. At the time of enrollment, 40 percent had only a high school diploma while 45 percent had education beyond the high school level (an associate's degree, some college, a college degree, some graduate school, or a graduate degree).[23]

Participant Savings and Withdrawals

As of the end of FY 2006, the participants had deposited $1,700,000 in personal savings (an average of $493 per participant).

From FY 1999 to FY 2006, the State IDA program disbursed approximately $11,950,000 to participants. This disbursement amount is not equivalent to the final tally of total participant withdrawals because, once they receive matching funds, participants have an indefinite period of time to spend their IDA resources. Some participants may spend IDA funds over a prolonged period of time due to the nature of the asset (e.g., throughout the course of an educational program or for business expenses as they arise).

From FY 1999 to FY 2006, approximately 1,760 participants withdrew $690,000 of their own savings (an average of $392 per participant) to make asset purchases. The total amount of matching funds (AFI and State funds combined) disbursed was $3,623,600. An additional 112 participants withdrew $56,400 in *unmatched* savings for emergencies and terminations.[24]

The largest subset of participants who made withdrawals (49 percent, or 867 participants) did so for education. The second largest subset made withdrawals for homeownership (28 percent, or 487 participants). Finally, 23 percent (404 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.

Like the Indiana program, the following elements of the Pennsylvania FSA program are described below:

- Funding sources and program administration;
- Program design;
- Financial education and asset-specific training;

[23] These figures are based on incomplete information. Data are missing for between 13 percent and 31 percent of participants, depending on the variable.

[24] Withdrawal activity is underestimated slightly because several subrecipients did not report data in time for this report, including one with 133 open accounts.

- 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 $20 million in State and Federal funds to the program. Funding sources include the AFI program ($6,582,000); State appropriations ($7,230,000); the Temporary Assistance for Needy Families (TANF) program ($6 million); and the Community Development Block Grant (CDBG) 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 three AFI awards. The first, awarded in FY 1999, provided funding through annual installments from FY 1999 to FY 2003. The remaining two were awarded in FY 2004 and FY 2005.

Since its inception, approximately 10,000 participants have opened IDAs through the FSA program, of which 4,526 received AFI support. Approximately 2,000 participants have graduated from the program. At the end of FY 2006, 1,378 participants still had accounts open.

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	$0*
Total	**$6,582,000**

* This table reflects the amount awarded to the State of Pennsylvania through June of FY 2006. The State of Pennsylvania received a $1,000,000 grant on September 30, 2006, the final day of the Fiscal Year. 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 5.4 displays the types of organizations that have received AFI funding via the DCED. The FSA program has been administered by 45 subrecipients across the State, 40 of which have received AFI support.

The State dedicates one full-time equivalent staff to the administration of the overall FSA program; this person oversees the FSA program along with two other State programs. Subrecipients devoted an estimated average of 18 staff hours per week (0.4 FTE) to FSA program administration.

Table 5.4. Types of Subrecipient Agencies in FY 2006: Pennsylvania FSA Program

Subrecipient Agency Type	Number of Subrecipients	Percentage of Subrecipients
Community Action Agency	23	58%
Housing Organization or Agency	5	13%
Social Services Agency (nonprofit)	4	10%
Community Development Corporation	3	8%
Other	3	8%
Faith-based Organization	1	3%
Unknown	1	3%
Total	**40**	**99%***

* The total percentage is not 100 percent due to rounding.

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. In addition, home repair, computer or car purchase, or day care (related to employment or education) are allowable expenses. Federal AFI funds may be used to match savings for any of these asset goals.

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.[25] including Pennsylvania's State plan, the Tuition Assistance Program (TAP 529). 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 per year for two years (length of the program). The annual $1,000 limit on matching 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.

[25] 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.

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 subrecipient 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 lose the match money. Subsequently, the subrecipient 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, car purchase, computer purchase, or day care (if related to employment or education) as well as Section 529 college savings plans [e.g., Pennsylvania's 529 plan—the Tuition Assistance Program (TAP 529)].
- Participants may participate for a maximum of two years.
- Participants must make their asset purchases within three or five years (depending on enrollment date) of attaining their savings goal, or they lose 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 eight hours in length. They also must participate in at least two other asset-specific training sessions, each of which are approximately four hours in length.

Accountholders and their Characteristics

From FY 1999 to FY 2006, 4,526 individuals participated in the FSA program with AFI support. At the end of FY 2006, 74 percent of accountholders have been female. Caucasians have opened the majority of accounts (58 percent).

When accountholders enrolled, 48 percent had never been married. Most accountholders either lived alone or were single parents. More than half (62 percent) of accountholders were the sole head of household. Nearly half (49 percent) of accountholders had either one or two children at the time of enrollment; 26 percent had no children. Slightly more than half (57 percent) of accountholders were between 20 and 39 years old when they enrolled.

Approximately half (49 percent) of accountholders were employed full-time; another 24 percent held part-time jobs. At the time of enrollment, 44 percent had only a high school diploma, while 37 percent had education beyond the high school level (an associate's degree, some college, a college degree, some graduate school, or a graduate degree).[26]

Participant Savings and Withdrawals

From FY 1999 to FY 2006, 4,526 individuals opened FSAs with AFI support.[27] They deposited an estimated $3.61 million into their FSA. By the end of FY 2006, 707 participants 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, as they have three or five years to do so.)

Of the 707 participants who made matched withdrawals from their FSA, 43 percent (302 individuals) did so for Pennsylvania-specific authorized uses. The most popular authorized uses are education (35 percent), home repair (23 percent), and car purchase (19 percent).

Those making withdrawals for asset purchases withdrew approximately $1.3 million of their own savings for asset purchases (an average of $1,835 per participant). The amount of matching funds (AFI and other sources combined) disbursed for these purchases was $1.28 million, or an average of $1,805 per participant. The average amount of participants' own savings is slightly higher than the matched amount because participants are allowed to keep depositing into their accounts after meeting the matchable maximum, but that extra amount is not matched.

[26] These figures are based on incomplete information. The share of "unknown" demographic information ranged from 6 percent (gender) to 15 percent (educational attainment).

[27] These figures are approximate because they are based partially on estimates derived from prorating the AFI portion of IDA activity for 16 FY 1999 subrecipients, as described previously.

Section 6. OCS Support for Grantees

The Office of Community Services 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 subrecipients and other partners. The Office also administers the national 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; and
- National 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:

- **Training Academies.** A series of training events for staff from AFI grantees and their partners;
- **Topical Conference Calls.** Periodic 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; 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/assetbuilding.

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 subrecipients 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.

Performance Outcome Measures and Indicators

OCS continues to integrate a performance management approach to the overall administration of the AFI program.

The Office 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 amount of Federal AFI funds used. Currently, the Office 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 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.

National Evaluation

OCS is contracting with Abt Associates, a social science research organization, to implement a multi-year national evaluation of the AFI program. The evaluation design has 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.

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; 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 Appendix table features project-level information for every AFI grant awarded between FY 1999 (October 1, 1998) and June of FY 2006 (June 1, 2006).

The Appendix tables display all data as reported by grantees. Please note that while the appendices display information exactly 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 – June FY 2006)
B. Project Staffing
C. Basic Financial Literacy Education
D. Asset-Specific Training
E. IDA Openings, Deposits, Withdrawals, and Closing Balances
F. Gender of Accountholders
G. Race and Ethnicity of Accountholders
H. Marital Status of Accountholders
I. Number of Adults in Households of Accountholders
J. Number of Children in Households of Accountholders
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 Reserve Fund and Accountholder IDAs
Q. Cumulative Amounts of Accountholders' Savings, Withdrawals, and Matching Funds
R. Amount and Type of Accountholders' Qualified Withdrawals
S. Number and Amount of Accountholders' Other Withdrawals