Report to Congress

Assets for Independence Program

Status at the Conclusion of the Sixth Year

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

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Executive Summary

This is the Sixth Annual Report to Congress about the Assets for Independence (AFI) Program. It provides an update on the status of the program through the end of Fiscal Year (FY) 2005 (September 30, 2005). 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), is administering the AFI Program in order to support innovative asset-building projects that feature Individual Development Accounts (IDAs), financial education, and related services. Through the program, OCS is gauging the usefulness of IDAs and related asset-building strategies as tools to improve the social and economic prospects for very low-income American households.

OCS awards AFI Program grants to nonprofit, community-based organizations and government agencies with community partners that conduct five-year AFI Projects. Each project is centered on enabling people to have access to IDAs. IDAs are restricted savings accounts that enable individuals and families with low incomes (and low wealth) to combine their own savings with matching public and private funds to purchase a first home, start up or expand a business, pay for postsecondary education or vocational training, or to support an IDA owned by a family member for the same purposes. The ultimate goal of the IDA strategy is to enable families to purchase and own a meaningful long-term asset and, by doing so, become less dependent on welfare and other support programs and join the economic mainstream.

AFI Projects may offer individual participants IDA matching funds in amounts up to $2,000 of Federal funds. The ratio of earned income deposited into an IDA to the matching funds provided may range from $1 to $8 for every participant dollar saved. The IDA matching funds are derived equally from Federal grant funds and nonfederal funds. Grantees work in partnership with the financial institutions in managing the IDAs and other features of their projects including financial education. Many grantees also work with other types of partner organizations to assist and support participants.

This report provides information about the 315[1] regular AFI Projects and the two special State AFI Projects. It presents cumulative AFI activities through September 2005 by organizations that received grant awards in FYs 1999 through 2004.[2] It gives the characteristics of the grantee organizations, details about the AFI Projects they administer, and information about the project participants. It also presents the current status of, and highlights overall trends in, participant savings, withdrawals, and uses of IDA resources.

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[1] While the AFI Program awarded 317 grants through the end of FY 2004, this report primarily provides information about only the 315 grantees that submitted program data.

[2] This report does not include information about projects that received their AFI grant in FY 2005, as those grantee organizations were only beginning to implement their projects when data was collected for this report.

The AFI Program was appropriated at $10 million in FYs 1999 and 2000 and approximately $25 million a year in FYs 2001 through 2005.

Program Inputs and Current Results

Following is an overview of program performance, including government, nonprofit, and private sector partner inputs and the results or outcomes produced to date by all AFI Projects.

Inputs – Government, Nonprofit, and Private Sector Support

- OCS has awarded $94.7 million in AFI grant funds between FY 1999 and FY 2005.
- Grantee organizations and their partners have provided at least $94.7 million in nonfederal funds to "match" the Federal grant amount to support their AFI Projects.
- 216 grantee organizations are implementing 317 Regular AFI Projects throughout the nation. They have over 1,100 sub-recipient agencies and organizations that are working with them to provide AFI IDAs to participant individuals and families.
- Two special State-administered Projects are being implemented in upwards of 87 localities in Indiana and Pennsylvania. The AFI Act authorizes HHS to provide AFI grants to support these projects, which are based on State law rather than Federal statute and guidelines.

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

- Participants have opened 34,454 IDAs and regularly deposited earned income into these accounts.
- Participants have deposited $24.8 million of earned income into their IDAs, averaging $719 in savings per participant.
- Participants have used $29.2 million to purchase long-term economic assets. For this, participants used their own IDA savings ($10.7 million), Federal matching funds ($7.0 million), and nonfederal matching funds ($11.5 million).
- More than 9,000 participants have finished saving, completed the required financial education, and used their accumulated savings and IDA matching funds to purchase

long-term economic assets. They have made the following numbers of IDA withdrawals:[3]

- 3,448 for home purchase;
- 2,537 for the startup or expansion of a small business;
- 2,855 for postsecondary education or training;
- 329 for other asset purchases (in the State of Pennsylvania only); and
- 17 for transfers to IDAs to family members (transfers from a participant to a spouse or dependent who uses the IDA resources for home purchase, small business, or postsecondary education or training).

- More than 8,400 participants had saved earned income in an IDA but were unable to use their savings as originally planned. They withdrew their AFI IDA savings to meet emergency needs and for other purposes. These participants withdrew a little over $677,700 in earned income for emergencies authorized by AFI. They also withdrew $3.1 million to address other types of emergencies and for other purposes not allowable under the AFI Program. Those who withdrew their savings for such emergencies or other purposes not allowed by the program did not receive any Federal or nonfederal match funds.[4]

Status of Regular AFI Projects

This section provides detailed information about the Regular AFI Projects only. Information about the two special State Projects is provided later in the executive summary and in section 5 of the report.

Results – Outcomes to Date

Table ES.1 shows the cumulative nationwide totals for all Regular AFI Projects. The data represent substantial proportional increases between FY 2004 and FY 2005:

- 36 percent increase in accounts opened;
- 48 percent increase in cumulative participant deposits; and
- 75 percent increase in total funds applied to asset purchases.

[3] Many participants make multiple withdrawals from their IDAs. For example, those who use their IDA to save for business start-up or expansion make withdrawals as needed for licenses, inventory, rental payments, and the like. Similarly, those using their IDA for education expenses make withdrawals for tuition expenses across a number of semesters. Therefore, these numbers do not reflect the number of assets purchased. They show the number of withdrawals for qualified purchases.

[4] These figures reference Regular AFI Projects only because comparable data are not available from the special State Projects.

The growth in these aggregate totals may be due to the fact that increasing numbers of grantees that received AFI grants in FYs 1999 and 2000 for Regular AFI Projects have now reached or are approaching the final years of their grant period. A significant number of participants typically make their matched withdrawals and receive their match funds in the latter years of a project's grant period.

Table ES.1. Participant Outcomes for Regular AFI Projects

Participant Outcomes	End of FY 2004	End of FY 2005	Year-to-Year Change	
			Amount	Percent Increase
Accounts Ever Opened	21,038	28,570	7,532	35.8
Savings Deposited by Participants	$14,556,117	$21,593,890	$7,037,773	48.3
Participants Making Withdrawals				
Home Purchase	1,750	3,008	1,258	71.9
Small Business	1,322	2,209	887	67.1
Postsecondary Education	1,267	2,057	790	62.4
Total Participants with Withdrawals	4,339	7,274	2935	67.6
Funds Used for Asset Purchases[a]				
Participant Savings Used for Asset Purchases	$5,043,481	$8,832,091	$3,788,610	75.1
AFI Grant Funds Disbursed as Matching Funds	$5,260,672	$9,082,006	$3,824,334	72.7
Nonfederal Funds Disbursed as Matching Funds	$5,394,570	$9,531,621	$4,137,051	76.7
Total Funds for Asset Purchases	$15,698,723	$27,448,718	$11,749,995	74.8

Note: This table does not include information about special State projects in Indiana and Pennsylvania.
[a] Includes household transfers, in addition to amounts applied to home purchase, small business, and postsecondary education; excludes emergency withdrawals.

Regular AFI Project Grantee Organizations

Various types of agencies and organizations manage regular AFI Projects. The projects also vary in their organization design and in the partnerships used to provide services to participants.

About one third (33 percent) of grantees are nonprofit Community Action Agencies (CAAs), and 15 percent are Community Development Corporations (CDCs). The remaining grantees are government agencies, faith-based organizations, United Way organizations, Tribal entities, and other private nonprofit organizations such as credit unions. All AFI grantees work in close partnership with other organizations to provide the array of services necessary for successful project implementation.

Just under two thirds (63 percent) of the Regular AFI Projects are operated by a single agency that takes full responsibility for enrolling participants and managing all activities, Federal grant funds, and nonfederal resources. A little more than one third (37 percent) are AFI Network

Projects that include a grantee with one or more subgrantees or subrecipients that enroll participants and provide services and IDA matching funds to them.

The AFI grantees and the projects they administer are fairly evenly distributed across the nation. They are located in 47 States and the District of Columbia. Many projects are focused on particular localities and neighborhoods. A small but growing number of grantees are administering statewide, multistate, or nationwide projects.

All AFI grantees must provide nonfederal cash funds in an amount at least equal to the Federal grant awarded to them. The grantees turn to a wide range of sources for this nonfederal financial support. Over half have received funding from financial institutions. Other common funding sources include local and national foundations, State and local governments, housing authorities, and private businesses.

AFI Projects may allow participants to use their IDAs to save for any of the three types of assets. These are a first home, higher education or training, and small business capitalization. Most grantees allow participants to save for any of these purposes, but some focus on only one or two. Grantees may also allow their participants to transfer their IDA savings to an IDA owned by a family member for any of the three asset types.

OCS strongly encourages grantees to customize their IDA account characteristics to meet the unique needs of their target populations and geographic areas. Therefore, such features vary greatly among the AFI Projects. For example, grantees may offer IDA savings match rates (combining Federal and nonfederal matching funds) from $1 to $8 for each $1 of earned income saved. The most common match rate across all three major savings goals is $2 in matching funds for $1 in earned income saved. The required monthly savings amount varies from project to project and ranging up to $125 with an average of $25. All AFI Projects require participants to show regular savings patterns for at least six months before withdrawing any funds from their IDA.

Regular AFI Project Financial Education and Support Services

Regular AFI Projects must provide training and support services to participants. Projects may use no more than 13 percent of the project's combined Federal grant funds and nonfederal funds, or additional cash or in-kind support outside the combined Federal and nonfederal budget to finance training, services, and all other operations.

In all AFI Projects, participants enroll in basic financial education with a special focus on budgeting, responsible credit use, savings, investments, and taxes. On average, financial education curricula require participants to attend at least 12.5 hours of training before purchasing an asset.

Among the Regular AFI Projects, many also provide additional training, called "asset-specific" training, to ensure that participants are knowledgeable about purchasing and maintaining the asset they acquire. Nearly one half of all participants (in any stage of project participation) who are currently saving for home purchase have received homeownership training as part of their preparation for home purchase; two thirds of those currently saving for business capitalization have received asset-specific training; and over half of the participants currently pursuing postsecondary education received this special training and counseling.

Many grantees are community-based organizations that provide numerous support services to their AFI participants and their other clients. IDAs are often only one tool grantees use in combination with other services to enable clients to become economically self-sufficient. Some of these services are financial in nature, such as financial counseling, credit repair, loans, and emergency grants. More than three quarters (77 percent) of the grantees offer their AFI Project participants financial counseling and credit repair services; 35 percent offer specialized or advanced financial education. Many grantees also provide more general support to the AFI participants. About half offer each of the following services: employment support, crisis management, peer support, child care, and structured planning exercises. More than a third (36 percent) offer transportation services, and about 15 percent offer referral and follow up for medical services. Grantees use money and other resources other than the AFI grant funds to support most of these nonfinancial services.

Regular AFI Project Accountholder Characteristics

For the Regular AFI Projects, the vast majority of participants who have ever opened IDAs are female (76 percent). Slightly under half are African American, and about one quarter are Caucasian. An increasing percentage of participants are of Hispanic heritage. More than half of all accounts have been opened by never-married individuals, and 21 percent by single individuals who are either divorced or separated. Individuals who are married comprise about one-quarter of all accountholders. Over three quarters of accountholders have children. The participant households with children are equally divided among those with one, two, or three or more children.

Though accountholders have a variety of educational credentials, the vast majority (86 percent) had at least a high school diploma when they enrolled in an AFI Project, with many having education beyond the high school level, including some college or an associate's degree.

The vast majority of participants were between the ages of 20 and 49 when they enrolled.

All AFI Project participants have low incomes when they enroll. Nearly half of those who have enrolled and also opened accounts had household incomes above 150 percent of the poverty level at the time of enrollment. One quarter had incomes between 100 and 150 percent of the poverty level. Slightly more than one quarter reported incomes below the poverty level at enrollment.

About two thirds were employed full time at enrollment, and another quarter was employed part time. Most accountholders (80 percent) reported living in urban areas when they enrolled.

The AFI IDA was the first bank account for a significant portion of participants. Over one third had never used a checking account prior to their enrollment in an AFI Project, and about half had never owned a prior savings account.

Regular AFI Project Reserve Accounts

The AFI Program requires grantees to deposit the Federal grant funds and at least an equal amount of nonfederal cash into a secure bank account known as a Project Reserve Account. The grantees may access only that portion of the Federal grant equal to the amount of nonfederal cash deposited into the account. Grantees are not required to draw down (that is, to access) portions of their Federal grant funds according to a specific schedule during their five-year grant period. Rather, they may access the Federal funds when needed to implement program activities or to match participant savings.

As of the end of FY 2005, Regular AFI grantees had drawn down nearly $35 million in Federal grant funds (45 percent of the total amount of Federal funds awarded). The grant drawdown rate varies greatly. Over 40 percent have accessed more than three quarters of their grant funds, while nearly 25 percent have not used any of their Federal grant funds. The pattern of waiting a year or more into the project before accessing Federal grant funds is consistent with the overall design of AFI Projects, though it is not required by Federal program rules or the AFI Act. Given that the majority of the Federal funds may be used only for matching participants' IDA savings, many grantees do not access the funds until after they have enrolled participants.

Over time, grantees have drawn down growing percentages of their total grant awards. Those whose projects are more mature–with participants who are toward the end of their participation and actually making asset purchases–typically have drawn down a proportionately larger amount of their grant funds. In the aggregate, those grantees that received grants for a Regular AFI Project up to five years ago had drawn down most of their Federal grants by September 2005. In contrast, those projects that had been in place for only one year had drawn down only approximately one fifth of their AFI Program grants.

The nonfederal funds used for Regular AFI Projects have exceeded the Federal AFI grant funds by about 14 percent. Grantees report that through September 2005, they had deposited nearly $40 million of nonfederal funds in the Project Reserve Accounts and $35 million of Federal funds.

Regular AFI Project Accountholder Deposits

Participants in Regular AFI Projects have opened 28,570 of the total number (34,454) of all IDAs ever opened in the program through FY 2005. These participants of Regular AFI Projects have deposited an average of $756 of earned income into their accounts, with a cumulative total of $21,593,890.

Regular AFI Projects reported that a total of 13,147 IDAs continued to be open and active as of the end of FY 2005. Participants who own these open accounts thus far have deposited $581 on average into them, with overall total savings of $7,644,677. The average balance of these open accounts increased by nine percent in the past year. Across more than one third of all of the Regular AFI Projects (38 percent) the average per accountholder balance in open accounts is less than $400. However, for more than 40 percent, the average balance is over $600, including nearly one quarter (24 percent) with average balances over $800.

Regular AFI Project Withdrawals and Uses of IDA Savings

A total of 16,241 Regular AFI Project participants have withdrawn earned income from their IDAs, totaling approximately $12.7 million (averaging $836 per participant).

More than one quarter of all AFI Accountholders (7,274) had withdrawn savings from their IDA for purchase of any of the three allowed asset types or for transferring the IDA to a family member. Typically, the rate of withdrawals increases toward the end of a project's grant period, so fewer withdrawals are expected from recently funded projects and more from those that received AFI grants in earlier years. The number of withdrawals increased by 68 percent in the past year.

Withdrawals for home purchases were the largest both in number and in average dollar value. The number of participants in Regular AFI Projects who made such withdrawals through the end of FY 2005 was 3,008, representing a 72 percent increase from the prior year. As of the end of FY 2005, the average participant savings withdrawal for home purchase was $1,460, and the average amount of total IDA resources provided was $4,498 (savings withdrawn plus Federal and nonfederal matching funds).

As with withdrawals for home purchases, the number of participants who withdrew funds for small business expenses increased 67 percent over the prior year to a total of 2,209 at the end of FY 2005. The average withdrawal for small business expenses was $1,077, and the average amount of total resources accessed was $3,387 for this type of asset purchase.

Similarly, the number of participants who had withdrawn funds for postsecondary education increased by 62 percent from the prior year and averaged $990. The average total amount of resources accessed by these savers was $3,096.

The small number of withdrawals for IDA transfers, 17, averaged $3,905 for withdrawals plus the Federal and nonfederal match funds.

Status of the Two Special State Projects – Indiana and Pennsylvania

This report also presents information on the status of two special State projects that already were implemented in Indiana and Pennsylvania when the AFI Program was established. The AFI Act (Section 405) authorizes OCS to award AFI grants to support these pre-existing State efforts, which differ from Regular AFI Projects in several ways. The two States were allowed to use AFI funds to support the programs as designed and authorized by their State laws. Their programs differ from Regular AFI Projects, for example, in terms of participant eligibility, savings requirements, allowed purchases and so forth. They have received a combined total of $10.7 million and operate their projects through subgrantees or subrecipients in 87 localities. Nearly 6,000 of their participants have opened AFI-supported IDAs.

Participants in the Indiana IDA Demonstration program may use an IDA to save over a four year period. They may receive as much as $1,800 in matching funds for deposits of $300 in each of the four years. The Indiana program allows participants to save for the same types of assets allowed under the Federal AFI Program.

Participants in Pennsylvania's Family Savings Account program may use an IDA to save over a two year period. Their savings are matched dollar for dollar up to $1,000 annually. These participants may use their IDA savings and match funds for the usual AFI asset types and also for several other types of assets including 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.

Approximately 1,327[5] participants in the Indiana program and 255 in the Pennsylvania program have completed their savings and received matching funds with support of AFI grants since FY 1999. Those in the Indiana program have withdrawn an average of $375 from their IDAs and received $2,051 in matching funds. Half used their IDA resources for education, with the remainder divided fairly equally between homeownership and business capitalization. Participants in the Pennsylvania program have withdrawn an average of $1,790 in savings and received $1,750 in matching funds, on average, to buy a first home, access higher education or start or expand a small business. Pennsylvania used non-AFI resources to provide matching funds for more than 300 other participants who saved to purchase state-specific assets, most often home repair or automobile purchase.

[5] The State of Indiana reported that 1,637 participants have completed their IDA savings, but data show that only 1,327 have received matching funds thus far.

Introduction

This Report is an update on the status of the Assets for Independence (AFI) Program as of the end of Fiscal Year (FY) 2005. It includes a narrative and a series of Appendices. The narrative provides summary information about the status of the program overall, and the Appendices display detailed information about grantees that received AFI funding at any time between FY 1999 and the end of FY 2004 (September 30, 2004)[6] and the individuals and families who are participating in each grantee's AFI Projects. The narrative is organized as follows:

Introduction highlights the framework of the report. It provides brief descriptions of each section and information on the data sources.

Section 1 gives an overview of the AFI Program, including the legislative requirements that shape key aspects of the design of each AFI Project.

Section 2 describes the grantee organizations that are administering AFI Projects. It describes the types of administrative arrangements the grantees use and summary information about the many nonfederal funders that are contributing to this work. It also includes details about the Individual Development Accounts (IDAs) offered, project staffing arrangements, and the various types of training and supportive services that grantees provide to their participants.

Section 3 includes information about project participants, that is, the individuals and families who have enrolled in an AFI Project and are saving their earned income in an IDA. It also features demographic information and a synopsis of participants' prior relationships with financial institutions such as banks and credit unions.

Section 4 provides information about several fiscal aspects of the AFI Program, including the status of the grantees' project accounting mechanism–the Project Reserve Account–and sources of required nonfederal cash funding for their AFI Projects. It also provides up-to-date information about participants' uses of their IDAs and outcomes of AFI participation: the amounts saved and withdrawn; the number and types of assets purchased; and the amounts of earned income that participants have deposited into their IDAs.

Section 5 gives details on the two special State AFI Projects in the States of Indiana and Pennsylvania, their distinctive features, and particular outcomes to date.

[6] This report does not include information about projects funded in FY 2005, as those grantee organizations were only beginning to implement their projects when data was collected for this report.

Section 6 describes the AFI Resource Center and 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 FY 2004. Nineteen tables highlight key aspects of each grantee and each AFI Project including, for example, the grant amount awarded for each project, participant demographic characteristics, amounts of Federal funds used and 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 Fall 2005. As required by the Assets for Independence Act, the grantee reports focus on several specific topics, as follows:

- Number and characteristics of AFI Accountholders;
- Balances and features of Project Reserve Accounts;
- Amounts of earned income participants have deposited into their AFI IDAs;
- Amounts withdrawn from AFI IDAs and the purposes for the withdrawals;
- Balances of all AFI IDAs that were open as of September 30, 2005;
- Savings account characteristics (i.e. required deposits and match rates); and
- Support services that grantees and their partners provide to participants.

Data Sources

The data each AFI grantee organization provided for this report is a “snapshot” of its AFI Project(s) as of the end of FY 2005. The information reported here is cumulative, as it is based on data about all AFI grants awarded through FY 2004 and all people who participated in the AFI Program from FY 1999 through the end of FY 2005.[7]

The grantees are required to provide cumulative data on all activities undertaken and results accomplished from the start of their grant through the end of each Fiscal Year. For this report, grantees that received funding in 1999 provided five years of data,[8] while those that received

[7] Unless otherwise noted, throughout this report when we refer to number or percentages as “projects that responded,” we are referring to the number or percentages of projects not grantee organizations. The unit of analysis is the AFI Project. Organizations that receive multiple grants are administering multiple AFI Projects and submitted data separately for each of their projects.

[8] Some organizations that received AFI grants in FY 1999 were scheduled for grant close out at the end of FY 2004. However, they applied for and received a one year no cost extension of their grant and project period. These grantees reported a sixth year of data for this report.

funding in 2004 provided only one year of data. Grantees that have received more than one AFI grant provided separate reports for each grant.

Table INTRO.1 shows the number of AFI grants awarded in each Fiscal Year and the response rate for each group of grantees. OCS received a total of 315 sets of project data, covering 99 percent of all AFI grants awarded (317) and representing 216 unique recipient organizations.

Table INTRO.1. AFI Grants Awarded and Data Responses Received for this Report

Year AFI Grants Awarded	Total Number of AFI Grants Awarded and Data Responses Received for this Report		
	Grants Awarded	Data Responses Received	Response Rate
1999	38	38	100%
2000	25	25	100%
2001	81	80	99%
2002	67	67	100%
2003	46	45	98%
2004	60	60	100%
Total	**317**	**315**	**99%**

Note: In addition, one cumulative data form was received from each of the two special State projects in Indiana and Pennsylvania. The data from those grants are described in Section 5.

Not every grantee provided all the data requested. Thus, in each table in this report, we note the number of projects that provided usable data for the particular analysis.

Program Evaluation

HHS is supporting a comprehensive national evaluation of the AFI Program, as required by the AFI Act. The evaluation is currently in progress, with initial findings expected at the end of 2006. Information being developed through the national evaluation includes, for example, detailed 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 is also producing information about the longer-term impact of AFI IDAs, financial education, and asset acquisition on project participants and their families. For this, it is focusing on core effects of IDA incentives and supports on savings behaviors; the savings rates of project participants; variations of savings among people with differing demographic characteristics and household sizes; and the economic, civic and psychological effects of asset accumulation.

1. Assets for Independence Program

This Section describes the Assets for Independence Program's core elements. It includes a program overview, information about the design of AFI Projects, and program requirements, many of which are based explicitly in the authorizing law.

Program Overview

Assets for Independence (AFI) is a multi-site, national program administered by the Office of Community Services (OCS) within the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS). Established by the Assets for Independence Act in Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (the "Act," Public Law 105-285), the program is developing knowledge about the extent to which asset-building projects that feature Individual Development Accounts (IDAs), financial education, and related asset-based strategies make a positive difference in helping low-income people move from dependency to self-sufficiency.

IDAs are bank accounts that enable low-income working persons to save a portion of their earned income and use their savings, along with matching public and private funds provided to them through their IDA, to acquire a substantial economic asset such as a first home, postsecondary education or training, investment in a new or existing small business or to support an IDA owned by a family member such as a spouse or dependent. Every dollar a project participant saves in an IDA and uses for such asset purchases is matched. The matching rate is determined by the administering grantee and may range from $1 for every $1 saved by the participant to a maximum of $8 for every $1 saved.

The Act authorizes OCS to administer grants and to implement an intensive program evaluation. OCS administers grants to nonprofit organizations (or State, local, or Tribal government agencies that partner with a nonprofit organization) to conduct five-year asset-building projects. The Office also oversees a national evaluation of the AFI Program that is developing knowledge about the process of administering these projects and the long-term effects IDAs have on project participants and their families.

Congress authorized $25 million per year for the program for FYs 1999-2003. It appropriated $10 million for each of FYs 1999 and 2000 and approximately $25 million for each of FYs 2001 through FY 2005.

As of the end of the reporting period for this update (the end of FY 2005), OCS had awarded $94,700,000 to 216 nonprofit organizations and State and local government agencies to administer 317 distinct AFI Projects. AFI Project grants have five-year grant periods in order to help participants complete their IDA savings and purchase an asset. Therefore, those initiated in FY 1999 were active through the end of FY 2004. Those that were initially funded in FY 2000 were active through FY 2005, and so forth. Grantees may apply for one-year, no-cost extensions of the project and grant period to enable them to continue their AFI Projects beyond the original five-year period.

Design of AFI Projects

The AFI grant amounts range from the maximum of $1,000,000, with an average grant of about $250,000. All projects are financed in part with an AFI grant and in part with cash support from nonfederal sources. The law requires all grantees to provide nonfederal funding in an amount at least equal to the AFI grant award, and grantees must deposit this nonfederal cash contribution into a special bank account called the Project Reserve Account before having access to the Federal grant funds.

OCS encourages grantee organizations to customize and design their projects to accommodate local needs and opportunities.

AFI grantees devote varying levels of effort to assist participants as they progress through each step in the process, which includes receiving financial education training, addressing credit and/or debt issues, saving earned income in an IDA over a number of months or years, receiving asset-specific training, and purchasing a long-term economic asset. (See Figure 1, which is a flow chart that illustrates the multi-step process that participants follow in a typical AFI Project.) The amount of energy, attention, assistance, and fiscal resources grantees expend on each participant depends on the participant's needs and the grantee's ability to address them with AFI Project funds or with additional funding or in-kind support provided by a partner organization.

Virtually all AFI Projects contain the following programmatic components:

- ***Partnerships with nonfederal funders*** that provide at least 50 percent of cash funds required for the overall program, 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 Account and participants' Individual Development Accounts;
- ***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 project policies and procedures;

Participant eligibility determination procedures to ascertain whether applicants meet the core Federal eligibility requirements and any additional criteria that are set by the grantee organization or by its nonfederal funders;

Participant savings plan agreements with each project participant. The agreements outline key program details and specific responsibilities of both the participant and the grantee, such as: the participant's savings goal, schedule for making savings deposits and timeframe for achieving the chosen goal; the participant's planned use of his IDA savings and match; the amount of IDA match funds the project will allocate to the participant's IDA; the required financial education activities that the participant will attend and the project will provide; any asset-specific training that the participant will receive; and general program requirements;

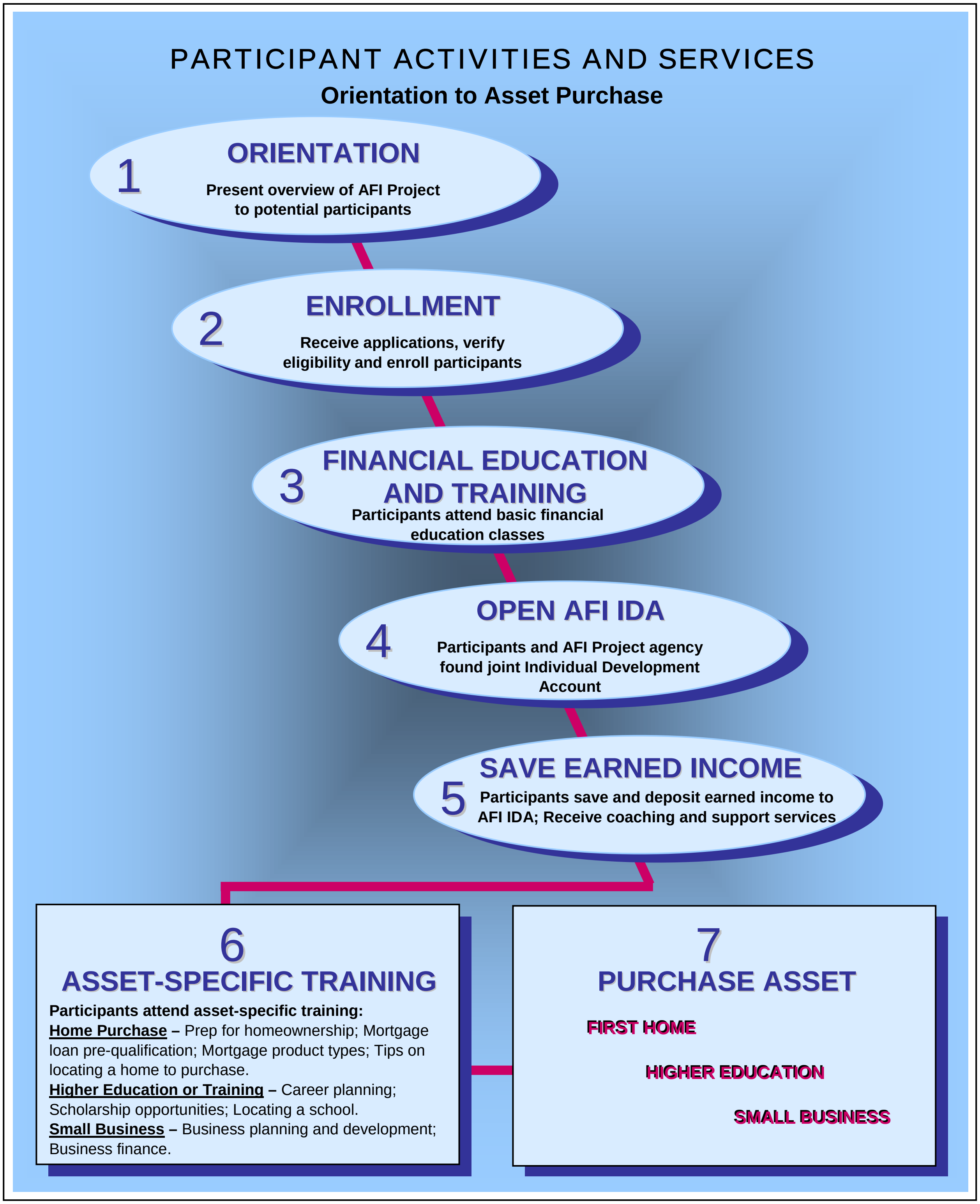
Financial education for all participants over a number of weeks, months, or years;

Asset-specific training for participants about the type of asset that the participant plans to purchase, such as homeownership training, entrepreneurial training or assistance, or academic career counseling for those pursuing postsecondary education;

Case management and coaching throughout the savings period, which may include numerous topics such as credit counseling, tax preparation, 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 submissions for AFI annual reports and the national evaluation of program processes, outcomes, and impacts.

Figure 1



Note: This Figure illustrates a participant's path in a generalized AFI Project. Individual projects may follow differing procedures. For example, some grantees require financial education before participants open the IDA, while other grantees allow participants to open the IDA and begin saving before or while receiving the education.

Program Requirements

The Assets for Independence Act has numerous requirements about project administration and eligibility. All grantees must administer their projects in keeping 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 annual household income below 200 percent of Federal poverty and if their household net worth is less than $10,000 (excluding the value of a primary dwelling and one motor vehicle);

Regular Deposits **–** Participants must regularly deposit earned income into their IDA;

Uses of IDA Balances **–** Participants may use their accumulated IDA savings plus the matching funds to purchase a first home,[9] capitalize or expand a small business, or purchase postsecondary education or training. They may also use their IDA resources to support a family member's purchase of any of the three assets. If participants withdraw earned income savings from their AFI IDA for purchases other than those allowed by the AFI Program, they forfeit their claim to any matching funds;

Participant IDA Match Rate **–** Grantees may establish IDA match rates for participant IDAs ranging from a minimum of $1 to a maximum of $8 in matching funds for each dollar of earned income the participant deposits and saves in his or her IDA;

Nonfederal Funds **–** AFI Project budgets must include nonfederal cash contributions in an amount at least as large as their AFI Project grant;

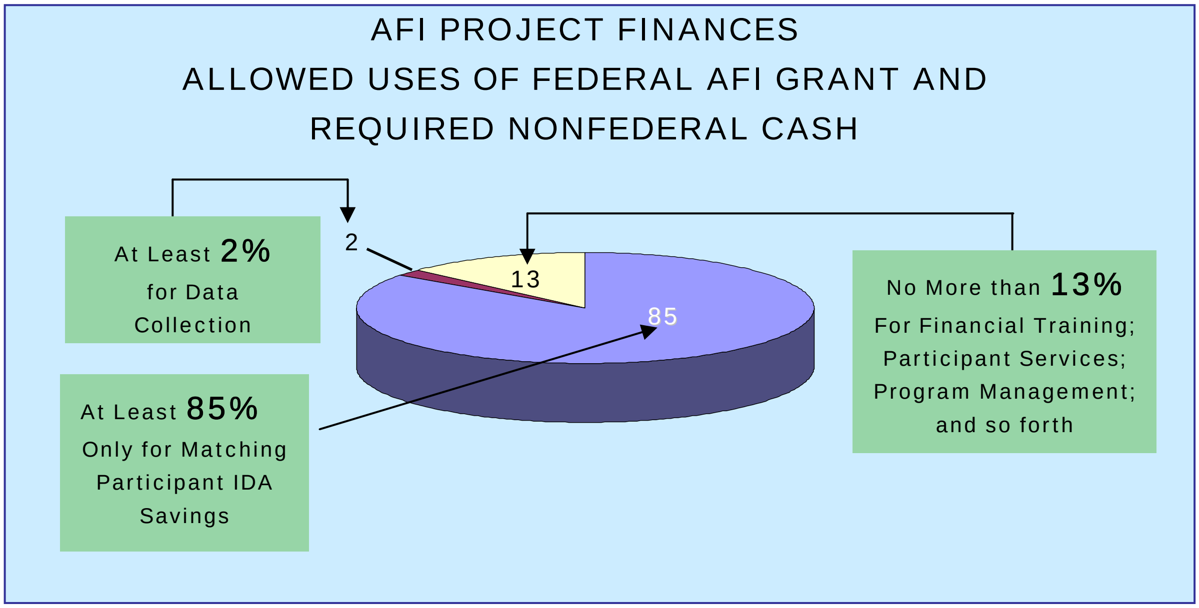
Project Reserve Account **–** Grantee organizations must maintain a special bank account called the Project Reserve Account to hold the Federal AFI grant and the required nonfederal funds. When the participants wish to use their IDA savings to make qualified purchases, grantees disperse from the Project Reserve Account the matching Federal and nonfederal funds directly to appropriate third parties, such as mortgage lenders, education institutions, or vendors for small business expenses. They also use a small amount of the Federal and nonfederal funds in the Project Reserve Account to support project activities, as described below; and

Uses of Federal Grant Funds and Required Nonfederal Funds **–** Grantees must allocate at least 85 percent of their combined total amount of their Federal grant funds and nonfederal cash contributions to match participant IDA savings. They may use no more than 13 percent of the Federal and corresponding nonfederal funds for all other

[9] Participants may qualify to purchase a home if they have not owned any part of a home for three years prior to when they use their AFI IDA resources to purchase a home.

activities, including, for example, program administration, participant outreach, financial education and credit counseling, asset-specific training, participant case work and coaching, and other services for participants. Finally, they must budget at least two percent of their grant funds and an equal amount of nonfederal resources for data collection and expenses related to the national program evaluation. Figure 2 illustrates these program rules.

Figure 2



This figure illustrates the requirements and allowable fund uses for an $300,000 AFI Project that will provide IDA services to 75 participants. The project budget includes a $150,000 Federal AFI grant and at least $150,000 in nonfederal cash support. The grantee is required to allocate its Federal grant funds plus all nonfederal cash over the five-year project period as follows:

- IDA Match Funds – At least $255,000 to match participants' IDA savings ($127,500 of the Federal grant plus $127,500 of the nonfederal cash).

- Data and Evaluation Costs – At least $6,000 for data collection ($3,000 of the Federal grant plus $3,000 of the nonfederal cash).

- Participant Training and Support and overall Project Administration – No more than $39,000 for general project administration and training and coaching 75 participants ($19,500 of the Federal grant plus $19,500 of the nonfederal cash).

To illustrate the requirements further, grantees may use no more than 7.5% for general project administration and no more than 5.5% for the participant training and support.

In this example, the grantee would use no more than $22,500 for administrative expenses ($11,250 from the Federal grant and $11,250 from nonfederal cash).

The grantee would have a maximum of $16,500 for training and coaching participants. This is approximately $44 per participant per year ($22 from the Federal grant and $22 from the nonfederal cash for each year in the five-year project period).

2. AFI Grants and Projects

This Section presents information about AFI grants OCS has awarded since the beginning of the program in FY 1999 through the end of FY 2004, the grantee organizations and agencies, and the projects they administer.

Grantee Organizations and Grant Amounts

OCS awards AFI grants to nonprofit organizations and to State, local or Tribal government agencies that partner with nonprofit groups. Other eligible organizations include low-income designated credit unions and Community Development Financial Institutions that are collaborating with a community anti-poverty organization.

The AFI grants are for five-year project periods, and they may be in an amount up to $1,000,000 for the period. The average grant amount is about $250,000. Grantees may request their AFI grant funds at anytime throughout the five-year grant period. They are not required to drawdown or access the funds in any specific timeframe.

Grantee organizations are required to provide nonfederal cash resources for their project in an amount at least as large as the AFI grant award. Before they access a portion of their AFI grant funds, they must deposit an equal amount of their nonfederal cash contribution into a bank account created for managing project resources called the Project Reserve Account.

In the AFI Program’s six years, OCS has awarded a total of $94,740,111 for 317 AFI Projects administered by 214 grantees and 2 special grants for State Projects in Indiana and Pennsylvania. The grantees are managing these 317 AFI Projects in 47 States and the District of Columbia. Appendix A is a comprehensive list of grantee organizations, including their grant amounts and the year(s) they received grants to support their asset-building projects.

As shown on Table 2.1, OCS has awarded varying numbers of competitive grants and amounts each year.

Table 2.1. Number of Grants and Dollar Amounts Awarded per Fiscal Year

Fiscal Year	Number of Grants Awarded	Dollar Amount of Grants Awarded
1999	38	$9,695,904
2000	25	$4,554,620
2001	81	$21,266,474
2002	67	$16,654,539
2003	46	$14,168,880
2004	60	$17,699,694
Special State Grants[10]	2	$10,706,944
Total	**317**	**$94,740,111**

Several grantee organizations are administering multiple AFI Projects and have received separate grants for each. Table 2.2 shows the original and additional amounts awarded to grantees, by the year they received their first grant. For example, approximately 48 percent of organizations that received grants in FY 2003 (22 of 46 grantees) have begun to administer additional AFI Projects and received other AFI grants to support those projects. Similarly, 40 percent that received grants in FY 2004 (24 of 60 grantees) were also administering projects funded with grants awarded previously.

The grants awarded to State agencies in the Indiana and Pennsylvania are used to support special State Projects that differ in significant ways from all other AFI Projects. Between FYs 1999 and 2004, OCS awarded $5.6 million for the Pennsylvania Family Savings Account program and $5.1 million for Indiana IDA Demonstration. Section Five offers more information about these projects.

[10] The number of special state grants (two) used in the table and throughout this report represents one grant each for the two Special State Projects in Indiana and Pennsylvania. However, HHS technically awarded and disbursed AFI funds to each State for FYs 1999 to 2004 via one grant awarded in FY 1999 with annual supplements awarded in FYs 2000 to 2004. To increase flexibility for the States, grants awarded in FY 2005 and subsequent years will be disbursed as separate grants, not as supplemental funds.

Table 2.2. Number of Grants, Grant Amounts, and Cumulative Amounts of AFI Funds Awarded FYs 1999 – 2004

Year Initial AFI Grant Awarded	End of FY 1999		End of FY 2000		End of FY 2001		End of FY 2002		End of FY 2003		End of FY 2004		Total 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	$828,930	4	$21,043,023
2000	--	--	$4,554,620	25	$2,777,794	8	$1,454,511	6	$297,058	3	$200,000	1	$9,283,983
2001	--	--	--	--	$14,246,851	60	$3,509,120	16	$1,747,999	10	$3,353,249	10	$22,857,219
2002	--	--	--	--	--	--	$6,693,972	32	$321,470	4	$1,716,880	6	$8,732,322
2003	--	--	--	--	--	--	--	--	$10,522,929	24	$1,129,740	3	$11,652,669
2004	--	--	--	--	--	--	--	--	--	--	$10,470,895	36	$10,470,895
Total	$9,695,904	38	$4,554,620	25	$21,266,474	81	$16,654,539	67	$14,168,880	46	$17,699,694	60	$84,040,111
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	$5,124,944
Pennsylvania	$930,000	1	$1,000,000	1	$1,000,000	1	$1,000,000	1	$826,000	1	$826,000	1	$5,582,000
Grand Total	**$11,555,904**	**40**	**$6,254,620**	**27**	**$22,761,418**	**83**	**$18,654,539**	**69**	**$15,994,880**	**48**	**$19,525,694**	**62**	**$94,747,055**

Administrative Arrangements[11]

Grantees that are running 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. Every grantee agency and organization works closely with one or more nonfederal funders that contribute cash and other financial and nonfinancial resources to supplement the AFI grant funds. They also work with financial institutions where the Project Reserve Account and participant IDAs are deposited. This section provides details about the administrative framework used by regular AFI grantees.

Single Agency and Network Projects

A total of 200 (63 percent) AFI Projects are operated by single organizations, without any formal subgrantee or subrecipient relationships with organizations. With this arrangement, the grantee organization takes full responsibility for enrolling participants, opening their IDAs with their financial institution partners, providing supportive services, and managing all Federal funds and nonfederal resources. These grantees often partner and collaborate with other agencies that provide particular services, such as training or data management.

The remaining 117 (37 percent) AFI Projects are operated by grantees that have formal subgrantee or 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, which is the "lead" agency responsible for administering the grant, and several partners. The number of partners ranges from one to 21, with an average of seven.

Many subrecipient and collaborating 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, home ownership assistance, case management, and other services for participants.

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[11] Unless otherwise noted, the discussions in the rest of this section of the report provide information about the Regular AFI Projects only. It does not include information about the special State projects in Indiana and Pennsylvania.

Figure 3

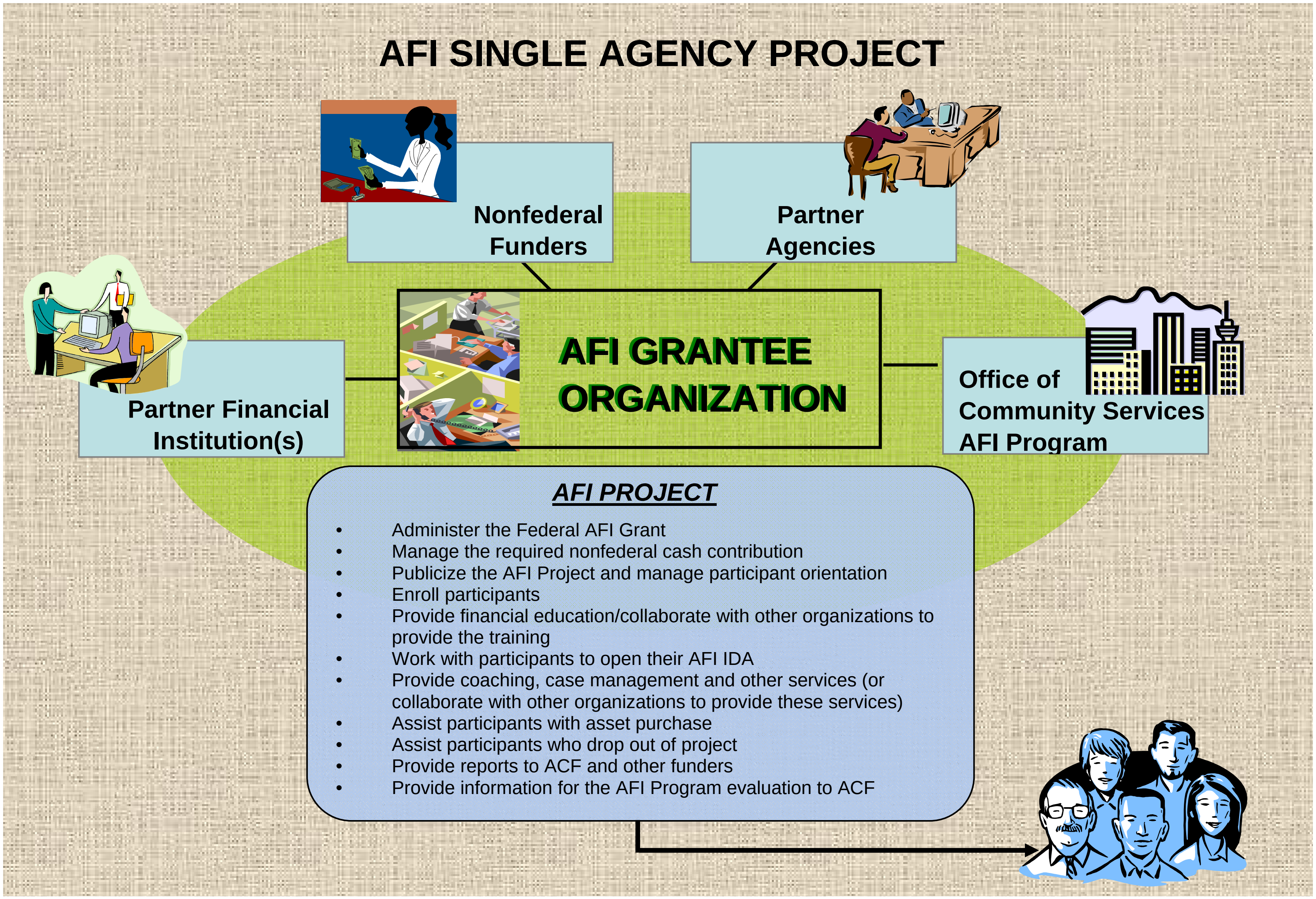
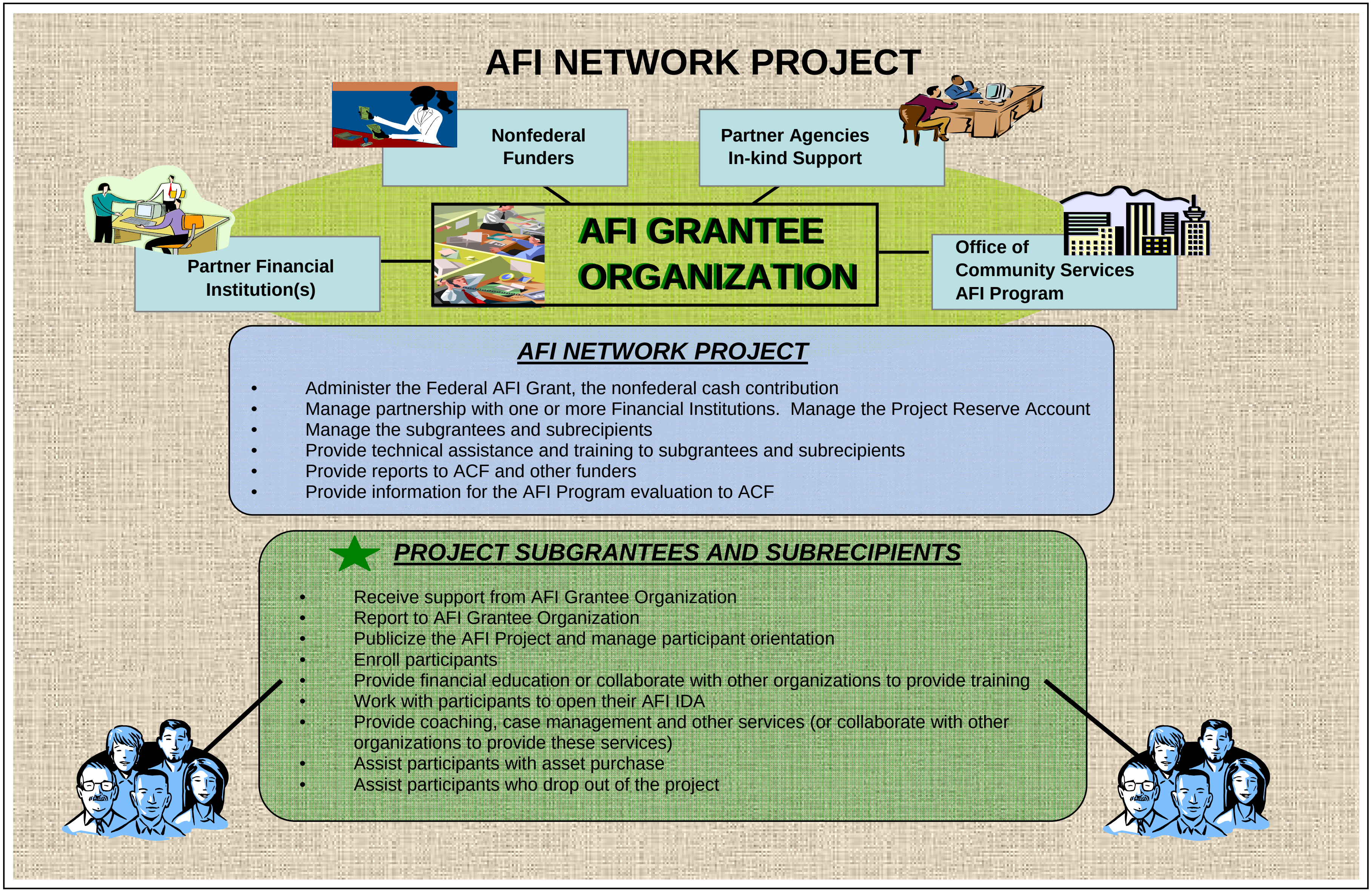

AFI SINGLE AGENCY PROJECT
Nonfederal Funders
Partner Agencies
Partner Financial Institution(s)
AFI GRANTEE ORGANIZATION
Office of Community Services AFI Program
AFI PROJECT
Administer the Federal AFI Grant
Manage the required nonfederal cash contribution
Publicize the AFI Project and manage participant orientation
Enroll participants
Provide financial education/collaborate with other organizations to provide the training
Work with participants to open their AFI IDA
Provide coaching, case management and other services (or collaborate with other organizations to provide these services)
Assist participants with asset purchase
Assist participants who drop out of project
Provide reports to ACF and other funders
Provide information for the AFI Program evaluation to ACF

Figure 4


AFI NETWORK PROJECT
Nonfederal Funders
Partner Agencies In-kind Support
Partner Financial Institution(s)
AFI GRANTEE ORGANIZATION
Office of Community Services AFI Program
AFI NETWORK PROJECT
• Administer the Federal AFI Grant, the nonfederal cash contribution
• Manage partnership with one or more Financial Institutions. Manage the Project Reserve Account
• Manage the subgrantees and subrecipients
• Provide technical assistance and training to subgrantees and subrecipients
• Provide reports to ACF and other funders
• Provide information for the AFI Program evaluation to ACF
PROJECT SUBGRANTEES AND SUBRECIPIENTS
• Receive support from AFI Grantee Organization
• Report to AFI Grantee Organization
• Publicize the AFI Project and manage participant orientation
• Enroll participants
• Provide financial education or collaborate with other organizations to provide training
• Work with participants to open their AFI IDA
• Provide coaching, case management and other services (or collaborate with other organizations to provide these services)
• Assist participants with asset purchase
• Assist participants who drop out of the project

The precise roles and responsibilities and level of direct participant involvement of the grantee or "lead" agency vary from network to network. As shown in Table 2.3, approximately 56 percent of AFI Network Projects have lead agencies that work directly with participants to open AFI IDAs. In the remaining 44 percent, the lead agency does not provide direct assistance to participants. Rather, they focus on overall project administration and rely on the partner organizations to recruit, enroll, and provide services to participants. Examples of AFI Network Project lead agencies are: United Ways of Southeastern Michigan; United Way of Greater St. Louis; YouthBuild USA; Illinois Association of Community Action Agencies; and Assemblies of God Financial Services.

Table 2.3 also shows other aspects of operating an AFI Network Project and the percentage of these projects where the lead agency shares the responsibility with other organizations. In 41 percent of AFI Network Projects, the lead agencies and the partners shared the task of raising nonfederal cash for the project. In nearly one third of the projects, the partner agencies worked with the grantee agency to maintain documentation and records. However, in only six percent of these projects, the partners assist the grantee agency in managing the Project Reserve Account.

Table 2.3. Shared Roles and Functions in AFI Network Projects

Major Function	AFI Network Projects in which Grantee Agency Shares the Function with Partners
Open IDAs with Participants	56%
Raise Nonfederal Cash for the Project	41%
Maintain Documentation and Records for Reporting and Evaluation Purposes	31%
Manage the Project Reserve Account	6%
Number of Grantees Reporting	*108*

Note: This table is based on information provided by 108 grantee organizations that are implementing AFI Network Projects with 714 partnering organizations.

Types of Grantees and Partners

As shown in Table 2.4, nearly half (48 percent) of all AFI grantees–whether managing a single agency project or a network project–are Community Action Agencies (CAAs) or Community Development Corporations (CDCs). Other grantee types include nonprofit human service organizations; Community Development Financial Institutions (CDFIs); credit unions; faith-based organizations; local United Ways; and State, local, or Tribal government agencies that are administering the project with nonprofit groups.

Table 2.4. Grantee Types

Type of AFI Grantee Organization	Percentage of Grantees at End of FY 2005
Community Action Agency	33%
Community Development Corporation	15%
Human Service Nonprofit	13%
Faith-Based Organization	7%
Community Development Financial Institution/ Credit Union	5%
Local United Way	6%
State, Local or Tribal Government Agency	4%
Microenterprise Development Organization	4%
Other	14%
Number of Grantees Reporting	*190*

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

The 108 AFI Network Projects have 714 subgrantee or subrecipient organizations that are implementing AFI IDA services for participants. Calculating the number of AFI grantees–both single-agency and network–and their subrecipients, there are well over 1,100 separate organizations across the nation currently providing AFI IDA services. These partner organizations include many of the same types of organizations that manage single-agency projects. Thirty-five percent are CAAs, 14 percent are CDCs, and 11 percent are nonprofit human services organizations.

Nonfederal Funding Sources

Organizations that are administering AFI Projects turn to a wide range of sources for financial support. All AFI grantees are required to have nonfederal cash resources at least equal to the amount of their Federal AFI grant funds to deposit into their Project Reserve Account. In addition, the grantees report that they often need even more funding and in-kind support for project administration costs such as staff salaries, facilities, financial literacy training 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; and human services agencies.

Grantees also turn to additional Federal government sources besides the AFI Program to support their projects. The sources include certain programs administered by the Department of Health and Human Services (such as the Community Services Block Grant)[12] and the Department of Housing and Urban Development (such as the Community Development Block Grant).[13]

The most common sources of funding, and whether the funds are used to match participant IDA savings or for project services and operating costs, are shown in Table 2.5.

Table 2.5. Sources of Nonfederal Funding for IDA Match and Project Operations

Type of Non-AFI Funder	AFI Projects that Have Received Funding	
	Funds for Matching Participant Savings	Funds for Project Operations
Businesses	18%	18%
Federal Home Loan Bank	9%	1%
Financial Institutions	54%	43%
Foundations	19%	20%
Individuals	16%	13%
Local Government Agencies/Local Housing Authorities	15%	14%
Local United Way Agencies	15%	21%
State Government Agencies	15%	16%
HHS (Community Services Block Grant)	--	18%
HUD (Community Development Block Grant and others)	10%	14%
Number of Projects Reporting	*291*	*291*

IDA Account Characteristics

Characteristics of AFI IDAs include qualified uses of IDA savings and matching funds; match rates; and range of match levels and deposit requirements.

Qualified Uses of IDA Savings and Matching Funds

The three AFI allowed types of asset goals are first-time homeownership, business capitalization, and postsecondary education or training. Participants may also have the option to transfer their IDA to a family member for purchase of one of the three allowed asset types. Grantees may allow participants to choose to use their AFI IDA resources for any of the asset goals. Table 2.6 shows the percentages of AFI Projects that allow each of the asset goals and transfer option. AFI grantees are becoming increasingly interested in the option to transfer an IDA to a family

[12] CSBG Federal funds may not be used as the source of nonfederal matching fund contribution for AFI Projects.
[13] CDBG Federal funds may be used as the source of nonfederal matching fund contribution for AFI Projects and other federal grant programs.

member or to make an allowable expense on behalf of a family member,[14] in particular as a tool for parents to use to support a dependent's education expenses.

Table 2.6. Qualified Uses of IDA Savings and Matching Funds

Qualified Use	AFI Projects Offering IDA Savings Goal
First-Time Homeownership	95%
Postsecondary Education	88%
Business Capitalization	85%
Transfers to Family Member	29%
Number of Projects Reporting	*291*

Match Rates

AFI allows grantees to provide IDA savings match rates ranging from $1 in match funds for each $1 of earned income saved ($1 to $1) to $8 in match for each $1 of earned income saved ($8 to $1). The most common match rate is $2 to $1. Table 2.7 shows the match rates grantees offer by allowable asset goals. Most AFI Projects offer a single match rate to all participants regardless of their asset goal, but some provide differing match rates depending on the participants characteristics or asset goal. This variation in match rate is especially prevalent among AFI Network Projects, where subrecipient sites may offer diverse match rates depending on the needs of their community and available nonfederal funds. This scenario is listed as "varied rates" in the table.

Table 2.7. Savings Match Rates Provided per Asset Goal

Savings Match Rate Provided	Asset Goal: Home Purchase	Asset Goal: Small Business	Asset Goal: Education
$1 to $1	5%	6%	8%
$2 to $1	55%	63%	60%
$2.5 to $1	<1%	<1%	<1%
$3 to $1	18%	14%	14%
$4 to $1	10%	7%	7%
$5 to $1	1%	1%	1%
$8 to $1	<1%	<1%	1%
Varied rates	9%	8%	9%
Number of Projects Reporting	*276*	*247*	*254*

[14] Spending one's IDA resources on a family member without transferring the IDA to that person is not currently an AFI allowable use.

Match Levels and Deposit Requirements

Table 2.8 provides details about participant AFI IDA savings and project matching fund characteristics. The AFI Act sets a maximum amount of Federal grant funds that may be provided as matching funds to any participant. Within this limit, grantees are allowed to establish the savings-to-match ratio–"the match rate"–for their participants' IDAs. Therefore, the amount of participant savings that will be matched varies from project to project. It ranges from a low of $200 to a high of $4,000; the average is $1,555. For many projects, the maximum varies with the participant's asset goal. For some AFI Network Projects, these factors vary by subgrantee or subrecipient.

Other features of AFI IDAs also vary among projects, as shown on Table 2.8, based on availability of funds, IDA savings match rate, participant characteristics, and so forth. Variables include the minimum initial or opening deposit; the number, amount, and schedule of regular deposits; and the number of missed deposits allowed. The minimum opening deposit amounts that AFI Projects require range from zero to $250, with an average of $25. The minimum monthly deposit required ranges from zero to $125, also with an average of $25. Over half (51 percent) of AFI Projects require minimum monthly deposits from $20 to $30. In addition, 30 projects have varying deposit requirements, depending on the participant's savings goal or other factors. Finally, the number of missed deposits that AFI Projects allow before terminating a participant ranges up to six, with an average of three.

Table 2.8. Savings and Match Characteristics

Savings and Match Characteristic	Mean	Range	Number of AFI Projects with Characteristics*
Maximum amount of IDA savings that can be matched	$1,555	$200 to $4,000	37
Minimum initial or opening deposit into the IDA	$25	$0 to $250	22
Minimum monthly deposit into the IDA	$25	$0 to $125	30
Number of deposits a participant may miss before being terminated from the project	3	0 to 6	31
Number of Projects Reporting	*251-269***		

* Grantees may allow their participants some flexibility in IDA savings and match requirements. This number does not include those projects that indicated a varying amount or number.

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

Project Staffing

AFI grantees and their subrecipients (in the case of AFI Network Projects) use an average of 1.77 Full-Time Equivalent (FTE) staff to manage their AFI Projects (approximately 71 Staff Hours/Week). This number of staff typically increases in proportion to the number of participants served. As can be seen in Table 2.9, grantees that have projects with fewer than 25 participants have on average about 0.69 FTE employees and 0.41 FTE volunteers. Grantees whose AFI Projects have 150 or more participants operate their project with an average of 3.04 FTE staff and 0.52 FTE volunteers. Grantees that are operating new projects prior to enrolling participants (as indicated in Table 2.9 as the row with "0" number of accountholders) required almost as much staff time as those with fewer than 25 participants (0.68 FTE employees as compared to 0.69 FTE employees), although newer projects tend to rely on more volunteer resources. In addition, grantees reported that Americorps volunteers provided more than 1,000 hours per week, on average. Appendix B provides detailed information about project staffing.

Table 2.9. 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	0.68	0.08	0.76
1 to 24	0.69	0.41	1.10
25 to 74	0.93	0.30	1.23
75 to 149	1.66	0.21	1.87
150 or more	3.04	0.52	3.56
Overall	**1.43**	**0.34**	**1.77**
Number of Projects Reporting	*281*	*281*	*281*

Notes: This table reflects the number of FTE staff for lead and partner agencies combined. Full time equivalent (FTE) is equal to 40 hours per week.

Training for Participants

All AFI Project grantees are required to provide participants training in general financial education. They may also offer participants additional training about the participant's intended asset goal.

Financial Education

AFI grantees ensure that project participants receive financial education classes. 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 have developed their own financial education curriculum, while most use or adapt curricula developed by other organizations, such as “Money Smart” distributed by the Federal Deposit Insurance Corporation.

The duration of the basic financial education that grantee organizations or their partners provide to AFI participants ranges from two hours to 32 hours; the average amount of required training is 12.5 hours. Over two thirds (69 percent) of all participants have completed the general financial education requirement thus far. Table 2.10 presents information on training types and requirements. Appendix C presents additional details about the financial education provided.

Asset-Specific Training

In addition to general financial education, many AFI Projects also require and provide specialized training that is specific to the participants’ savings and asset purchase goals. This training ensures that participants have information on how to purchase their desired asset and maintain it after the purchase.

Across all AFI Projects, roughly 46 percent of all participants saving for home ownership have received training provided by the AFI grantee organization or another source. The length of these courses ranged up to 48 hours, averaging 8.6 total hours per course. Two thirds (66 percent) of all participants saving for small business have received their asset-specific training. The length of these courses ranged up to 100 hours, averaging 13.3 total hours per course. Finally, over half (56 percent) of all participants saving for postsecondary education have received specific training for this asset. The duration of the courses or counseling required for this purpose ranged up to 100 hours, averaging 5.8 total hours.

Table 2.10 displays this information. Also see Appendix D, which lists the types of asset-specific training provided to participants by each AFI Project or their partner organizations.

Table 2.10. Participant Completion Rates of Required Training

Type of Training Required: General and Asset-Specific	Minimum Hours of Training the Grantee Requires	Maximum Hours of Training the Grantee Requires	Average Hours of Training the Grantee Requires (n)	Percent of Participants Who Have Received the Required Amount of Training (n)*
General Financial Education	2 hours	32 hours	12.5 hours (282)	69% (279)
Asset-Specific: Home Purchase	0 hours	48 hours	8.6 hours (275)	46% (233)
Asset Specific: Small Business	0 hours	100 hours	13.3 hours (245)	66% (239)
Asset-Specific: Education	0 hours	100 hours	5.8 hours (246)	56% (233)

* Among all accountholders in the case of general financial education and among those intending to use their IDA resources for the corresponding purpose for asset-specific training.

Other Support Services Offered for Participants

In addition to financial and asset-specific education, AFI Projects provide an array of support services to their participants independently or with their partner organizations. Many grantees are community-based human services organizations that routinely provide a variety of support services to their clients, including AFI Project participants. Some of these services are financial in nature, such as financial counseling, credit repair, and loans. Others are more general, such as employment support, child care, transportation, medical care, crisis management, mentoring, and peer support.

A total of 77 percent of AFI Projects provide financial counseling, and 75 percent provide credit counseling, repair and planning for participants. A smaller percentage offer services such as advanced financial education, loans, or cash assistance. Furthermore, approximately 50 percent offer general support services such as crisis management, peer support, mentoring, planning, and child care. A smaller percentage offer transportation, medical referrals, and other types of services. Table 2.11 provides this information.

Table 2.11. Services Provided to Participants

Type of Services Provided by AFI Projects	AFI Projects that Provided the Service at any time from FY 1999 to FY 2005
Financial Information and Intervention Services	
Counseling	77%
Credit Repair	75%
Loans	37%
Advanced Financial Education	35%
Cash	20%
Other	7%
General Support Services	
Crisis Management	53%
Employment Support	52%
Structured Planning Exercises	51%
Peer Support	50%
Mentoring	49%
Child care	48%
Transportation	36%
Medical (treatment referrals)	15%
Other	9%
Number of Projects Reporting	*291*

Some types of services, such as financial counseling services, are more likely to be offered by the grantee directly, rather than through a subgrantee or partner organization. This is also true of cash aid, peer support, and structured planning exercises. Many grantees use a combination of service delivery methods, often providing services in-house, as well as through other partner agencies. Table 2.12 illustrates the percentage of grantees that use each delivery mechanism by type of service.

Table 2.12. Services Provided by Grantees and Other Agencies

Type of Services Provided to AFI Participants	Grantees that Provide the Services In House	Grantees Whose Participants Receive Services from Other Agencies
Financial Information and Intervention Services		
Counseling	83%	56%
Credit Repair	69%	70%
Advanced Financial Education	70%	66%
Loans	66%	64%
Cash	77%	56%
Other	74%	74%
General Support Services		
Employment Support	68%	75%
Crisis Management	75%	66%
Peer Support	84%	49%
Child Care	65%	66%
Structured Planning Exercises	80%	52%
Transportation	69%	60%
Medical (treatment referrals)	31%	84%
Mentoring	74%	64%
Other	76%	68%
Number of Projects Reporting	*291*	

Notes: These two service delivery categories 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. Percentages shown are based on those who cited offering the services, not the full 291 projects reporting on the question.

3. Project Participants

The Assets for Independence Act imposes a number of parameters within which all regular AFI Projects must be administered. Among the most important is participant eligibility. The law allows grantees to enroll only low-income individuals who have earned income. 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 annual household income below 200 percent of Federal poverty and if their household net worth is less than $10,000 (excluding the value of a primary dwelling and one motor vehicle).

This section provides cumulative information about all individuals who have been participants in regular AFI Projects (not special State Projects) since 1999. It provides information about the participants' demographic characteristics and their previous relations with financial institutions.

Number of Accountholders

Participants in regular AFI Projects have opened a total of 28,570 AFI IDAs.[15] This represents an increase of 7,532 (36 percent) of the number of accounts in regular Projects opened as of one year previously. Table 3.1 provides year-by-year, program-wide trends on this data element. Appendix E provides project-by-project information about the number of accounts opened.

Table 3.1. Number of IDAs Opened by Participants in Regular AFI Projects

Year AFI Project Grant Awarded	Cumulative Number of IDAs Opened			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
1999	4,722	6,110	7,576	8,081
2000	1,373	1,955	2,827	3,512
2001	1,718	3,255	6,425	8,825
2002	--	932	3,153	4,467
2003	--	--	1,057	2,213
2004	--	--	--	1,472
Total	**7,813**	**12,252**	**21,038**	**28,570**
Number of Projects Reporting	*117*	*169*	*231*	*290*

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

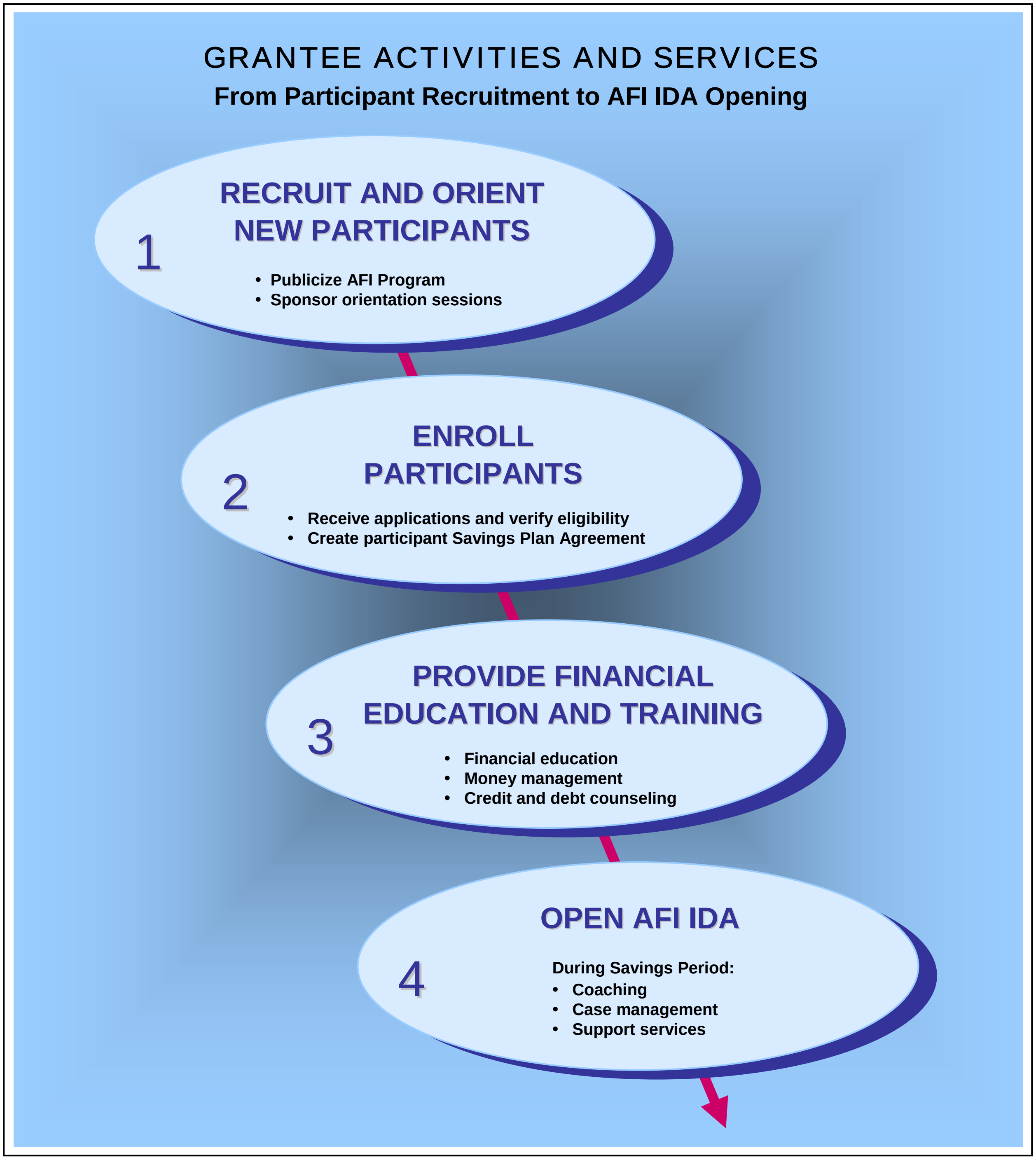
[15] This number does not include the 5,888 participants in the two special State Projects that have opened IDAs. The total number of IDAs opened by participants in Regular AFI Projects and the special State Projects is 34,458.

Path from Recruitment/Orientation to Account Opening

The typical project includes four steps to opening an IDA. First, grantees publicize the AFI Program and recruit participants. Prospective participants attend an orientation session about the program to learn about the benefits of saving regularly and strategies that can help them save. Second, they submit an application for participation, including proof of eligibility. Next, those determined to be eligible for the program enroll and create a savings plan agreement. Finally, they attend financial education courses and open their IDA, meanwhile receiving coaching, case management, and other support services from the AFI grantee. Figure 5 shows the path from orientation to account opening.

In addition to those participants who actually successfully complete an IDA, more families and individuals participate in, and benefit from, AFI Projects' services. Some individuals participate in only some aspects of the AFI Project, but do not progress through every stage of participation or ultimately achieve their savings goal and make an asset purchase. For example, some may attend an orientation session; enroll and receive services, such as financial training, financial and debt counseling, and savings coaching; and/or start to save earned income regularly for a time in an IDA; or achieve their goal of purchasing a long-term asset.

Figure 5



Note: This Figure illustrates a generalized AFI Project. Individual projects may follow differing procedures. One area that may differ from project to project is the order in which participants receive financial education and training and open their IDA. While some grantees require the training before the participant is allowed to open the IDA, other grantees allow the participant to open the IDA and begin saving before or while simultaneously receiving financial education.

For this report, 245 regular AFI Program grantee organizations provided detailed information about the numbers of individuals involved in each successive step of the process. Those grantees reported that almost 86,000 individuals have attended an orientation session to learn more about their AFI Projects. Of those, 40 percent (34,556) submitted an application to participate. Among the applicants, 73 percent (25,147) enrolled. Among those who enrolled, 92 percent (23,215) eventually opened an AFI IDA. Table 3.2 displays this information.

Table 3.2. AFI Project Activities Attendance

AFI Project Activity	Number of Individuals
Attended information session	85,716
Submitted an application	34,556
Enrolled in project	25,147
Opened an AFI IDA	23,215
Number of Projects Reporting	*245*

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

Characteristics of Participant Accountholders

This section provides demographic information about participants who have actually opened AFI IDAs. These characteristics are based on the cumulative number of IDAs that have been opened since the AFI Program began in FY 1999. Each table reflects the status of all AFI participants that have enrolled since FY 1999 as of the end of each of Fiscal Years 2002 through 2005, or from 2004 to 2005 in some instances where the data question was new or different than previous years. The tabulations also include information about participants who have closed their AFI IDA, either because they reached their savings goal, received their IDA match funds, and purchased an asset, or because they used their savings for another purpose and subsequently dropped out of the project without receiving their IDA matching funds.

Please note that, due to rounding, amounts presented in some of the following charts do not add up to 100 percent. Each table notes the number of AFI Projects that provided data for the demographic characteristic.

Gender

As of the end of FY 2005, the total cumulative statistics show that more than three fourths of all accountholders (76 percent) are female and 24 percent are male. Table 3.3 displays summary information about the gender of accountholders. Looking at the figures over the past four years, the predominant number of participants is female, but the portion of male participants is increasing each year. Appendix F provides additional details.

Table 3.3. Gender of Accountholders

Gender	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
Female	81%	78%	78%	76%
Male	19%	22%	22%	24%
Number of Projects Reporting	*113*	*161*	*231*	*273*

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

Race/Ethnicity

African Americans have opened close to one half (45 percent) of all AFI IDAs since the beginning of the program. Caucasians have opened about one quarter (27 percent) of IDAs. The percentage of accounts opened by Hispanics has increased over the past four years, accounting for approximately 17 percent of all AFI IDAs. A combined total of 11 percent have been opened by Asian Americans, Pacific Islanders, Native Americans, and those of other ethnicities. Table 3.4 summarizes the racial and ethnic distribution of accountholders. See Appendix G for project-by-project information on this topic.

Table 3.4. Race/Ethnicity of Accountholders

Racial or Ethnic Group	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
African American	48%	47%	46%	45%
Caucasian	33%	32%	28%	27%
Hispanic	13%	14%	16%	17%
Asian/Pacific Islander	3%	3%	6%	4%
Native American	2%	2%	1%	2%
Other	2%	3%	3%	5%
Number of Projects Reporting	*113*	*160*	*234*	*270*

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

Marital Status

Table 3.5 summarizes the distribution of marital status of participants who have ever opened an AFI IDA. Fifty-four percent of participants who opened an IDA had never been married when they enrolled in the AFI Program. More than three quarters (76 percent) were separated, divorced, widowed, or never married when they enrolled. Approximately 24 percent were married when they enrolled. These percentages have remained relatively constant over the four years for which data are available. Appendix H provides project-level data on this topic.

Table 3.5. Marital Status of Accountholders at Time of Enrollment

Marital Status	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
Single, Never Married	55%	53%	54%	54%
Married	22%	23%	23%	24%
Divorced	15%	17%	16%	15%
Separated	7%	6%	6%	6%
Widowed	1%	1%	1%	1%
Number of Projects Reporting	*113*	*158*	*232*	*264*

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

Household Composition

There are two elements of household composition: the number of adults (Table 3.6) and the number of children (Table 3.7). As of the end of FY 2005, the majority (59 percent) of all participants who had ever opened an AFI IDA have been from households with only one adult (including the accountholder); 32 percent were from households with two adult members; and very few accountholders (less than 10 percent) have been from households with three or more adults. These ratios have not changed significantly over the past two years. See Appendix I for project-by-project data about this topic.

Table 3.6. Number of Adults in Household at Time of Enrollment[16]

Number of Adult Household Members	Percentage of Participants Who Had Opened an AFI IDA	
	End of FY 2004	End of FY 2005
1	60%	59%
2	31%	32%
3	6%	6%
4 or more	3%	3%
Number of Projects Reporting	*227*	*257*

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

Table 3.7 shows the distribution of the number of children per household of AFI Accountholders. A total of 78 percent of accountholders are from households with at least one child. AFI accountholder households are distributed among those with no children, one child, two children, three children, or four or more children. These data elements have remained relatively constant over the last two years. Appendix J provides more information on this data element.

[16] Only two years of data are shown because the question was changed after the FY 2003 data were collected.

Table 3.7. Number of Children in Household at Time of Enrollment[17]

Number of Children in Household	Percentage of Participants Who Had Opened an AFI IDA	
	End of FY 2004	End of FY 2005
0	21%	22%
1	27%	27%
2	27%	27%
3	16%	15%
4 or more	10%	9%
Number of Projects Reporting	*228*	*253*

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

Household Income

The AFI Program is designed to support low-income individuals and families, as is evident from the project eligibility criteria. As demonstrated in Table 3.8, almost half (48 percent) of all individuals who have ever opened an AFI IDA as of the end of FY 2005 had a household income between 150 and 200 percent of the Federal poverty line[18] when they enrolled. One quarter (25 percent) reported that their income was between the poverty line and 150 percent of it,[19] and slightly more than a quarter (27 percent) reported that they were living in poverty with an income less than the Federal poverty amount.[20]

Over the course of the program, the proportion of participant accountholders has shifted gradually from very low-income families to individuals and families with slightly higher incomes, though still well within the AFI income eligibility requirements. As of the end of FY 2002, about 36 percent of accountholders had reported incomes above 150 percent of poverty; at the end of FY 2003, that number was about 40 percent. The more recent data show that 48 percent of all accountholders reported incomes in this category. By contrast, the total percentage of accountholders who reported below-poverty household incomes when they first enrolled has fallen nearly 8 percent (from 35% to 27%) between FY 2002 and FY 2005.

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[17] Only two years of data are shown because the question was changed after the FY 2003 data were collected.

[18] The Federal Poverty guideline is adjusted annually, and the guidelines include varying amounts depending on household size. For Federal Fiscal Year 2005, for example, the range between 150 and 200 percent of poverty was $14,355 to $19,140 for an individual and $24,135 to $32,180 for a household of three people. Participant eligibility is based on the participant’s household income and Federal poverty level in effect on the date the person applies to participate in an AFI Project.

[19] For Federal Fiscal Year 2005, the range between poverty and 150 percent of poverty was $9,570 to $14,355 for an individual and $16,090 to $24,135 for a household of three people.

[20] For Federal Fiscal Year 2005, the poverty line was $9,570 for an individual and $16,090 for a household of three people.

The table displays information about household income of accountholders at time of enrollment at the end of FYs 2002 through 2005. Appendix K provides project-by-project details about this issue.

Table 3.8. Household Income at Time of Enrollment

Household Income Range	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
Below Poverty	35%	30%	22%	27%
100-150% of Poverty	29%	30%	29%	25%
151-200% of Poverty	36%	40%	48%	40%
More than 200% of Poverty	NA	NA	NA	8%*
Number of Projects Reporting	*104*	*150*	*222*	*245*

Note: This table does not include information about special State projects in Indiana and Pennsylvania.
* This number represents participants whose earned household income was below 200% of poverty, but whose overall income was higher due to receipt of federal EITC.

Residence Area

As of the end of FY 2005, 80 percent of people who ever participated in any AFI Project lived in urban areas (major and minor) when they enrolled. An estimated 20 percent lived in rural or remote areas. (See Table 3.9). This has remained constant over the past two years. Appendix L presents project-by-project data on this characteristic.

Table 3.9. Residence Area of Accountholders at Time of Enrollment[21]

Residence Area	Percentage of Participants Who Had Opened an AFI IDA	
	End of FY 2004	End of FY 2005
Major Urban Area	45%	43%
Minor Urban Area	36%	37%
Rural or Remote Area	19%	20%
Number of Projects Reporting	*230*	*268*

Note: 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" encompasses areas not covered in "Major Urban Area" and "Minor Urban Area."

[21] Only two years of data are shown because the question was changed after the FY 2003 data were collected.

Education Credentials

The educational status of AFI Project participants at time of enrollment has been diverse each year of AFI, as can be seen in Table 3.10. Our most recent data indicate that the vast majority (86 percent) of individuals who have ever enrolled in an AFI Project have had high school or postsecondary education, with more than half (53 percent) having obtained education beyond the high school level. About one third (31 percent) have obtained some college education, and more than one fifth (22 percent) had already completed an associate's or bachelor's degree or more education when they enrolled in the project. The data indicate a consistent distribution in the educational background of project participants from year to year. Project-level details are displayed in Appendix M.

Table 3.10. Education Credentials of Accountholders at Time of Enrollment

Education Credential	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
No High School Diploma	12%	13%	15%	15%
High School Diploma/Vocational School Certificate	34%	29%	29%	33%
Some College	35%	35%	34%	31%
Associate's Degree	8%	10%	8%	9%
Bachelor's Degree or Higher	12%	13%	14%	13%
Number of Projects Reporting	*113*	*157*	*228*	*258*

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

Age

Slightly more than one third (37 percent) of participants who have ever opened an AFI IDA were between 30 to 39 years of age at enrollment, with roughly equal portions in their 20s or their 40s, 26 percent and 24 percent respectively. Nine percent were 50 years or older. Less than four percent of participants were ages 19 or younger when they enrolled. Table 3.11 shows summary information about participant age for the past two years,[22] during which the data have been almost constant. Appendix Table N presents details on this topic.

[22] Only two years of data are shown because the question was changed after the FY 2003 data were collected.

Table 3.11. Age of Accountholders at Time of Enrollment

Age Range	Percentage of Participants Who Had Opened an AFI IDA	
	End of FY 2004	End of FY 2005
19 and younger	3%	4%
20 - 29 years	26%	26%
30 - 39 years	37%	37%
40 - 49 years	24%	24%
50 years or older	9%	9%
Number of Projects Reporting	*233*	*266*

Employment Status

Almost 90 percent of all participants who opened AFI IDAs have been employed either full-time or part-time when they enrolled. The majority (65 percent) has been employed full-time, and another 24 percent were employed part-time. A very small number have been either unemployed (4 percent) or retired (less than 1 percent) when they enrolled. Those who had no income when they enrolled obtained jobs in order to have earned income for deposit into their AFI IDAs. This data element has remained relatively constant, with slightly more enrollees reporting that they were employed only part-time, and fewer reporting that they were full-time students. Table 3.12 shows these statistics.[23] Appendix Table O provides details about each project's participants.

Table 3.12. Employment Status of Accountholders at Time of Enrollment

Employment Status	Percentage of Participants Who Had Opened an AFI IDA	
	End of FY 2004	End of FY 2005
Employed Full Time	64%	65%
Employed Part Time	20%	24%
Unemployed	3%	4%
Student	8%	5%
Retired	1%	<1%
Other	3%	2%
Number of Projects Reporting	*232*	*266*

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

[23] Only two years of data are shown because the question was changed after the FY 2003 data were collected.

Accountholder Prior Banking Relationships

Prior Checking or Savings Accounts

The AFI IDA has been the first savings or checking account ever owned by many participants. As shown in Table 3.13, only about half of all participants have used a savings account before they enrolled in the AFI Project. Similarly, only about 65 percent ever had a checking account prior to enrolling. The percentage of participants with either type of prior account ownership has increased only marginally since FY 2002.

Table 3.13. Accountholder Prior Banking Relationships

Type of Banking Relationship	Percentage of Participants Who Had Opened an AFI IDA			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
With a savings account prior to enrollment (n)	49% (79)	48% (128)	50% (198)	51% (210)
With a checking account prior to enrollment (n)	61% (79)	64% (129)	65% (199)	65% (212)
Using paycheck direct deposit (n)	13% (64)	13% (95)	12% (139)	9% (190)
Using automatic allotment/deposit for their IDA(n)	5% (70)	6% (104)	10% (163)	9% (192)

Notes: This table does not include information about special State projects in Indiana and Pennsylvania.
In this table, the (n) is the number of grants for which data was submitted.

History of Using Paycheck Direct Deposit at Time of Enrollment

As of the end of FY 2005, only very few (9 percent) of all AFI accountholders ever used direct deposit of paychecks prior to enrolling in the AFI Project. This information is shown in Table 3.13.

History of Using Automatic Allotment/Deposit Procedures at Time of Enrollment

Similarly, only a small share of the cumulative number of AFI accountholders (9 percent) had ever used automatic banking procedures, such as automatic transfers from other bank accounts or deposit of part of their paychecks directly into their IDAs, prior to enrollment. Many projects do not collect information on this topic, as it is not part of the enrollment process. Table 3.13 also provides more details about this item.

4. AFI Project Financial Management

The AFI Program requires grantees to follow specific procedures and standards for managing Federal AFI grant funds and nonfederal resources. It also imposes rules for administering participants' IDAs. This section provides detailed information about these core financial management requirements.

The grantees must establish a special bank account called the Project Reserve Account. They must deposit all Federal AFI grant funds and the corresponding nonfederal cash resources into the Project Reserve Account, and manage these funds according to specific rules. In addition, grantees must also track and account for all earned income participants deposits into and withdraw from their IDAs.

AFI Federal Grant Funds Drawn Down

A subset of grantees that are administering 289 AFI Projects provided complete information about their uses of Federal grant funds. As of the end of FY 2005, they reported that they had accessed or drawn down a cumulative total of $34,726,445 of their Federal AFI grant funds and deposited it into their Project Reserve Accounts. Table 4.1 displays this information, and Appendix P lists the details for each project.

As shown by the amounts of AFI Federal funds drawn down at the end of each of the past four Federal Fiscal Years in Table 4.1, it is clear that grantees are making progress toward drawing down their full Federal AFI grant amounts. For example, the grantees that received AFI awards in FY 1999 had drawn down 60 percent of their AFI grant funds by the end of 2002 and 82 percent by the end of FY 2005. The organizations that received AFI grants in FY 2000 had drawn down 61 percent of their grants through the end of FY 2002, and 72 percent of their grants by the end of FY 2005. The grantees that received AFI awards in FY 2004 had drawn down 19 percent of their grants in their first year of operations.

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

Grant Year	End of FY 2002		End of FY 2003		End of FY 2004		End of FY 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
1999	$4,629,299	60%	$5,340,677	69%	$7,191,314	85%	$7,569,283	82%
2000	$2,491,396	61%	$2,937,916	72%	$2,901,141	75%	$3,051,944	72%
2001	$3,739,565	25%	$6,203,421	43%	$8,361,854	45%	$10,079,241	60%
2002	--	--	$2,238,183	18%	$5,951,861	40%	$6,310,947	39%
2003	--	--	--	--	$2,648,088	23%	$4,422,614	35%
2004	--	--	--	--	--	--	$3,292,416	19%
Total	**$10,860,260**	**40%**	**$14,482,014**	**43%**	**$27,054,259**	**47%**	**$34,726,445**	**45%**
Number of Projects Reporting	*118*		*171*		*226*		*289*	

Note: Slight changes in the percentages reflect corrections and adjustments provided by AFI Projects to their financial information in the FY 2005 reports. This table does not include information about special State projects in Indiana and Pennsylvania.

The percentage of Federal grant funds drawn down and their draw down rate, vary significantly from grantee to grantee. As shown in Table 4.2, 42 percent of all AFI Projects had drawn down at least 75 percent of their total Federal AFI award by the end of FY 2005, and 23 percent had not drawn down any as of the end of FY 2005. As indicated in the table, the trend over the four years for which there is data is that a higher percentage of AFI Projects is actively drawing down funds, though a significant proportion continues to draw the Federal grant funds somewhat slowly.

The pattern of drawing down Federal AFI grant funds is affected by a number of factors. AFI grants have five-year project and grant periods. They may draw the funds in any size increments as needed over the five-year period. They may, for example, draw down the entire amount early in the project period. Alternatively, they may draw the funds at intervals throughout their project. Or, finally, it is possible that they would draw down their Federal grant award at the end of their project period.

An important factor in the timing and rate of any particular grantee's draw down is the grantee's ability to access the required nonfederal cash contribution. In keeping with program requirements, grantees may have access to and draw down Federal grant funds only to the extent that they have already obtained and deposited into their Project Reserve Account at least an equal amount of nonfederal cash resources.

Table 4.2. Percentage of Federal AFI Grant Drawn Down

Percentage of Project Grant Amount Drawn Down	Percentage of All AFI Projects			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
0%	22%	23%	20%	23%
0 – 24.9%	17%	14%	11%	9%
25 – 49.9%	14%	15%	14%	12%
50 – 74.9%	15%	13%	13%	13%
75 – 100%	30%	34%	43%	42%
Number of Projects Reporting	*118*	*171*	*218*	*289*

Notes: This table shows the percentage of grant funds drawn down by all grantees as of the end of each listed Fiscal Year. For example, it shows that as of FY 2002, 30 percent of all grantees had drawn down at least 75 percent of their grant funds. Similarly, as of FY 2005 – 42 percent had drawn down at least that portion of their grant funds. This table does not include information about special State projects in Indiana and Pennsylvania.

Amounts Deposited of Nonfederal Funds

Table 4.3 shows that the reporting AFI grantees have deposited $39,723,187 of nonfederal funds into their Project Reserve Accounts as of the end of FY 2005. This represents a substantial increase from the cumulative amount deposited over the past year. This amount is 49 percent of nonfederal funds pledged by grantees when they applied for AFI Program funding. This amount is the total for all regular grantees, including those that have been implementing projects for five or more years as well as those that are in their first year of implementation.

Grantees also continued to succeed at leveraging the Federal grant funds to obtain additional funds beyond the required nonfederal amount. As seen by comparing Tables 4.1 and 4.3, the grantees' deposits of nonfederal resources ($39,723,187) into their Project Reserve Accounts well exceed the amounts of Federal funds drawn down and deposited ($34,726,445). By the end of FY 2005, nonfederal deposits are about 14 percent higher than the Federal funds drawn down and deposited into those accounts. Appendix P provides more details about the amounts deposited by each grantee into the Project Reserve Account.

Amounts Deposited in Participant IDAs

A total of 28,570 individuals and families have opened an AFI IDA account as part of a regular AFI Project. These participants have deposited a total of $21,593,890 of earned income into their accounts. They have deposited an average amount of $756. See Table 4.4.

As shown on Table 4.4, the average cumulative participant savings increased substantially–by 49 percent–over the past four fiscal years. It increased from $508 at the end of FY 2002 and $592 at the end of FY 2003, to $697 at the end of FY 2004, and to $756 at the end of FY 2005.

Table 4.3. Nonfederal Amounts in Project Reserve Accounts

Grant Year	End of FY 2002		End of FY 2003		End of FY 2004		End of FY 2005	
	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting	Amount	Number of Projects Reporting
1999	$5,739,964	32	$6,483,196	32	$8,447,022	34	$8,820,287	36
2000	$2,807,466	21	$3,248,745	21	$2,941,225	19	$3,307,604	21
2001	$4,501,464	65	$7,100,748	64	$10,509,894	73	$12,320,986	72
2002	--	--	$3,111,691	55	$5,340,885	55	$6,959,426	59
2003	--	--	--	--	$3,121,594	42	$4,417,840	43
2004	--	--	--	--	--	--	$3,897,044	58
Total	**$13,048,894**	**118**	**$19,944,380**	**172**	**$30,360,620**	**223**	**$39,723,187**	**289**

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

Table 4.4. Cumulative Number of IDAs Ever Opened and Amounts of Earned Income Ever Deposited

Grant Year	End of FY 2002			End of FY 2003			End of FY 2004			End of FY 2005		
	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	4,722	$2,728,905	$578	6,110	$4,302,168	$704	7,576	$6,759,926	$892	8,081	$8,266,575	$1,023
2000	1,373	$624,282	$455	1,955	$1,081,745	$553	2,827	$1,636,919	$619	3,512	$2,323,726	$662
2001	1,718	$618,869	$360	3,255	$1,603,255	$493	6,427	$4,289,602	$667	8,825	$6,271,767	$711
2002	--	--	--	932	$240,437	$271	3,153	$1,566,549	$494	4,467	$2,851,803	$638
2003	--	--	--	--	--	--	1,057	$303,120	$287	2,213	$1,208,691	$546
2004	--	--	--	--	--	--	--	--	--	1,472	$671,328	$456
Total	**7,813**	**$3,972,055**	**$508**	**12,252**	**$7,227,605**	**$592**	**21,038**	**$14,556,117**	**$697**	**28,570**	**$21,593,890**	**$756**
Number of Projects Reporting	*117*	*110*	*92*	*169*	*156*	*139*	*231*	*222*	*192*	*290*	*290*	*290*

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

As shown on Table 4.5, the average amount of participant savings has grown over time. For 26 percent of regular AFI Projects, the average savings was less than $400 per account, and for 54 percent of the AFI Projects, the average was more than $600. Only 12 months earlier, the average amount of participant IDA savings was less than $400 per account for 34 percent of projects, and the average was more than $600 for only 41 percent. Appendix Q provides detailed information about cumulative accountholder savings deposits by project. Overall, amounts have increased over all four years.

Table 4.5. Average Participant IDA Savings Balances

Average Participant IDA Savings Balances	Percentage of AFI Projects			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
$0-$199	18%	17%	13%	7%
$200-$399	29%	24%	21%	19%
$400-$599	25%	24%	25%	19%
$600-$799	14%	11%	16%	19%
$800 or more	13%	23%	26%	35%
Number of Projects Reporting	*92*	*139*	*199*	*249*

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

Purposes for and Amounts of IDA Withdrawals

The AFI Act imposes strict guidelines concerning participants' uses of their AFI IDA savings and matching funds. Participants are expected to make regular deposits of earned income into their IDAs, and they are allowed to access those funds only for particular asset purchase or expenses and in certain circumstances. Grantees enable participants to use their IDA savings for the purchase of any of three allowed assets, as required by the AFI Act and program rules: first home, a small business, or postsecondary education. Grantees may also allow their participants to transfer their IDA savings to an IDA owned by a family member to be used for the same purposes. Participants who use their savings for any of these purposes have the benefit of receiving IDA matching funds. Additionally, participants may withdraw their savings to cover certain emergency needs, but will not receive any IDA matching funds if they do so. Finally, a participant who withdraws IDA savings for any other purpose may be suspended or terminated from the AFI Project.

Accountholder Intended Use of IDA Savings at Time of Enrollment

Almost two thirds of individuals who have opened an AFI IDA (63 percent) opened them with an intention to save for home purchase. The remaining accountholders, as shown in Table 4.6, are roughly equally divided on their intended use between business capitalization (19 percent) and education (18 percent). Very few accountholders (less than one percent) indicated that they intended to transfer their savings to a family member.

Table 4.6. Accountholder Intended Use of IDA Savings at Time of Enrollment

Intended Use of IDA	Percentage of Participants With Each Intended Use of IDA	
	End of FY 2004	End of FY 2005
Home Purchase	63%	63%
Business Capitalization	19%	19%
Education	18%	18%
Transfer to Family Member	<1%	<1%
Number of Projects Reporting	*221*	*268*

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

The following section summarizes information about the amounts and trends in participant savings withdrawals over the six years that the AFI Program has been implemented. More details are displayed in Appendices Q and R. Appendix Q provides cumulative accountholder savings and qualified withdrawals per project. Appendix R shows, for each project, the cumulative amounts of savings withdrawn by participants for home purchase, small business, and education.

Participant Withdrawals

A total of 16,241 regular AFI Project participants have withdrawn an average of $836 in earned income for asset purchase, emergencies, and other purposes. The cumulative amount of earned income withdrawn is $12,664,930 over the entire AFI Program.

About 45 percent of participant savings withdrawals have been for home purchase, small business, postsecondary education, or transfers to dependants. As can be seen in Table 4.7, a total of 7,291 participants have withdrawn funds for these specific purposes, with total savings plus match fund amounts withdrawn for these purposes averaging $1,211 per participant.

Table 4.7. Savings and Matching Funds Withdrawn by Participants for Home Purchase, Small Business, Education, and Family Transfers

Participant Withdrawals and Project Disbursements	Cumulative Withdrawals for Home Purchase, Small Business, Education, and Family Transfers as of End of FY 2005				
	Home Purchase	Small Business	Education	Family Transfer	Total*
Number of participants making these withdrawals	3,008	2,209	2,057	17	**7,291**
Amount of earned income withdrawn by participants	$4,392,895	$2,380,067	$2,035,939	$23,190	**$8,832,091**
Average amount withdrawn by each participant	$1,460	$1,077	$990	$1,364	**$1,211**
Federal grant funds disbursed as IDA match funds	$4,269,139	$2,558,059	$2,236,212	$21,596	**$9,085,006**
Nonfederal cash disbursed as IDA match funds	$4,868,488	$2,544,786	$2,096,750	$21,596	**$9,531,621**
Total savings and Federal and nonfederal funds disbursed	$13,530,522	$7,482,912	$6,368,901	$66,382	**$27,448,718**
Average total funds disbursed per participant	$4,498	$3,387	$3,096	$3,905	**$3,765**
*Number of Projects Reporting**	*262*	*230*	*237*	*71*	***277***

Note: Those who reported both the number of participants making withdrawals and amount of participant savings withdrawn are included in the table. For those who were missing Federal and/or nonfederal match fund amounts, we imputed the amounts based on the match rate reported, assuming equal portions of Federal and nonfederal matching funds, as required by AFI. This table does not include information about the special State projects in Indiana and Pennsylvania.

Home Purchase: Withdrawals of Earned Income and Allocations of Matching Funds

Withdrawals for home purchases have been the most common use of IDA funds. This type of withdrawal has also been the largest in dollar value. As of the end of FY 2005, regular AFI Projects reported the number of individuals making withdrawals for this purpose nearly doubled relative to the prior year. A total of 3,008 individuals had withdrawn $4,392,895 in earned income for this purpose by the end of FY 2005 (compared with 1,750 individuals who withdrew $2,465,829 through the end of FY 2004). The withdrawal amounts for home purchase did not change substantially from the previous year. The average withdrawal for this purpose averaged $1,460 per participant.

The average amount of matching funds provided to participants for home purchase is $3,038, and the average amount of savings plus IDA matching funds provided for home purchases is $4,498. (See Table 4.7.)

As shown in Table 4.8, the average amount withdrawn for home purchase was approximately $1,000 for 30 percent of projects, between $1,000 and $1,499 for 27 percent of projects, and above $1,500 for 44 percent of the projects.

Small Business: Withdrawals of Earned Income and Allocations of Matching Funds

Withdrawals for small business were the second most frequent type of IDA use. As reported in Table 4.7, since the AFI Program was first implemented, 2,209 individuals have withdrawn earned income from their AFI IDAs for this purpose, sometimes making multiple withdrawals as needed to pursue their approved business plan rather than the single, large withdrawals typical for home purchase. Participants withdrew a total of $2,380,067 with an average of $1,077 for this purpose. As with withdrawals for home purchase, the number of individuals making withdrawals to support a small business nearly doubled between FY 2004 and FY 2005 (from 1,322 at the end of FY 2004 to 2,209 at the end of FY 2005). The average amount withdrawn per individual stayed almost the same ($1,044 through FY 2004 and $1,077 through FY 2005). Table 4.8 shows that more than half (54 percent) of projects that reported participant withdrawals indicated that the average amount withdrawn was greater then $1,000, including 29 percent that reported an average withdrawal of over $1,500. The average small business withdrawal is less than $500 in only eight percent of the projects that submitted these data.

Table 4.8. Average Participant IDA Withdrawals Across Uses

Average IDA Withdrawals	Percentage of Participants			
	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005
Average Amount Withdrawn for Home Purchase				
<$500	11%	8%	3%	3%
$500–$999	23%	25%	28%	27%
$1,000–$1,499	41%	32%	29%	27%
$1,500–$1,999	11%	20%	18%	22%
$2,000+	14%	15%	22%	22%
Number of Projects Reporting	*44*	*65*	*119*	*147*
Average Amount Withdrawn for Small Business				
<$500	24%	31%	12%	8%
$500–$999	42%	35%	35%	38%
$1000–$1,499	33%	35%	30%	25%
$1,500+	--	--	24%	29%
Number of Projects Reporting	*33*	*55*	*101*	*133*
Average Amount Withdrawn for Postsecondary Education				
<$200	27%	13%	5%	4%
$200–$499	15%	28%	20%	14%
$500–$999	42%	33%	41%	46%
$1,000+	15%	26%	25%	36%
Number of Projects Reporting	*33*	*54*	*111*	*143*

Postsecondary Education: Withdrawals of Earned Income and Allocations of Matching Funds

Education purchase is the third most popular AFI IDA savings goal. Table 4.7 shows that as of the end of FY 2005, 2,057 project participants had withdrawn savings for this purpose. This number is nearly double the 1,267 number reported at the end of FY 2004. These participants withdrew $2,035,939 in earned income, averaging $990 per participant. Multiple withdrawals are common as participants pay for credit hours and related expenses as they progress along their educational paths. Therefore, the averages are generally much smaller: almost two thirds (60 percent) of withdrawals have been in amounts between $200 and $999. (See Table 4.8.)

AFI Projects have disbursed an average of $2,106 in Federal and nonfederal matching funds for postsecondary education withdrawals over the course of the program. The average amount of savings plus matching funds made available to participants for this purpose is $3,096. (See Table 4.7.)

Emergency Withdrawals of Earned Income Only

Participants may access their IDA savings–that is, the amount of earned income they have deposited into their IDAs–for certain emergency situations: when needed to cover medical expenses, prevent eviction, or to cover living expenses following loss of employment. Participants who withdraw their earned income from their IDAs in such situations do not have access to the matching fund allocation, and they must return any amount of savings they withdraw within 12 months to remain in the program.

IDA savings have been an important source of emergency support for a number of project participants. A total of 1,291 participants in regular AFI Project have used their IDA savings for this purpose. They withdrew a total of $677,744. Across grants where both the number of participants and dollar amount of emergency withdrawals are available, the average emergency withdrawal is $530. Appendix S provides project-by-project information about this withdrawal category.

Other Withdrawals of Earned Income

While participants are strongly encouraged to follow their savings plan and deposit savings over the course of the AFI Project, a significant number of participants who open IDAs find it necessary to withdraw savings from their accounts before they are ready to purchase their planned assets. This type of withdrawal is termed a “nonqualified withdrawal.” Participants who make such withdrawals may be suspended or removed from the AFI Project, and they forfeit access to any matching funds that had been allocated by the AFI grantee towards their savings goal.

As of the end of FY 2005, a total of 7,191 participants had made nonqualified withdrawals. These participants withdrew a total of $3,148,233 of earned income from their AFI IDAs. Across grants where both the number of participants and dollar amount of nonqualified withdrawals were available, the average is $480 per withdrawal. See Appendix S for more details. The annual data collection does not focus on the nonqualified withdrawals, nor does it include questions about why participants make these withdrawals.

Balances Remaining in Participant IDAs

As shown on Table 4.9, a total of 13,147 AFI IDAs remain open in regular AFI Projects, with total participant savings of $7,644,677. These accounts have an average balance of $581. This average represents an increase of approximately nine percent relative to the average earned income savings balance of $533 in open AFI IDAs in the past year.

Individuals who have been participating in AFI Projects with earlier start dates have had more time to accumulate savings. Thus, for example, people who enrolled in AFI Projects that started in 1999 had much larger average balances in open accounts ($855) than did participants who enrolled in later years. The average balances for participants in projects that started between 2000 and 2002 were in the range of $531 to $617. The average balance is $473 for projects that received AFI funding in 2003 and $448 for projects that received AFI funding in 2004.
As shown in Table 4.10, slightly over one third of all AFI Projects (38 percent) have average IDA balances of earned income of less than $400, including 15 percent with balances under $200. At the upper limit, nearly one quarter (24 percent) of projects have average balances of more than $800, and another 17 percent have average balances between $600 and $799, and 21 percent have average balances between $400-$599.

The average balances have grown substantially between FY 2004 and FY 2005. At the end of FY 2004, only 14 percent of projects had average balances above $800, compared with nearly one quarter at the end of FY 2005. Over half (54 percent) have average balances below $400, compared with only 38 percent at the end of FY 2005.

Table 4.9. Number of Open IDAs and Total and Average Earned Income Savings Balances at End of each Fiscal Year

Grant Year	End of FY 2002			End of FY 2003			End of FY 2004			End of FY 2005		
	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	3,696	$1,966,618	$532	3,838	$2,293,831	$598	2,832	$2,075,198	$741	989	$845,529	$855
2000	1,280	$475,937	$372	1,457	$626,956	$430	1,007	$450,167	$447	1,473	$782,829	$531
2001	1,600	$545,093	$341	2,830	$1,230,965	$435	6,329	$1,728,683	$497	4,736	$2,920,514	$617
2002	--	--	--	903	$259,678	$288	1,613	$638,023	$396	3,098	$1,776,870	$574
2003	--	--	--	--	--	--	846	$288,182	$347	1,661	$786,035	$473
2004										1,190	$532,900	$448
Total	**6,576**	**$2,987,648**	**$454**	**9,028**	**$4,411,430**	**$489**	**12,627**	**$5,180,253**	**$533**	**13,147**	**$7,644,677**	**$581**
Number of Projects Reporting	*109*	*112*	*92*	*157*	*157*	*137*	*212*	*206*	*206*	*290*	*289*	289

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

Table 4.10. Earned Income Savings Balances for Accounts Open at End of each Fiscal Year

Average Amount of Earned Income on Deposit in Open IDAs	Percentage at End of FY 2002	Percentage at End of FY 2003	Percentage at End of FY 2004	Percentage at End of FY 2005
$0 - $199	22%	25%	19%	15%
$200 - $399	32%	24%	35%	23%
$400 - $599	21%	22%	19%	21%
$600 - $799	13%	13%	14%	17%
$800 or more	13%	16%	14%	24%

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

5. Special State Projects in Indiana and Pennsylvania

The AFI Act authorizes OCS to issue grants to support State-administered IDA projects that were initiated before the AFI Program was created.[24] Two states–Indiana and Pennsylvania–meet this criterion and have received AFI grants each year since Fiscal Year 1999. The States may use the AFI Grants to support their programs as authorized in their State laws. They are exempt from many of the AFI requirements and guidelines. These State projects and their status are described below.

State of Indiana Demonstration Program

Program Administration and Funding Sources

The Indiana IDA Demonstration program is administered by the Indiana Housing and Community Development Authority. The program was established by state law in 1997, making it one of the earliest large-scale IDA programs in the country. Initially implemented with State funding alone, it began receiving AFI support in FY 1999 and has received additional AFI grant funds annually since that time. The program's primary sources of support are AFI and annual state appropriations. As shown in Table 5.1, between FY 1999 and FY 2004, the program has received $5.1 million in AFI funds. It also received $9.5 million in state funds during this period.

Table 5.1. Number of Grants and Dollar Amounts Awarded per Fiscal Year: Indiana IDA Demonstration

Fiscal Year	Dollar Amount of AFI Grants Awarded
1999	$930,000
2000	$700,000
2001	$494,944
2002	$1,000,000
2003	$1,000,000
2004	$1,000,000
Total	**$5,124,944**

[24] Section 405 of the Assets for Independence Act authorizes OCS to award special AFI Project grants to any State that had State authorizing legislation and funding to support a State-administered IDA program prior to passage of the AFI Act. Such states are allowed to use AFI funds to support their State programs even if the program rules are different from the requirements under the AFI Act. The States of Indiana and Pennsylvania are the only two states that qualify. Both of those States have applied and received AFI funding annually from 1999 through 2005 to support their State IDA programs.

The project is implemented via 42 community-based agencies throughout the state. Table 5.2 displays the types of subgrantee organizations.

Table 5.2. Types of Administering Agencies: Indiana IDA Demonstration

Administering Agency Type	Number of Subgrantees	Percentage of Subgrantees
Community Action Agency	14	33%
Community Development Corporation	9	21%
Human Service Organization	7	17%
Housing Organization	6	14%
Housing Agency	2	5%
Urban Enterprise Association	2	5%
Economic Development Agency	1	2%
Faith-based Organization	1	2%
Total	**42**	**99%***

* The total adds up to only 99% due to rounding.

The state devotes approximately one full-time equivalent (FTE) staff person to the administration of the program. Among the subgrantees, the IDA projects vary considerably in size, as does the staffing devoted to them, ranging from 0.25 to 1.00 FTE, with most subgrantees employing between 0.50 to 1.00 FTE staff person. The program expends approximately $200,000 per year on administration.

Program Design

The State of Indiana enabling legislation authorizes up to 800 new IDAs annually, but the actual funded number of accounts per year depends on annual budget appropriations. Typically, these factors allow the program to maintain existing accounts and add about 200 new accounts each year. Between FY 1999, when AFI funding was first received, through September 30, 2005, an estimated 2,988 participants opened IDAs through the Indiana program. Of these, 1,351 were still progressing through the program, and 1,637 had completed their maximum allowed four years of saving at the end of FY 2005.

Program participants receive $6 in matching funds for every $1 in earned income saved, up to $300 in savings per year, for up to four years (a total maximum of $1,200 in matchable savings). Participants may save for homeownership, education, or business capitalization. Transfers to a family member's IDA are not allowed.

The State allows subgrantee organizations to determine many of the requirements for participants, such as minimum initial deposits, minimum regular deposits, emergency withdrawal conditions, and asset-specific training. Most subgrantees require a minimum

deposit of $25 to open an account (although several require as little as $5) and a minimum monthly deposit of $10.
The Indiana program differs from most regular AFI Projects in a number of important ways, including the following primary variances:

- Participants are allowed to participate for a maximum of four years.
- Although envisioned as a four-year savings program, it is operated in year-long increments. Each year, participants have a savings goal *for that year*, up to an annual maximum of $300. If they attain their year's savings goal, the match money is disbursed to their IDA account. Most participants maintain the same savings goal throughout their four years, but they have the flexibility to select a different savings goal and a different intended use for the following year if they choose. (They maintain the same IDA throughout, however.) This means that the concept of "program completers" in the Indiana program is not comparable to most other AFI Projects, because a participant might attain his or her savings goal in one year but not another. (These "partial completers" represent 18 percent of participants who were enrolled for the four years.)
- Regular deposits are encouraged but not required. Participants are allowed to make a one-time deposit to receive matching funds for that year.
- Participants may use their IDA money for more than one asset purchase at a time.
- Once IDA match money has been disbursed to a participant's account, he or she is not obliged to make the asset purchase right away. Participants have an indefinite period of time to use the money, even after the four year term has ended. (Like regular AFI Projects, controls are in place to ensure that it is spent on an authorized use.)
- AFI funds and nonfederal match funds (i.e., state funds) are not comingled in one overall Project Reserve Account.

There have been slight changes to the program design over the years, reflecting the annual State appropriation available to the program. When the Indiana program first began receiving AFI grants, there was only enough AFI funding available to boost match rates for some, but not all, participants. The State allowed subgrantees to decide how to apportion AFI funds between participants. Most organizations chose to award the higher AFI-supported match rate to savers who had successfully attained their savings goal the preceding year. For the last two years, however, the program has been able to award all IDA participants the same $6 to $1 match rate.

Financial Education and Asset-Specific Training

Participants are required to attend at least eight hours of financial education annually. There is no State requirement for asset-specific training. Thus, subgrantees may determine if and how to provide such assistance. Most subgrantees do require some form of asset-specific training, if it is available in their area.

Accountholders and their Characteristics

The typical IDA participant in the Indiana program is female (79 percent), Caucasian (51 percent), and between 20 and 40 years of age (62 percent). Accountholders are typically single parents (47 percent are single, while 21 percent are divorced) with children (53 percent have 1 or 2 children) and working full time (73 percent).

Forty-one percent of participants have only a high school diploma. Slightly more (45 percent) have some education beyond high school (some college, an Associate's degree, an undergraduate college degree, some graduate studies, or a graduate degree).

Participant Savings and Withdrawals

At the end of FY 2005, the program's 2,988 participants had deposited $1.2 million of their own savings into an IDA. This represents an average savings of $413 per participant.

A total of 1,637 participants had completed the four years of the program, having attained at least one of their annual savings goals and received at least one annual match.

Between FY 1999 and FY 2005, the State IDA program disbursed approximately $9.9 million to participants. Less money was actually withdrawn for asset purchases than was disbursed to accounts because participants have an indefinite period of time to spend their IDA resources after they receive the match. Indeed, some spend it over a prolonged period of time, for example, throughout the course of an educational program or for business expenses as they arise. Although 1,637 individuals completed the program (that is, closed their accounts after four years, having attained at least one year's goal), only 1,327 appear to have made a matched withdrawal to date.

Between FY 1999 and FY 2005, participants withdrew $498,000 of their own savings ($375 per participant on average) to make asset purchases. The total amount of matching funds (AFI and State funds combined) withdrawn is $2,722,093 ($2,051 per participant).

The largest subset of participants who made a withdrawal (49 percent, or 650 of 1,327 individuals) did so for education. The second largest subset made withdrawals for homeownership, with 27 percent (361 individuals) making withdrawals for this purpose. Finally, 23 percent (311 individuals) used their account for business capitalization.

Pennsylvania Family Savings Account Program

Program Administration and Funding Sources

The Pennsylvania Family Savings Account (FSA) program, which is administered by the Pennsylvania Department of Community and Economic Development, became operational in 1998. It first received AFI support in FY 1999. Since its inception, the FSA has received over $20 million in funding, including a total of $5,582,000 (See Table 5.3) from AFI and additional significant funding from state appropriations, the Temporary Assistance for Needy Families Block Grant, and the Community Development Block Grant.

Table 5.3. Number of Grants and Dollar Amounts Awarded per Fiscal Year: Pennsylvania FSA Program

Fiscal Year	Dollar Amount of AFI Grants Awarded
1999	$930,000
2000	$1,000,000
2001	$1,000,000
2002	$1,000,000
2003	$826,000
2004	$826,000
Total	**$5,582,000**

The FSA program is administered by 45 subgrantee organizations across the State. From its inception until June 2005, approximately 7,220 savers have opened IDAs, and approximately 1,550 have graduated from the program. Approximately 2,900 of FSA participants have received AFI support.

The figures given in this year's report reflect a major data review undertaken in 2005 by the administering agency. The review identified and corrected, where possible, a number of reporting errors from earlier years of the program. Consequently, figures reported this year do not align with those of previous years, but they do provide a good baseline for comparison with future years.[25]

[25] Among the major accomplishments of DCED's data review was to identify and delete from this analysis 12 subgrantees that had not received AFI funds to support their IDA programs, but had been erroneously included in previous years' reports. For 18 subgrantees, DCED was able to separate out and report the AFI portion of their IDA programs. However, there were 16 subgrantees that received AFI funds but DCED was unable to determine with precision which IDA slots had been AFI-supported. To estimate the AFI portion of the IDA program for these 16 subgrantees, we prorated their reported figures based on the proportion of their allocated IDA funding that was derived from AFI for the period that the State received AFI monies (FY 1999 to FY 2005).

Of the 45 organizations involved in the FSA program, 34 received AFI funding during the period FY 1999 to FY 2005. Table 5.4 displays the type of organizations that have received AFI funding.

Table 5.4. Types of Administering Agencies: Pennsylvania FSA Program

Administering Agency Type	Number of Subgrantees	Percentage of Subgrantees
Community Action Agency	17	55%
Housing Organization	5	16%
Social Services Agency (nonprofit)	4	13%
Human Services Agency (government)	2	6%
Community Development Corporation	1	3%
Credit Union	1	3%
Faith-based Organization	1	3%
Total	31*	99%**

* There are 34 subgrantees, but agency type was not specified for 3 subgrantees, so N=31 for this data question.
** The total adds up to only 99% due to rounding.

The state devotes approximately one FTE to operate the overall FSA program. A full-time staff person oversees the FSA program along with two other state programs. Subgrantees devoted an estimated average of 18 staff hours per week (0.4 FTE) to FSA program administration.

Program Design

The FSA program allows participants to save toward the three allowable AFI savings goals (home purchase, postsecondary education, and business capitalization), as well as for other state-specific uses: home repair, computer or car purchase, or day care, if related to employment or education.[26]

There have been some changes in authorized savings goals over the years. Prior to 2002, IDA savings could also be used to open an individual retirement account (IRA). Beginning in 2000, participants have been allowed to use their IDA savings to start a Section 529 college savings plan,[27] including Pennsylvania's own plan, called the Tuition Assistance Program (TAP 529). Savers do not need to be the beneficiary of the college savings plan; for example, a grandparent may save on behalf of a grandchild.

Although it has varied somewhat over the years, the current match rate is $1 to $1 on savings up to $1,000 per year for each of the two years of possible program participation (for a total

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[26] AFI funds are only used to match the three AFI allowable asset purchases. Other funds are used to match these additional asset goals.

[27] A 529 college savings plan is a type of investment account that allows individuals to set aside money for their child's education and let it 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. The federal government does not tax this money as long as it is used for higher education.

maximum of $2,000 in matchable savings). The annual $1,000 limit on matching funds creates an incentive to save for more 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.

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. Savers have had between 12 and 24 months to attain their savings goal.[28] Those reaching their savings goal have up to five years to apply the IDA money toward an asset purchase in one or more withdrawals.

Financial Education and Asset-Specific Training

Participants are required to attend at least four general financial literacy classes and participate in at least two other asset-specific training sessions.

Accountholders and their Characteristics

The typical FSA participant that received AFI support is female (77 percent), Caucasian (62 percent), and never married (46 percent). She is typically between 20 and 39 years old (59 percent). Most participants either live alone or are single parents. Sixty-three percent live in a household headed by one adult. About one-quarter have no children, while nearly half (49 percent) have either one or two children. Half of AFI-supported participants work full-time; another 23 percent hold part-time jobs. Nearly 41 percent have a high school diploma. Another 38 percent have education beyond the high school level (an associate's degree, some college, a college degree, some graduate school, or a graduate degree).[29]

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[28] In 2005, the maximum savings period was increased to 36 months; this extension went into effect with subgrantee contracts that the state awarded in 2005. Although, the maximum lifetime matchable savings limit of $2,000 remains unchanged.

[29] These figures are based on fairly, but not fully, complete information. The share of "unknown" demographic information ranged from 2 percent (for gender) to 13 percent (for educational attainment). For most variables, the share of "unknowns" was less than 10 percent.

Participant Savings and Withdrawals

Approximately 2,900 individuals have opened FSAs with AFI support.[30] They had deposited an estimated $1.95 million into their IDAs. By the end of FY 2005, an estimated 584 participants had made matched withdrawals from their IDAs.[31] An estimated 865 were terminated from the program.

Of the approximately 584 graduates who made matched withdrawals from their IDAs, more than half (56 percent, or 329 individuals) did so for Pennsylvania-specific authorized uses, most commonly home repair or car purchase. The most popular authorized uses overall are home repair, education, and car purchase, accounting for 30 percent, 26 percent, and 25 percent of all matched withdrawals, respectively.

An estimated 44 percent (255 individuals) made withdrawals for the three AFI-authorized uses (home purchase, business capitalization, or education). Of these 255 participants, most (58 percent) did so in order to further their education. An estimated 32 percent used the money to purchase a home, and 9 percent used the funds to start or expand a business.

Those making withdrawals for the three AFI asset purchases withdrew approximately $456,500 of their own savings for asset purchases ($1,790 per participant on average).[32] The amount of matching funds (AFI and other sources combined) disbursed for these purchases was $445,900, or $1,750 per participant.

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[30] These figures are estimates based on a prorating of the AFI portion of the IDA activity for 16 of the 34 subgrantees, as described previously in Footnote 25.

[31] The number of program *completers* may be as high as 835, but is difficult to confirm; it is obtained by subtracting the estimated number of terminations, 865, from the estimated number of closed accounts, 1,700. The figure reported here–584 completers–represents people who made matched *withdrawals* from their IDAs. It may exclude people who obtained the match but had not yet withdrawn all the money from their IDA (they have three years to do so).

[32] 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. The withdrawals figures include these unmatched savings above the matchable limit.

6. Additional OCS Support for Grantees

Technical Assistance

OCS administers a number of training and technical assistance services available to all AFI Program grantees. The framework for this assistance is the AFI Resource Center, which is managed in-house by OCS staff. Through this mechanism, staff and outside experts provide a number of types of assistance including:

***Training Academies* –** A series of intensive interactive training events for teams of staff and others from AFI Projects and their partners;

***Monthly Topical Conference Calls* –** Facilitated conference calls about asset-building and AFI Project 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 both grantees and others. The page also features links to research and publications on asset building. The web page address is: http://www.acf.hhs.gov/assetbuilding.

Project Management

During this reporting period, the Office of Management and Budget implemented a PART review of the AFI Program. As a result of the review, OCS worked with grantees to develop three long-term program-wide performance measures and a menu of 25 grantee-level performance indicators.

OCS also developed the AFI^2 Program Management Tool, a web-based system for all grantee organizations, as a component of overall training and technical assistance available from the AFI Resource Center. AFI^2 allows grantees to collect and manage project information. The system is designed specifically to reduce the grantees' administrative costs and to simplify the data collection for management and reporting. It is also useful for program analysis and evaluation.

National Evaluation

OCS has contracted with a social science research organization to implement a multi-year national evaluation of the 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 AFI 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. The data collection for the current phase of the program evaluation was completed in FY 2005 and will be analyzed in FY 2007.

Appendices

These Appendices present information compiled from reports submitted by AFI grantees. Each grantee organization submitted separate data sets for each of the AFI Projects it is administering. The tables presented here include demographic information about project participants and their households; details about financial aspects of the projects including the status of reserve funds, deposits, and withdrawals; and other facts about project configurations, financial education training requirements, staffing and other details. Each Appendices table features project information as of September 30, 2005, for each AFI grant awarded between FY 1999 and FY 2004 regarding each of the following data elements:

A. AFI Grant Amounts
B. Project Staffing
C. Basic Financial Literacy Education
D. Asset-Specific Training
E. Account Opening, Deposit, Withdrawal and Closing
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. Income in Relation to Poverty Levels
L. Areas of Residence of Accountholders
M. Educational Status of Accountholders
N. Age of Accountholders
O. Employment Status of Accountholders
P. Summary of Reserve Fund and Participant IDAs
Q. IDA Savings, Withdrawals, and Matching Amounts
R. Qualified Withdrawals by Accountholders
S. Other Withdrawals by Accountholders