

APPENDIX B. PROJECTS OPERATING UNDER SECTION 405(G) OF THE AFI ACT

This appendix describes the AFI projects operating under Section 405(g) and provides an update on their status as of the end of FY 2015.

BACKGROUND

Section 405(g) of the Assets for Independence (AFI) Act, commonly known as the Grandfather Clause, reads as follows:

(g) GRANDFATHERING OF EXISTING STATEWIDE PROGRAMS.--Any statewide individual asset-building program that is carried out in a manner consistent with the purposes of this title, that is established under State law as of the date of enactment of this Act, and that as of such date is operating with an annual State appropriation of not less than \$1,000,000 in non-Federal funds, shall be deemed to meet the eligibility requirements of this subtitle, and the entity carrying out the program shall be deemed to be a qualified entity. The Secretary shall consider funding the statewide program as a demonstration project described in this subtitle. In considering the statewide program for funding, the Secretary shall review an application submitted by the entity carrying out such statewide program under this section, notwithstanding the preference requirements listed in subsection (d). Any program requirements under sections 407 through 411 that are inconsistent with State statutory requirements in effect on the date of enactment of this Act, governing such statewide program, shall not apply to the program.

As of the date of enactment of the AFI Act (October 27, 1998), asset-building programs in Indiana and Pennsylvania met the requirements necessary to be deemed to meet the eligibility requirements of the AFI Act as a ‘qualified entity.’ As such, Indiana Housing and Community Development Authority (IHCDA) and the Pennsylvania Department of Community and Economic Development (DCED) have been designated as qualified entities. IHCDA and Pennsylvania DCED may submit applications for AFI Program funding through the Funding Opportunity Announcement (FOA) process. These applications are reviewed and considered for funding in the manner detailed in the FOA under which they are submitted.

As indicated in Section 405(g), some AFI Act requirements are waived for the statewide programs administered by IHCDA and Pennsylvania DCED. HHS may only waive AFI Act requirements that are 1) from Sections 407-411 and 2) that are inconsistent with state statutory requirements that were in effect on the date of the enactment of the AFI Act (October 27, 1998). Requirements in Sections 401-406 and 412-416 of the AFI Act may not be waived under Section 405(g), thus IHCDA and Pennsylvania DCED must comply fully with these sections. For additional details on the interpretation of Section 405(g) of the AFI Act, please see the information memorandum on the subject¹.

¹ This information memorandum is available on the OCS website: <http://www.acf.hhs.gov/ocs/resource/afi-im>.

THE INDIANA IDA PROGRAM

The Indiana Individual Development Account (IDA) Program is administered by the IHCD. Established by state law in 1997, it was one of the earliest large-scale IDA programs in the country.

Program Administration

IHCD awards year-long contracts annually to organizations across the state to administer the Indiana IDA Program. In FY 2015, IHCD awarded contracts to 25 agencies that independently open and administer IDAs for the Indiana IDA Program.

Due to inconsistencies in the Indiana state statute at the time of AFI program enactment, the Indiana IDA Program can differ from other AFI projects in several ways, including participant eligibility requirements and specific requirements related to asset purchases. For example, the Indiana state statute does not require that the purchase of a primary residence be made by a qualified first-time homebuyer; that postsecondary education or training expenses be paid directly to an eligible educational institution; or that IDA withdrawals for a business must be paid into a business capitalization account. Additionally, the Indiana state statute explicitly includes asset purchase for a dependent in all of their allowable categories; it does not, however, allow for transfers to IDAs of family members, as the AFI Act does.

Indiana IDA Program participants are required to complete eight hours of financial literacy education and at least six hours of asset-specific training. The majority of IDA holders have a four year savings plan; IHCD allows savings plans to range from one to four years.

Grant History and Data Challenges

As shown in Figure 1, from FY 1999 through FY 2015, the Indiana IDA Program was awarded a total of \$16,124,944 in AFI funds. Due to the manner in which the Indiana IDA Program was administered and how data for AFI grants through 90EI0678 awarded in FY 2011 were reported, the data for the Indiana IDA Program are presented in two cohorts.² The older cohort includes data for grant 90EI0678 and earlier. The data for these older grants are only through the end of FY 2014 due to challenges isolating the specific FY 2015 data for grants 90EI0625 and 90EI0678. The current cohort includes data for grants 90EI0761, 90EI0812, and 90EI0860. Although part of this current cohort, IHCD was not required to submit FY 2015 data for grant 90EI0915 because this grant was awarded on the final day of FY 2015. As noted in the main report, data reported by IHCD are only presented in this Appendix. Data provided by IHCD were not combined with data from other AFI grants in the analyses provided in the main report or Appendix A.

² Separate cohorts were analyzed in an effort to mitigate data duplication. As a result, there is a potential for underreported program outcomes.

Figure 1. AFI Grant Awards to the Indiana IDA Program

	Grant	Project Period	AFI Grant Award Amount
Older Cohort	90EY001 FY 1999	9/30/1999 – 9/29/2005	\$930,000
	90EY001 FY 2000	9/30/2000 – 9/29/2005	\$700,000
	90EY001 FY 2001	9/30/2001 – 9/29/2005	\$494,944
	90EY001 FY 2002	9/30/2002 – 9/29/2005	\$1,000,000
	90EY001 FY 2003	9/30/2003 – 9/29/2005	\$1,000,000
	90EI0325	9/30/2004 – 9/29/2009	\$1,000,000
	90EI0371	9/30/2005 – 9/29/2010	\$1,000,000
	90EI0445	2/1/2007 – 1/31/2012	\$1,000,000
	90EI0473	7/1/2007 – 6/30/2012	\$1,000,000
	90EI0511	4/1/2008 – 3/31/2013	\$1,000,000
	90EI0572	4/1/2009 – 3/31/2014	\$1,000,000
	90EI0625	4/1/2010 – 3/31/2015	\$1,000,000
	90EI0678	6/1/2011 – 5/31/2016	\$1,000,000
Current Cohort	90EI0761	7/1/2012 – 6/30/2017	\$1,000,000
	90EI0812	9/30/2013 – 9/29/2018	\$1,000,000
	90EI0860	9/30/2014 – 9/29/2019	\$1,000,000
	90EI0915	9/30/2015 – 9/29/2020	\$1,000,000
Total:			\$16,124,944

Data for Current Cohort: Grants 90EI0761, 90EI0812, and 90EI0860

Through the end of FY 2015:

- 424 individuals opened IDAs.
- 125 IDA holders completed financial literacy training.
- 103 IDA holders completed asset-specific training.³
- IDA holders deposited \$336,581 in earned income savings (an average of \$794 per IDA holder).⁴
- 103 IDA holders made qualified asset purchases, using \$71,353 of their earned income savings, \$116,641 in AFI grant funds, and \$116,722 in non-federal cash (Indiana state funds). Specifically:
 - 56 IDA holders (54 percent) made withdrawals for postsecondary education.
 - 29 IDA holders (28 percent) made withdrawals for homeownership.
 - 18 IDA holders (17 percent) made withdrawals for business capitalization.⁵

³ These numbers may not represent unique individuals. It is possible that an individual completed more than one type of asset-specific training.

⁴ This amount represents only IDA holder savings that qualified to be matched by the state. IDA holders may continue to save additional funds, but these additional IDA holder savings are not captured in these figures.

⁵ IDA holders can make more than one type of asset purchase, so these groups are not mutually exclusive. For example, one individual may make a matched withdrawal for postsecondary education and for business capitalization.

- \$9,200 was withdrawn in unmatched IDA holder savings for emergency needs or due to termination from the project.

The demographic characteristics of the IDA holders for these grants are presented in Figure 2. As noted in the main report and Appendix A, there have been some changes to the demographic data collected with the new AFI data collection. Demographic fields that IHCD A did not collect for FY 2015 are excluded from Figure 2, including Total Household Size and Federal Earned Income Tax Credit (EITC) Receipt.

Figure 2. IDA Holder Demographics for Grants 90EI0761, 90EI0812, and 90EI0860

Category	IDA Holders	
Gender	Number	Percent
Female	317	75%
Male	106	25%
Other	0	0%
Declined to ID	1	0%
Race	Number	Percent
Black	152	36%
Asian or Pacific Islander	17	4%
White	190	45%
American Indian or Alaskan Native	2	<1%
Unknown	53	13%
Declined to ID	10	2%
Ethnicity	Number	Percent
Hispanic or Latino	45	11%
Not Hispanic or Latino	379	89%
Declined to ID	0	0%
Age	Number	Percent
19 years and under	14	3%
20-29 years	124	29%
30-39 years	176	42%
40-49 years	64	15%
50 years and older	46	11%
Declined to ID	0	0%
Marital Status	Number	Percent
Single, never married	233	55%
Married	100	24%
Separated	15	4%
Divorced	45	11%
Widowed	27	6%
Declined to ID	4	1%
Temporary Assistance for Needy Families (TANF) Recipients	Number	Percent
Current TANF Recipient	7	2%
Not Current TANF Recipient	417	98%
Declined to ID	0	0%

Category	IDA Holders	
Educational Attainment	Number	Percent
Completed grades K-5	5	1%
Completed grades 6-8	6	1%
Completed grades 9-11	13	3%
High School Diploma/GED	134	32%
Vocational School Diploma/Degree	30	7%
Some College	67	16%
AA Degree/Graduated two-year college	83	20%
BA/BS Degree/Graduated four-year college	58	14%
Some Graduate School	0	0%
Graduate Degree	21	5%
Declined to ID	7	2%
Employment	Number	Percent
Full Time Employed	254	60%
Part Time/Seasonally Employed	126	30%
Unemployed	0	0%
Other	37	9%
Declined to ID	7	2%
Auto Ownership	Number	Percent
Owns an Automobile	374	88%
Does Not Own an Automobile	50	12%
Declined to ID	0	0%
Home Ownership	Number	Percent
Owns a Home	58	14%
Does Not Own a Home	366	86%
Declined to ID	0	0%
Business Ownership	Number	Percent
Owns a Business	69	16%
Does Not Own a Business	355	84%
Declined to ID	0	0%
Banking (IDA holders may be counted more than once)	Number	Percent
Ever held a checking account	410	97%
Ever held a savings account	384	91%
Ever used direct deposit	386	91%
Declined to ID	0	0%
Household Composition - Adults	Number	Percent
Zero	0	0%
One	274	65%
Two	117	28%
Three	23	5%
Four	5	1%
Five	3	1%
Six	0	0%
Seven	0	0%
Eight+	0	0%

Category	IDA Holders	
Declined to ID	2	<1%
Household Composition - Children	Number	Percent
Zero	118	28%
One	92	22%
Two	93	22%
Three	64	15%
Four	36	8%
Five	13	3%
Six	5	1%
Seven	0	0%
Eight+	0	0%
Declined to ID	3	1%
Household Adjusted Gross Income Level	Number	Percent
Below 100%	109	26%
100-150%	183	43%
151-200%	132	31%
Declined to ID	0	0%

Data from Older Cohort: Grants 90EI0678 and Earlier

Through the end of FY 2014:

- 5,675 individuals opened IDAs.
- IDA holders deposited \$4,598,803 in earned income savings (an average of \$810 per IDA holder). This amount represents only IDA holder savings that qualified to be matched by the state. As IDA holders have an indefinite period of time to make a qualified asset purchase, they may continue to save beyond the initial four-year savings period. As such, additional IDA holders' savings may not be captured in these figures.
- 4,715 IDA holders made qualified asset purchases, using \$3,012,481 of their earned income savings and \$12,511,929 in combined federal and non-federal matching funds. Specifically:
 - 2,250 IDA holders (48 percent) made withdrawals for postsecondary education.
 - 1,569 IDA holders (33 percent) made withdrawals for homeownership.
 - 896 IDA holders (19 percent) made withdrawals for business capitalization.⁶
- \$328,967 was withdrawn in unmatched savings for emergencies or due to termination from the project.

As noted in the discussion of the current cohort, not all of the organizations that were contracted to administer the Indiana IDA Program for these grants collected demographic data. As such, the demographic data reported for the older cohort may not accurately represent the Indiana IDA Program, and OCS has decided to omit it rather than provide potentially misleading data.

⁶ IDA holders can make more than one type of asset purchase, so these groups are not mutually exclusive. For example, one individual may make a matched withdrawal for a home and for business capitalization.

PENNSYLVANIA FAMILY SAVINGS ACCOUNT PROGRAM

The Pennsylvania Family Savings Account (FSA) Program, administered by the Pennsylvania Department of Community and Economic Development (DCED), was established by state law in 1997.

Program Administration

Pennsylvania DCED has worked with organizations across the state to administer the Pennsylvania FSA Program. IDA holders⁷ have been required to attend at least four general financial education classes, each of which is typically four hours in length. They have been required to participate in at least two other asset-specific training sessions, which vary in length based on the asset purchase goal. IDA holders had to complete the general financial education classes and the asset-specific training sessions prior to asset purchase.

Due to inconsistencies in the Pennsylvania state statute at the time of AFI program enactment, the Pennsylvania FSA Program can differ from other AFI projects in several ways, including participant eligibility requirements and requirements related to asset purchases. For example, the 1997 Pennsylvania state statute allowed for matched withdrawals beyond those in the AFI Act, including enrollment of a saver's child in day care to enable the saver to participate in job training.

Grant History and Data Challenges

As shown in Figure 3, from FY 1999 through FY 2012, the program was awarded a total of \$10,082,000 in AFI funds. Pennsylvania DCED has not applied for additional AFI Program funding since FY 2012. Due to challenges with non-federal funding and other issues, Pennsylvania DCED was delayed with grant 90EI0751 operations, and there was no activity on the grant through the end of FY 2015. Thus, the data for the Pennsylvania FSA program through the end of FY 2015, reported below, are the same as the data for the program through the end of FY 2014. Due to inconsistencies in data gathered from the organizations that independently open and administer IDAs for the Pennsylvania FSA Program, in the past some data have been approximated based on a review of agency reports by Pennsylvania state staff. Moving forward, OCS is working to minimize such data issues. As noted in the main report, data reported by Pennsylvania DCED are only presented in this Appendix. Data provided by Pennsylvania DCED were not combined with data from other AFI grants in the analyses provided in the main report or Appendix A.

⁷ Although the matched savings accounts under the Pennsylvania Program are called FSAs, we have continued to use the term "IDA holder" throughout this section for consistency with the rest of this report.

Figure 3. AFI Grant Awards to the Pennsylvania FSA Program

Grant	Project Period	AFI Grant Award Amount
90EY002 FY 1999	9/30/1999 – 9/29/2005	\$930,000
90EY002 FY 2000	9/30/2000 – 9/29/2005	\$1,000,000
90EY002 FY 2001	9/30/2001 – 9/29/2005	\$1,000,000
90EY002 FY 2002	9/30/2002 – 9/29/2005	\$1,000,000
90EY002 FY 2003	9/30/2003 – 9/29/2005	\$826,000
90EI0323	9/30/2004 – 9/29/2010	\$826,000
90EI0368	9/30/2005 – 9/29/2011	\$1,000,000
90EI0434	9/30/2006 – 9/29/2012	\$1,000,000
90EI0499	9/30/2007 – 9/29/2013	\$1,000,000
90EI0537	7/1/2008 – 6/30/2014	\$1,000,000
90EI0751	4/1/2012 – 3/31/2017	\$500,000
Total:		\$10,082,000

Data for the Pennsylvania FSA Program

Through the end of FY 2015:

- 7,335 individuals opened IDAs.
- 4,022 IDA holders completed general financial education classes, while 4,519 completed asset-specific training.⁸
- IDA holders deposited \$9,768,935 into their accounts.
- 3,143 IDA holders made qualified asset purchases, using \$6,366,228 of their savings and \$5,647,736 in combined federal and non-federal matching funds.⁹

Key demographic data for the Pennsylvania FSA Program is as follows:¹⁰

- Gender: 57 percent female and 18 percent male.
- Race: 39 percent Caucasian and 28 percent African American.
- Marital status at enrollment: 36 percent never married.
- Household composition at enrollment: 46 percent of IDA holders were the only adult living in their household and 31 percent had one or two children in their household.
- Age at enrollment: 37 percent were between 20 and 39 years old.
- Employment status at enrollment: 34 percent employed full-time and 15 percent employed part-time.
- Educational status at enrollment: 35 percent more than high school and 25 percent high school only.

⁸ The number of IDA holders that completed asset-specific training does not necessarily represent unique individuals, as individuals may have completed more than one type of asset-specific training.

⁹ The average amount of IDA holders' earned income savings withdrawn for qualified purchases is slightly higher than the matched amount because the Pennsylvania FSA Program allows IDA holders to continue making deposits into their accounts after meeting the maximum matched savings amount and to save past the allowed matching time period. However, these excess savings are not matched by the FSA Program.

¹⁰ Although all sub-recipients reported project data for this year's report, some sub-recipients did not collect certain demographic information from IDA holders. As such, these figures are based on incomplete information.