

ASSETS FOR INDEPENDENCE PROGRAM REPORT TO CONGRESS

Status at the Conclusion of the Sixteenth Year, Fiscal Year 2015



ADMINISTRATION FOR
CHILDREN & FAMILIES
OFFICE OF COMMUNITY SERVICES

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EXECUTIVE SUMMARY

The Assets for Independence (AFI) program is a discretionary grant program administered by the Office of Community Services (OCS) as a demonstration program within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS). This 16th annual AFI Report to Congress presents the status of the AFI program as of the end of federal fiscal year (FY) 2015. OCS has significantly revised the report format in order to make the statutorily required information easier to find and streamline the main body of the report, creating additional appendices for more detailed information.

Under the AFI program, ACF awards grants to eligible entities to implement AFI projects. Since inception of the AFI program through the end of FY 2015, ACF has awarded 928 AFI grants, totaling approximately \$253 million. In FY 2015, ACF made 42 new grant awards, totaling \$11,277,989. Organizations can have more than one AFI grant award active at the same time, and many do. During FY 2015, there were 304 active grants managed by 209 grantees. The AFI Act requires that grantees combine their AFI grant with cash from non-federal sources at least equal to the amount of the AFI grant.

Two priorities guided federal activities for the AFI program in FY 2015. One priority was focusing on program monitoring and performance through the provision of technical assistance and capacity building to support AFI grantees. The second priority was leveraging knowledge developed by the AFI program through partnerships focused on integrating strategies that support asset building and financial capability¹ with other programs serving families and individuals with low incomes.

A random assignment evaluation of the AFI program recently conducted found that AFI significantly increased liquid assets (savings, cash, etc.). Additionally, AFI improved perceived financial security, and the study found some evidence that AFI reduced material hardship.²

Grantees conduct the outreach and recruitment activities for their project and are required to determine whether individuals meet the federal eligibility requirements for participation prior to enrollment in the project. Per statute, the AFI program is limited to individuals with limited means. AFI participants deposit earned income into limited use, matched savings accounts called Individual Development Accounts (IDAs). Every dollar of earned income that an IDA holder deposits is matched by the AFI project with both federal AFI funds and required non-federal cash. The AFI Act allows for IDAs to be used for first home purchase, business capitalization, postsecondary education or training, or transferring to the IDA of a spouse or dependent for one of the primary assets.³ AFI projects also assist participants in obtaining the skills and information necessary to achieve economic self-sufficiency. Grantees are encouraged to tailor the strategies and services they offer to the needs of their project participants and the opportunities in their community.









¹ Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively.

² For the full report, go to <https://www.acf.hhs.gov/opre/resource/building-savings-for-success-early-impacts-from-the-assets-for-independence-program-randomized-evaluation>.

³ AFI grants operating under Section 405(g) of the AFI Act, detailed in Appendix B, may offer additional assets.

The figure below (Figure ES) provides a snapshot of key measures for the AFI program. Data are provided both for FY 2015 activity only and cumulative since the program began in FY 1999.

Figure ES. FY 2015 Only and All Time Achievements⁴

		FY 2015	ALL TIME
	IDAs opened	6,617	105,203
	Earned income deposited by IDA holders	\$8.6 MILLION	\$108.8 MILLION
	IDA holders that made a matched withdrawal for a first home	1,209	16,698
	IDA holders that made a matched withdrawal for business	991	13,575
	IDA holders that made a matched withdrawal for education	3,074	19,836
	Total IDA holder earned income deposits withdrawn for these three asset purchases	\$6.7 MILLION	\$64.3 MILLION
	Total AFI grant funds spent for these three asset purchases	\$9.1 MILLION	\$75.4 MILLION
	Total non-federal cash spent for these three asset purchases	\$14.1 MILLION	\$87.8 MILLION

⁴ This report provides additional context for these metrics and the data from which they are derived.

INTRODUCTION

The Assets for Independence (AFI) demonstration program was authorized by the Assets for Independence Act of 1998.¹ For FY 2015, Congress appropriated \$18.95 million for the AFI program. AFI is a discretionary grant program administered by the Office of Community Services (OCS) within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS). This is the 16th annual AFI Report to Congress, presenting the status of the AFI program as of the end of federal fiscal year (FY) 2015.

In Section 402 of the AFI Act, Congress made the finding, “economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets because assets can improve economic independence and stability, connect individuals with a viable and hopeful future, stimulate development of human and other capital, and enhance the welfare of offspring.” Congress further identified purposes in Section 403, laying out how the AFI program is a demonstration of asset-based policy that provides an incentive for individuals and families with limited means to accumulate assets by saving a portion of their earned income, i.e. an Individual Development Account (IDA). IDAs are limited use, matched savings accounts used to build the assets of individuals with low incomes.

Under the AFI program, ACF awards grants to eligible entities to implement AFI projects. AFI grantees enroll eligible participants who deposit earned income into their IDAs. Every dollar of earned income that an IDA holder deposits is matched by the AFI project with both federal AFI funds and required non-federal cash. AFI projects also assist participants in obtaining the skills and information necessary to achieve economic self-sufficiency. Grantees are encouraged to tailor the strategies and services they offer to the needs of their project participants and the opportunities in their community.

After at least six months, when the IDA holder is ready to make a matched withdrawal, they may use their funds and the combined federal and non-federal match funds for one of the assets allowed by the AFI Act: postsecondary educational expenses; first-home purchase; and/or business capitalization.² The AFI Act also allows for transfer to a spouse or a dependent for use on one of the primary assets.

CHANGES FROM PRIOR AFI REPORTS TO CONGRESS

Under Section 412 of the AFI Act, grantees are required to submit annual progress reports on their AFI projects, and HHS is required to submit annual reports to Congress summarizing these progress reports. For this report, OCS has significantly revised the format in order to make the statutorily required information easier to find and streamline the main body of the report, creating additional appendices for more detailed information.

This effort was in part prompted by changes to the AFI program data collection process. Beginning in FY 2015, OCS went through the process of getting Office of Management and

¹ Title IV of the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, as amended, Pub.L. 105-285, (42 U.S.C. § 604 note).

² Definitions are provided in Section 404(8) of the AFI Act.

Budget (OMB) approval for this data collection. This process delayed the collection of FY 2015 data from AFI projects until after OMB approval was received August 23, 2016.³

The OMB approval process was also an opportunity to make changes to the AFI data collection instrument to improve its alignment with the AFI Act, OCS's performance monitoring needs, data requests made by AFI stakeholders, and data standards. As a result, there are some changes that impact comparisons between data collected from FY 1999 through FY 2014 and data collected for FY 2015 and after. These are noted throughout this report when they occur. Additionally, new data fields have been added to the data collection, including some changes to IDA holder demographics and new fields that will provide more detailed information on emergency withdrawals by IDA holders. To provide grantees time to make changes to their data collection and management, grantees are not required to submit data for those fields until FY 2018.⁴ Finally, OCS has made some technical changes on how activities that occur during the 90-day closeout period following the expiration of a grant are reported.⁵

DATA INCLUDED IN THIS REPORT

Generally, the unit of analysis in this report is based on the number of grant awards, not the number of grantees. Each AFI grant supports one AFI project.⁶ Grantees that have received more than one AFI grant have provided separate data for each of their AFI projects. Figure 1 illustrates how many AFI projects provided FY 2015 data for this report as of October 13, 2016. For the purposes of this report, we consider an active grant one in which the grant project period included some portion of FY 2015. Thus, grants ending in FY 2015 are counted as active grants and grants made on September 30, 2015 are also counted as active, although the latter grants were not required to provide data for this report.

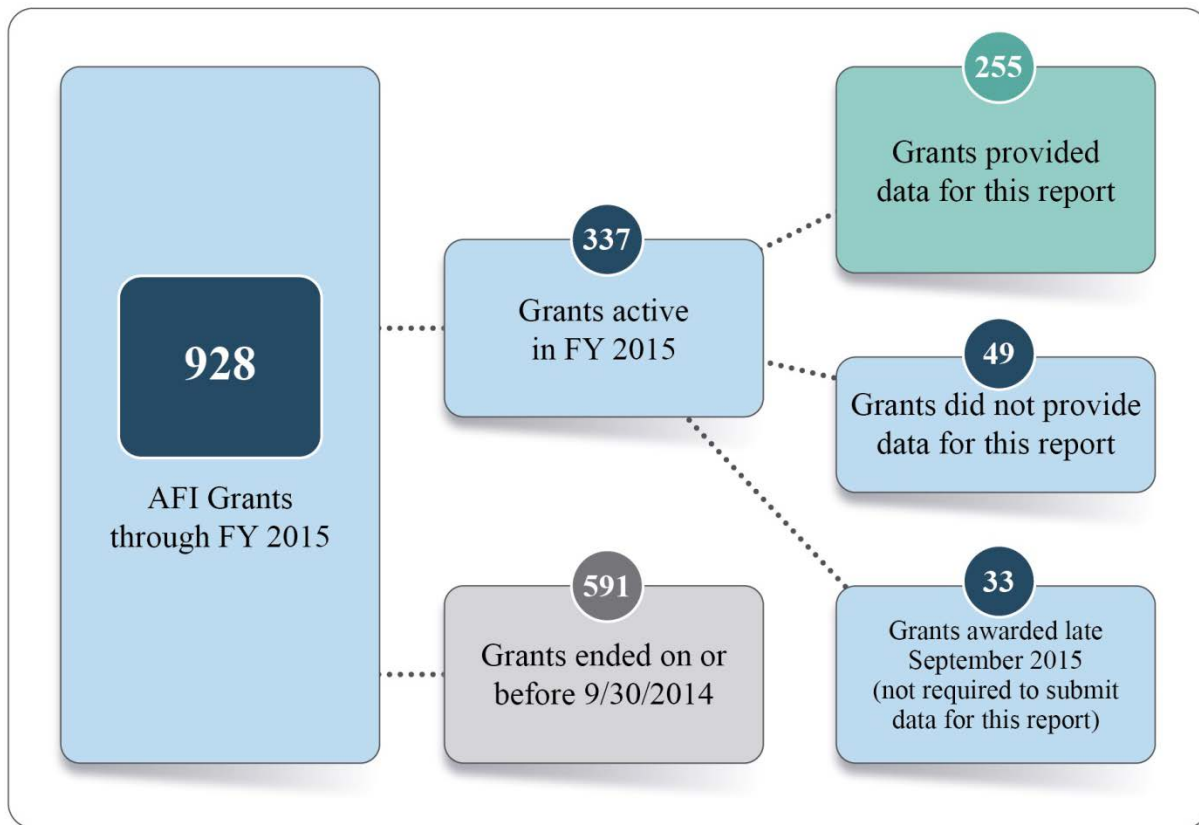
³The data collection control number is OMB No. 0970-0483 and the expiration date is August 31, 2019.

⁴ The manner in which the project data is collected and extracted for analysis does not allow OCS to differentiate between fields that were not reported and fields reported as a zero value. Thus, we are not able to tell how many projects reported data for optional fields and how many projects did not.

⁵ Previously, if the closeout period crossed into a new federal fiscal year, OCS required that the grantee submit reports for both fiscal years to capture all activity from that grant. For example, a grant that ended on August 31, 2013 would have had to submit both an FY 2013 report and an FY 2014 report. Now OCS is instructing grantees to submit a final report, capturing all activity for the grant, no more than 90 days after the end of their grant, and the data from those final reports is considered to be data for the fiscal year in which the grant ended. For example, grants that ended on August 29, 2016 had 90 days to submit their final report, and their data will be analyzed as FY 2016 data. In making this transition, there were 17 grants that ended in late FY 2014 that had only submitted data for activities through the end of FY 2014, not through the end of their closeout period. OCS contacted these grantees and obtained updated data for this report from 15 for the following key measures: total number of IDAs opened; total amount of IDA holder savings deposits; total number of IDA holders who made a matched withdrawal for any allowable use; total amount of IDA holder savings withdrawn for a matched withdrawal; total amount of federal AFI grant funds disbursed as matching funds for matched withdrawals; total amount of non-federal cash disbursed as matching funds for matched withdrawals; total number of IDA holders who exited this project without a matched withdrawal; and total amount of IDA holder savings withdrawn/re-assigned due to project exit for any reason without a matched withdrawal.

⁶ In many cases, the terms *project* and *grant* can be used interchangeably, but technically *grant* only refers to the federal award while *project* refers to the implementation effort funded by the grant and the non-federal funds. Many grantees refer to their projects as programs, but in this report the phrase *AFI program* refers to the overall AFI program administered by OCS.

Figure 1. Status of AFI Grants in FY 2015



There are three primary sets of AFI project activity data that have been analyzed for this report. They are differentiated primarily by the scope of time that they capture.⁷

- Data from the Start of the Project through the End of FY 2015 from Grants Active in FY 2015.** These data capture the cumulative activities of all grants active in FY 2015 up to and including September 30, 2015. This is the majority of data collected from AFI projects for this report. If data is identified simply as “grants active in FY 2015” or not specified as another type of data, this is the data type. These data include projects that have closed out in FY 2015 through awards made in April 2015 that had just begun project implementation. An example of this type of data is as follows:
 - By the end of FY 2015, IDA holders had deposited \$25,556,108 of earned income into their IDAs.
- FY 2015 Only.** Data identified as “FY 2015 only” quantify only those activities that occurred between October 1, 2014 and September 30, 2015. This is not how projects

⁷ Grants awarded under Section 405(g) of the AFI Act to special state programs in Indiana and Pennsylvania are included in figures in this report that are based on federal administrative data, such as the number and amount of grant awards made and the number of grants providing data. However, due to challenges related to data collection and reporting, data reported for grants awarded under Section 405(g) are not included in the analyses of AFI project activity in this report or in Appendix A. See Appendix B for information on these special state programs and their activities.

report their data; all of these data were derived using data submitted in prior years along with the newly reported project data. An example of this type of data is as follows:

- In FY 2015 only, AFI IDA holders deposited \$8,622,461 into their AFI IDAs.
- **Cumulative Data from Program Inception through FY 2015.** Data identified as “all time” or “from the beginning of the AFI program” reflect cumulative totals for the AFI program (FY 1999 through FY 2015). Some of these data are based on federal administrative data, such as the number of AFI grants or the total dollar amount of those grants. For example, the AFI program has awarded \$253,045,113 in grant funds since the beginning of the program. Cumulative measures that are not from federal administrative data are based on data submitted by AFI projects. An example of this type of data is as follows:
 - From the beginning of the AFI program, a total of \$108,791,698 of earned income has been deposited by IDA holders.

Additionally, Part 2 of this report contains analyses of the characteristics of AFI projects, such as the match rates, asset types, and services they offer IDA holders. These analyses are based on the data submitted for this report by AFI projects active in FY 2015.

PART 1. FEDERAL ADMINISTRATION AND ACTIVITIES

This section provides an overview of AFI grant awards, describes OCS priorities for the AFI program, and includes summarized findings from the AFI program evaluation.

AFI GRANT AWARDS

Since inception of the AFI program through the end of FY 2015, ACF has awarded 928 AFI grants, totaling approximately \$253 million. The AFI program conducts a competitive process to make AFI awards to eligible entities. Under the AFI Act, the following entities are eligible for AFI grants:

- Non-profit entities with 501(c)(3) status;
- State or local government agencies, or tribal governments, applying jointly with a non-profit entity with 501(c)(3) status;
- Financial institutions that are federally certified as either a Low-Income Credit Union or a Community Development Financial Institution and that demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability; and
- Entities deemed eligible under Section 405(g) of the AFI Act, specifically the Indiana Housing and Community Development Authority and the Pennsylvania Department of Community and Economic Development.⁸

AFI grant awards are fully-funded at the time of award and have a five-year project period.⁹ The AFI Act sets the maximum award at \$1,000,000 and requires that grantees combine their AFI grant with cash from non-federal sources at least equal to the amount of the AFI grant. These combined federal and non-federal funds are the AFI project funds.

ACTIVE GRANTS IN FY 2015

There were two AFI grant competition cycles in FY 2015, resulting in 42 new grants made totaling \$11,277,989. Of these, 33 were awarded on September 30, 2015.¹⁰

Organizations can have more than one AFI grant award active at the same time, and many do. During FY 2015, there were 304 active grants managed by 209 grantees. The map in Figure 2 shows the number of grants active in FY 2015 in each state plus Puerto Rico and the District of Columbia.¹¹ Note that some grantees have service areas that cross state lines, so this map may not fully represent the AFI projects serving residents of a given state. Detailed information on AFI grants by state is provided in Appendix C.

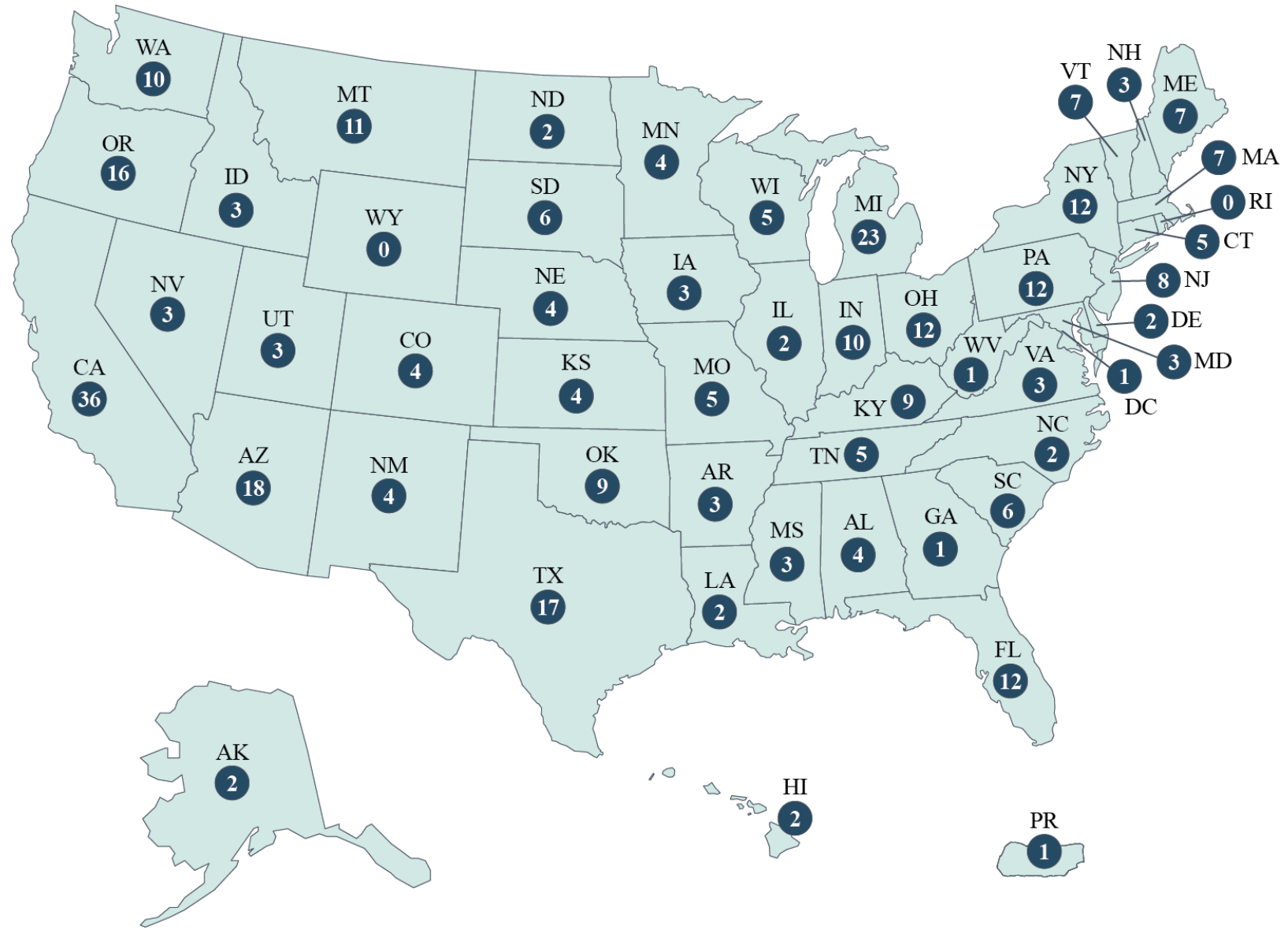
⁸ For more information on grants awarded under Section 405(g), see Appendix B.

⁹ Many AFI projects are not able to fully complete their activities in five years and request no cost extensions of the project period for a sixth year. Of the 601 AFI grants awarded from FY 2001 through FY 2010, 361 (60 percent) were granted one-year no cost extensions of their project period (a sixth year). The number of no cost extensions granted each year during that period ranged from 24 to 45.

¹⁰ One grant was awarded with a start date of September 29, 2015, but is also included in the group of grants with start dates of September 30, 2015.

¹¹ There are no active AFI grants in any other United States territories.

Figure 2. Number of Grants Active in FY 2015 by State



Two of the awards made in FY 2015 — Choctaw Nation of Oklahoma (\$320,000) and Northwest Native Development Fund (\$54,000) — were made under a joint funding opportunity between the AFI program and the Social and Economic Development Strategies (SEDS) program administered by the Administration for Native Americans.¹⁶

AFI PROGRAM PRIORITIES AND RELATED ACTIVITIES

Two priorities guided federal activities for the AFI program in FY 2015. One priority was focusing on program monitoring and performance through the provision of technical assistance and capacity building to further support grantee efforts in meeting program goals. Examples of efforts supporting this priority include:

- Federal employees serving as AFI Program Specialists conduct regular calls with grantees to discuss project performance and compliance with program and federal requirements.
- Through contracted services, the AFI program proactively provides technical assistance to grantees that have not had an AFI grant before to clarify program requirements while the project is in the initial start-up phase.
- The AFI program maintains an online resource center for grantees and potential grantees through which OCS provides webinars, training and technical assistance tools and resources, and other materials.¹⁷ The resource center help desk is staffed to address grantee questions via the phone as well as through email.

Another priority was leveraging knowledge developed by the AFI program and promoting partnerships focused on integrating strategies that support asset building and financial capability¹⁸ for families and individuals with low incomes. Examples of efforts supporting this priority in FY 2015 include:

- In March 2015, OCS released *Building Financial Capability: A Planning Guide for Integrated Services* (the Guide).¹⁹ The Guide is an interactive resource to help community-based organizations develop a plan for integrating financial capability services into existing programs (e.g., housing, job training, or Head Start). The Guide was piloted with more than a dozen organizations around the country and was revised based on their feedback before being published.
- In April 2015, OCS sent a Dear Colleague letter to all AFI grantees providing information and resources related to financial capability, including several resources from federal partners.²⁰

¹⁶ This joint funding opportunity was called the Native Asset Building Initiative (NABI). AFI grants made under NABI must adhere to the same rules as non-NABI AFI grantees. These grantees may use their SEDS funds to support project administration and other implementation activities, such as services that complement the AFI IDAs.

¹⁷ The AFI Resource Center website is online at <https://idaresources.acf.hhs.gov>.

¹⁸ Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively.

¹⁹ Available online at: <https://www.acf.hhs.gov/ocs/resource/afi-resource-guide-building-financial-capability>.

²⁰ Available online at: <https://www.acf.hhs.gov/ocs/resource/afi-dear-colleague-letter-financial-capability>.

AFI PROGRAM EVALUATION

Since FY 2011, ACF's Office of Planning, Research, and Evaluation has overseen a random assignment evaluation of the AFI program in partnership with OCS. The purpose is to evaluate the impact of AFI program participation on savings, savings patterns, and asset purchase by individuals and families with low incomes. The two study sites are RISE Financial Pathways in Los Angeles and Prosperity Works in New Mexico.

During FY 2015, data collection concluded for the early impact study. The final report was published in December 2016.²¹ Key findings from this report include:

- AFI significantly increased liquid assets (savings, cash, etc.). A larger portion of the treatment group (89 percent) held liquid assets compared with the control group (82 percent) and the amount of liquid asset holdings, which does not include match funds from the program, was also higher for the treatment group (\$3,104, compared to \$2,305 for the control group).
- Some evidence that AFI reduced material hardship. The treatment group experienced a 34 percent decline in total number of hardships; 38 percent decline in number of times unable to pay utility bill; and 16 percent decline in likelihood of medical hardship.
- AFI improved perceived financial security. The treatment group was more confident that they can meet monthly living expenses (10 percent increase in average score). More members of the treatment group said that their financial situation has “gotten better;” fewer said their financial situation has “gotten worse.”

²¹ For the full report, go to <https://www.acf.hhs.gov/opre/resource/building-savings-for-success-early-impacts-from-the-assets-for-independence-program-randomized-evaluation>.

PART 2. GRANTEE IMPLEMENTATION OF AFI PROJECTS

This section describes how AFI projects are managed by grantees, including aspects required by the AFI Act and aspects that are determined by grantees. For IDA holders and potential IDA holders, grantees are the public face of the AFI program.

AFI PROJECT FUNDS

Per Section 407 of the AFI Act, grantees establish a project reserve fund in which they deposit their required non-federal cash and federal funds from their AFI grant.

Non-Federal Funds

In accordance with the AFI Act, grantees must secure non-federal cash to support the project in an amount at least equal to the AFI grant award. Grantees are not required to have the full amount of non-federal cash on hand at the beginning of the project, and often grantees receive non-federal funds in installments over the project period. Grantees are instructed to not draw down federal funds in excess of the amount of non-federal cash on hand for the project, either in the reserve fund or obligated as IDA match. Grantees may use more non-federal cash than the required 100 percent, as well as in-kind resources, to support their AFI project.

Through the end of FY 2015, grantees reported having received \$47,267,872 in non-federal cash contributions for projects active in FY 2015. A total of \$53,852,438 in non-federal cash was reported as expected for these projects, which includes both cash received and cash committed but not yet received.²² The two largest sources of expected non-federal cash reported were grantee organization (\$15,641,201) and state legislative entities (\$13,182,337). Additional details on sources of expected non-federal cash are provided in Appendix A.

Federal Funds

Through the end of FY 2015, grantees had drawn down \$44,718,038 of their AFI grants for projects active in FY 2015. Grantees may draw down the federal funds in any increment as needed over the five-year budget period. For example, they may draw down the entire amount early in the project period or at intervals throughout their project. As stated above, grantees are instructed to not draw down federal funds in excess of non-federal cash on hand for the project. For all projects active in FY 2015, 61 percent of federal funds were drawn down at the end of the 2015 fiscal year. Among those projects, those that began in either 2009 or 2010 and were nearing completion in September 2015 reported 86 percent of federal funds drawn down.

MATCHING IDA HOLDER DEPOSITS

AFI IDAs are designed with an incentive for the IDA holders: the federal and non-federal funds that are provided as a match to the IDA holder's own earned income deposits. The AFI Act requires that grantees match IDA holder deposits at least once every three months, depositing the matching funds into the IDA or a parallel account. These funds are considered to be obligated as match to the IDA holders, and they are part of the project funds that the grantee has on hand.

²² Due to data export challenges, this data was pulled on December 12, 2016 and includes data from 266 projects, more than the number included in the rest of this report. A total of 649 different non-federal cash sources were reported by these projects. For this measure, grantees are instructed that they should not include non-federal cash in excess of the amount required for their project.

These project funds are not expended until the IDA holder makes a matched withdrawal, discussed further in Part 3.

PROJECT ADMINISTRATION AND DESIGN

As mentioned earlier, the AFI Act specifies that grantees have control over the administration of their projects, within the bounds of complying with requirements also included in the AFI Act.²³ When applying for AFI program funds, applicants are currently expected to propose a project plan based on the needs and opportunities in their community, including details on:

- Outreach and recruitment methods,
- IDA holder savings match rates,
- Which assets they will offer in their project,
- What geographic area they will serve, and
- What supportive services they will offer their IDA holders.

Grantees conduct the outreach and recruitment activities for their project. To reach the greatest number of potential IDA holders, AFI grantees often involve multiple community, municipal, educational, and faith organizations in their outreach and recruitment efforts. Grantees are required to determine whether individuals meet the federal eligibility requirements for participation prior to enrollment. Additionally, grantees establish procedures for their AFI project(s), such as the process for enrollment and IDA opening, requirements for IDA holders (e.g. making regular deposits, completing a specific financial education course, etc.), etc. These procedures must comply with the AFI Act and other relevant federal laws and regulations.

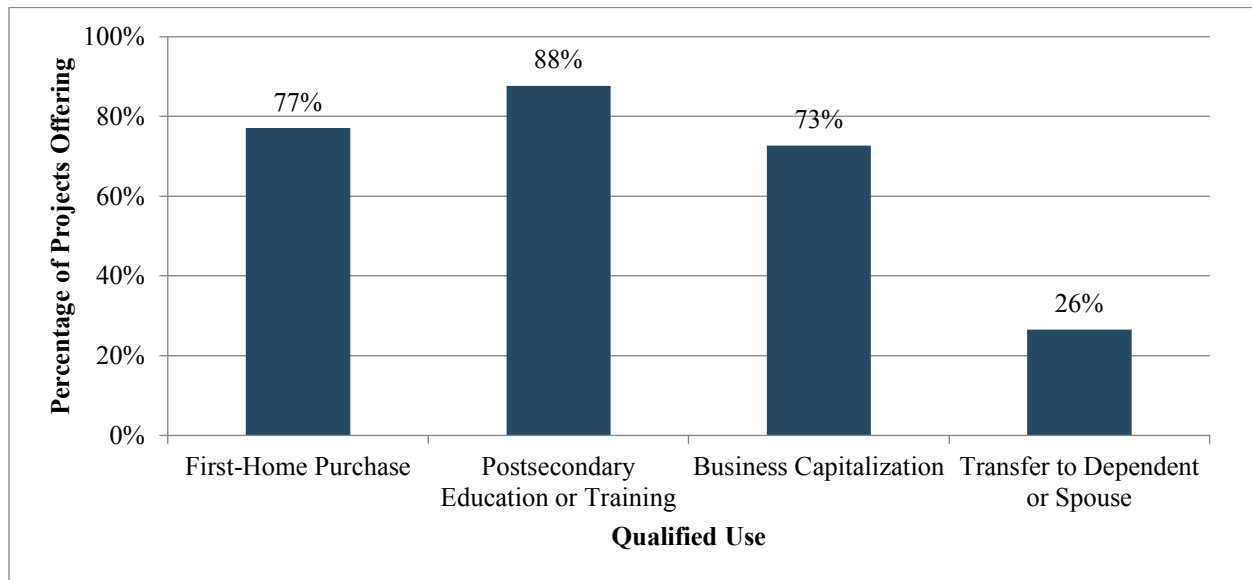
Allowable Asset Goals

The goal for AFI IDA holders is purchasing an asset: first home, business capitalization, and/or postsecondary education. The AFI Act also allows for transfers to the IDA of a spouse or dependent for one of the primary assets.²⁴ Grantees may choose to focus on one or more of these asset goals within their project(s). Of the projects active in FY 2015, 64 percent (159 projects) allow IDA holders to pursue each of the three primary asset goals. Figure 3 shows the percentage of projects that offer each of the asset goals.

²³ Section 411 states, “A qualified entity under this title, other than a State or local government agency or a tribal government, shall, subject to the provisions of section 413, have sole authority over the administration of the project. The Secretary may prescribe only such regulations or guidelines with respect to demonstration projects conducted under this title as are necessary to ensure compliance with the approved applications and the requirements of this title.”

²⁴ AFI grants operating under Section 405(g) of the AFI Act, detailed in Appendix B, may offer additional assets.

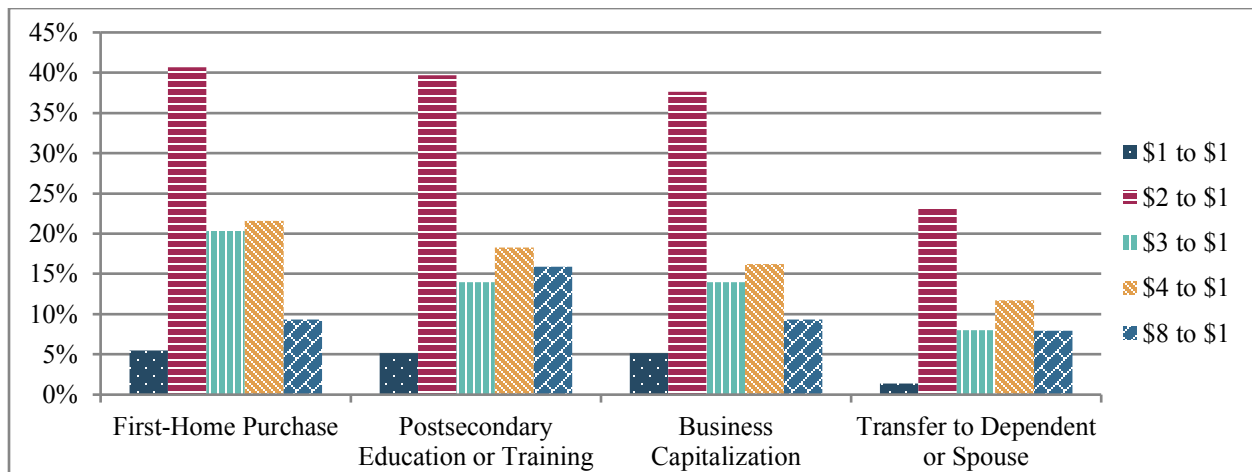
Figure 3. Percent of Projects Active in FY 2015 Offering Each Asset Goal



Match Rate and Other IDA Design Characteristics

While the AFI Act sets some requirements for AFI-funded IDAs, grantees determine most of the characteristics of the IDAs they offer in their project. For example, grantees must establish the ratio at which they will match IDA holder deposits within the range set by statute: \$1 to \$1 through \$8 to \$1. The five most frequently offered match rates are provided in Figure 4, broken out by asset purchase type.

Figure 4. Match Rate Frequency by Asset Purchase Type for Projects Active in FY 2015



Additionally, many grantees create IDAs with structured characteristics, such as a minimum initial or opening deposit, minimum regular savings, and a maximum number of missed deposits

allowed. The averages and range of these characteristics are shown in Figure 5, along with the average amount of IDA holder savings that will be matched by the grantee.²⁵

Figure 5. Savings and Match Characteristics for Projects Active in FY 2015

Savings and Match Characteristics	Average	Range
Maximum dollar amount of IDA savings that will be matched	\$1,477	\$20 to \$6,000
Minimum initial or opening IDA deposit	\$27	\$0 to \$117
Minimum regular IDA deposit	\$26	\$0 to \$117
Number of deposits an IDA holder may miss before being terminated	3.1	0 to 12

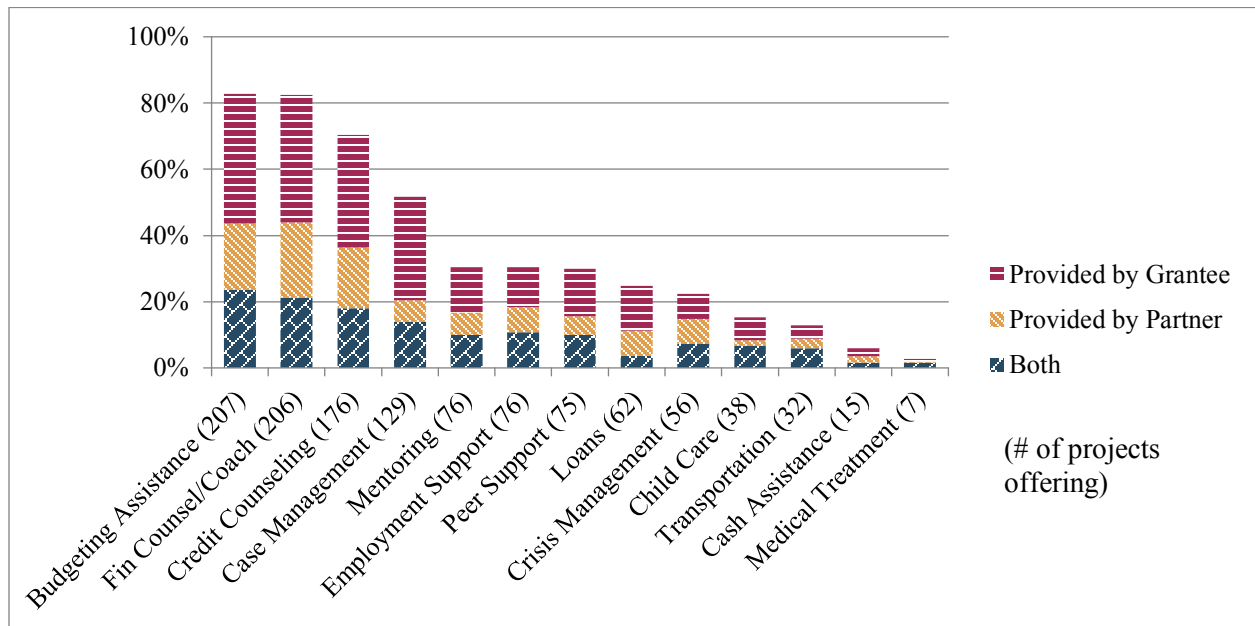
In reviewing these data on characteristics of IDAs offered by projects active in FY 2015, it's important to note a project may offer several types of IDAs with different characteristics. For example, one project can require that IDA holders saving for a first home deposit a minimum of \$50 every month and are matched at a rate of \$2 to \$1, while IDA holders saving for postsecondary education are offered a \$4 to \$1 match and have no monthly deposit requirements. Twenty-six percent of projects offered more than one IDA design type. The 255 projects that submitted data for this report provided data for 972 different IDA design types. The variation in IDA design types in an AFI project can result from a variety of factors, such as non-federal funder requirements, customization by asset goal, and agreements with project partners. Figures 4 and 5 display data based on the number of different IDA design types rather than by project.

Services Offered to IDA Holders

Section 407 of the AFI Act requires that grantees assist IDA holders in obtaining the skills and information necessary to achieve economic self-sufficiency. Grantees are encouraged to tailor the strategies and services they offer to the needs of their project participants and the opportunities in their community. Figure 6 provides an overview of services that were offered to IDA holders by the grantee, through collaboration with a community partner, or both. Appendix A provides additional details on financial education and asset-specific training services for IDA holders, as well as data on the number of IDA holders that used other supportive services offered by AFI projects.

²⁵ Section 410 of the AFI Act limits the amount of federal funds from one AFI grant that any one individual can receive to \$2,000 and that any one household can receive to \$4,000.

Figure 6. Services Provided to IDA Holders for Projects Active in FY 2015



PART 3. IDA HOLDERS AND ASSET PURCHASES

This section provides information on the individuals with low incomes that have opened IDAs in AFI projects active in FY 2015 and on their deposits, asset purchase, and emergency withdrawals.

ELIGIBILITY FOR PARTICIPATION

Section 408 of the AFI Act limits eligibility for participation in AFI projects as follows:

1. Any individual who is a member of a household that is eligible for assistance under their state's Temporary Assistance for Needy Families (TANF) program established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or
2. Any individual who is a member of a household that meets both of the following requirements:
 - Income Test - The adjusted gross income of the household is equal to or less than 200 percent of the federal poverty line (based on the annual HHS Poverty Guidelines) or the earned income amount described in section 32 of the Internal Revenue Code of 1986, i.e., the federal Earned Income Tax Credit limits (taking into account the size of the household).
 - Net Worth Test - The net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed \$10,000. For purposes of determining the net worth of a household, grantees calculate the aggregate market value of all assets that are owned in whole or in part by any member of the household, excluding the primary dwelling unit and one motor vehicle owned by a member of the household, and then subtract the obligations or debts of any member of the household.

RESPONSE TO INCENTIVE TO SAVE

Grantees reported opening 24,613 IDAs by the end of FY 2015, with 6,617 opened in FY 2015 only. By the end of FY 2015, IDA holders had deposited \$25,556,108 of earned income into their IDAs, \$8,622,461 of which was deposited in FY 2015 only.

From the beginning of the AFI program, a cumulative total of 105,203 IDAs have been opened and a total of \$108,791,698 of earned income has been deposited by IDA holders. The average IDA holder savings amount has consistently increased from year to year since FY 2011, reaching \$1,034 in FY 2015.

Of the 24,613 IDAs opened in projects active in FY 2015, there were 10,334 IDAs that remained open as of the end of FY 2015. These open IDAs held a total balance of \$7,180,161 in earned income savings deposits. The average balance in each IDA was \$695.

CHARACTERISTICS OF IDA HOLDERS

The selected data below provide a snapshot of IDA holders. Appendix A includes more extensive demographic data reported by AFI projects active in FY 2015.

- 63% female; 32% male
- 39% White; 39% Black; 22% Hispanic or Latino
- 19% were under the age of 19; 54% fell between 20 and 39 years-old; 20% were older than 40
- 38% had some college or vocational training; 15% had completed a 4-year degree or higher

- 41% were employed full time
- 62% had children in their household composition
- 53% fell below 150% of the federal poverty guideline²⁶

ASSET PURCHASES

The goal for AFI IDA holders is purchasing an asset: first home, business capitalization, and/or postsecondary education. The AFI Act also allows for transfers to the IDA of a spouse or dependent for one of these primary assets. Asset purchases are completed through matched withdrawals, so named because it is a withdrawal of IDA holder earned income deposits that is matched by the AFI project with both federal and non-federal project funds. IDA holders can make more than one matched withdrawal for one asset, common for postsecondary education or training completed over a period of time. Additionally, one IDA holder can purchase more than one type of asset. For example, one individual may make a matched withdrawal for a first home and for business capitalization. In projects that were active in FY 2015, there were 491 IDA holders who made matched withdrawals in more than one category and, as such, are included in each category that applies to them. Figure 7 summarizes key data on asset purchases.

Figure 7. Details on Asset Purchases Made and Funds Disbursed

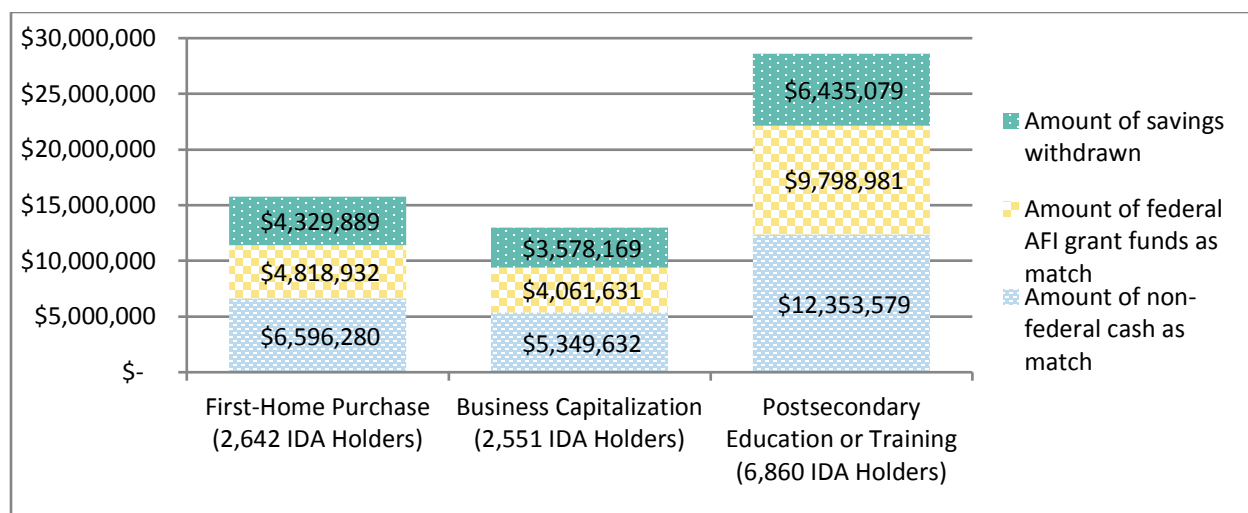
	First-Home Purchase	Business Capitalization	Postsecondary Education or Training	Transfer to Dependent or Spouse	Total
FY 2015					
Number of IDA holders purchasing these assets	1,209	991	3,074	23	5,297
Average amount of savings withdrawn by each IDA holder	\$1,743	\$1,539	\$980	\$1,104	\$1,259
Average amount of AFI funds as match	\$1,930	\$1,633	\$1,673	\$1,506	\$1,723
Average amount of non-federal cash as match	\$3,285	\$2,817	\$2,388	\$1,927	\$2,671
Grants Active in FY 2015					
Number of IDA holders purchasing these assets	2,642	2,551	6,860	37	12,090
Average amount of savings withdrawn by each IDA holder	\$1,639	\$1,403	\$938	\$1,199	\$1,190

²⁶ As a point of reference, in 2015, 150% of the federal poverty guidelines was \$36,375 for a family of four.

	First-Home Purchase	Business Capitalization	Postsecondary Education or Training	Transfer to Dependent or Spouse	Total
Average amount of AFI funds as match	\$1,824	\$1,592	\$1,428	\$1,542	\$1,550
Average amount of non-federal cash as match	\$2,497	\$2,097	\$1,801	\$1,858	\$2,016
All Time					
Number of IDA holders purchasing these assets	16,698	13,575	19,836	242	50,351
Average amount of savings withdrawn by each IDA holder	\$1,537	\$1,347	\$1,016	\$884	\$1,277
Average amount of AFI funds as match	\$1,648	\$1,496	\$1,374	\$1,432	\$1,498
Average amount of non-federal cash as match	\$1,954	\$1,651	\$1,632	\$1,480	\$1,743

Figure 8 illustrates the amount of IDA holder savings, federal funds, and non-federal funds used to purchase the three primary asset types through the end of FY 2015. It is notable that more non-federal funds have been provided as match to IDA holder savings than is required by the AFI Act, which requires that the non-federal funds be at least equal to the AFI funds.

Figure 8. Amounts Used to Purchase Assets by Funding Source for Projects Active in FY 2015



EMERGENCY WITHDRAWALS

Although the goal for IDA holders is asset purchase, there are often unexpected circumstances that disrupt that plan. IDA savings have served as a source of emergency support for many AFI project IDA holders. The AFI Act allows for emergency withdrawals under certain circumstances, specified in Section 404(3). An IDA holder may use their own savings to address any of the following critical life events that may happen during the IDA savings period:

- Medical expenses of an IDA holder or that individual's spouse or dependent;
- The prevention of an eviction or foreclosure on an IDA holder's primary residence; and
- For necessary living expenses following loss of employment.

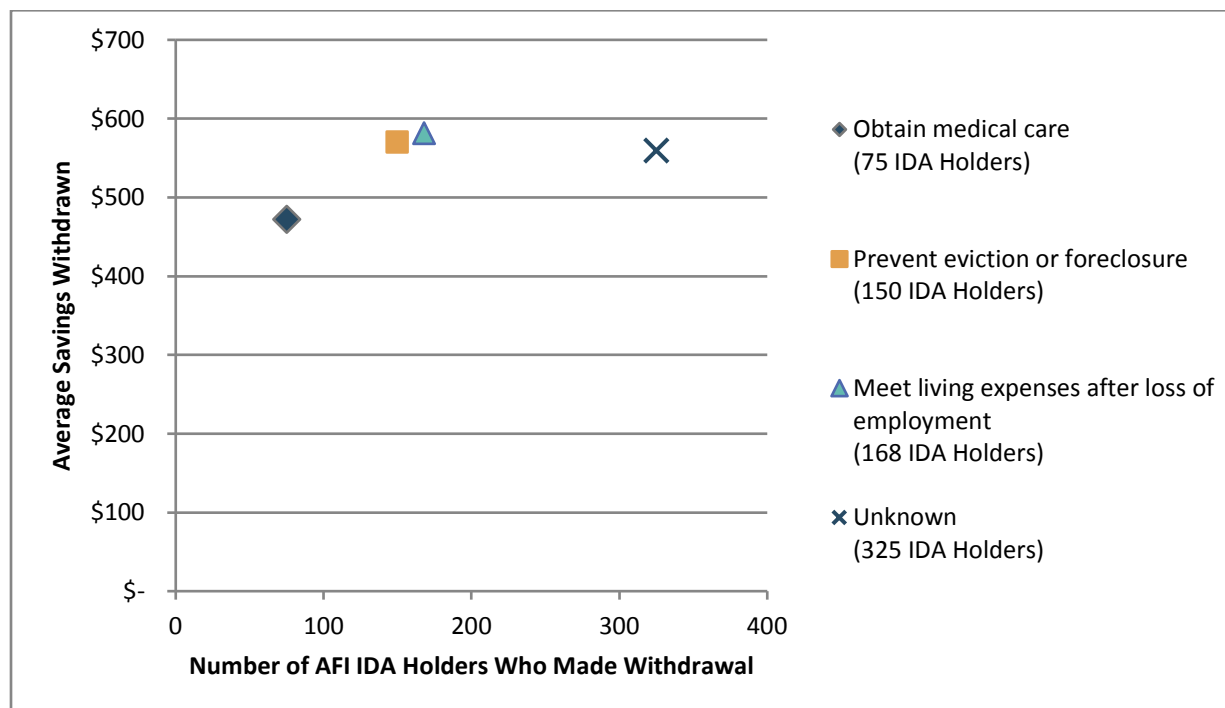
Unlike withdrawals for asset purchases, emergency withdrawals are not matched with federal and non-federal funds. Under the AFI Act, IDA holders who withdraw savings to cover emergency situations must replenish their IDA with the amount withdrawn within 12 months to continue as an IDA holder.

In FY 2015 only, 47 IDA holders (1 percent) withdrew \$81,770 of their own savings for emergency costs, an average of \$1,740 each. Through the end of FY 2015:

- For projects active in FY 2015, 718 IDA holders (3 percent) have withdrawn a total of \$401,622 of their own savings for emergency expenses – an average of \$559 each.
- Cumulative, since the start of the AFI program, 5,305 IDA holders (5 percent) have withdrawn \$3,450,457 of their own savings for emergency expenses – an average of \$650 each.

Figure 9 presents these emergency withdrawals by emergency type, plotting the average savings withdrawn by the number of IDA holders that made the withdrawal. This is an area in which OCS has changed our data collection. Grantees have not previously been required to report the number of withdrawals for each type of emergency, and not all projects were able to report this level of detail for FY 2015. However, many did report the total number of emergency withdrawals, which is captured as “unknown” on this figure.

Figure 9. Number of Emergency Withdrawals and Average Amount of Savings Withdrawn for Projects Active in FY 2015



There are also IDA holders who have a financial need or emergency not covered by the emergency withdrawals allowed under the AFI Act. Within projects that were active in FY 2015, 668 IDA holders withdrew \$327,665 of their savings due to financial needs or emergencies not covered by the AFI Act.

OVERVIEW OF APPENDICES

There are four appendices for this report:

- **Appendix A. Additional AFI Program Data** is organized in the same manner as the report, beginning with the federal level, then the grantee implementation, and finally data on the actual IDA holders.
- **Appendix B. Projects Operating Under Section 405(g) of the AFI Act** explains the authority provided in Section 405(g) and provides an in-depth look at the programs funded under this authority in Indiana and Pennsylvania.
- **Appendix C. State and Territory Highlights Through FY 2015** provides a jurisdiction by jurisdiction history of AFI funding and outcomes through FY 2015.
- **Appendix D. Project Highlights Through FY 2015 By Date** is a chronological listing of AFI grants made through the end of FY 2015 along with key project data.