

Assets for Independence Act Evaluation

Impact Study: Final Report

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Executive Summary

This report provides the first national estimates of the effects of individual development accounts (IDAs) on participants in the largest federally funded IDA program: the Assets for Independence (AFI) Program. IDAs are personal savings accounts targeted to low-income persons that encourage participants to save for specific types of assets by providing matching funds when the account holder makes withdrawals for an allowable asset purchase.

The rationale for IDAs lies in the proposition that income transfers have eased the hardship of the poor but have been less effective in enabling low-income families to become economically self-sufficient. An alternative view that emerged in the early 1990s was that to promote economic advancement and self-sufficiency—as well as to encourage socially positive behaviors—policies should focus on asset accumulation, in combination with income support.

The AFI Act calls for an evaluation of AFI projects to be carried out by an independent research organization under contract to HHS. The evaluation is to analyze the effects of incentives and services on participant savings; the extent to which participant savings vary by demographic characteristics; the economic, civic, psychological and social effects of savings; the effects of project participation on savings rates, homeownership, postsecondary educational attainment, and self-employment; the potential financial returns from IDAs to the Federal government and other public and private sector investors over a 5-year and 10-year period of time; and the lessons learned from the demonstration project and whether an IDA program should become permanent. The Act specifies further that the evaluation is to utilize a control group to compare AFI project participants with nonparticipants, and to utilize both quantitative and qualitative data. A final evaluation is to be completed within one year following the conclusion of all AFI projects funded under the Act.

HHS selected Abt Associates Inc. to begin the evaluation. Given the resources available to support the evaluation, HHS decided upon a process study and an impact study using a national comparison group as the first priorities in meeting the legislative requirements. Funding constraints did not permit the study of civic, psychological, and social effects of savings, or financial returns from IDAs to the government and other investors, to be included in this phase of the evaluation. Other research in the IDA field is currently addressing these topics. HHS is considering possibilities for including these topics in the next phase of the evaluation.

This study represents the impact study component of the AFI evaluation. It examines the effects of AFI participation on the three forms of asset building targeted by the AFI Program: homeownership, business ownership, and postsecondary education. The analysis also assesses the program's impact on key components of net worth (financial assets, home equity, and consumer debt) and on employment status and income (whether employed, amount of monthly earnings, and receipt of means-tested benefits from cash assistance, food stamps, or Medicaid). The process study component of the evaluation explores how various AFI projects are planned, implemented, and operated.¹

¹ See Donna DeMarco, Gregory Mills, and Michelle Ciurea, *Assets for Independence Evaluation: Process Study Final Report*, Abt Associates Inc., Cambridge, Mass., February 2008.

Design of the Evaluation

This study examined the effects of IDAs on AFI participants based on a three-year longitudinal survey of 600 participants nationwide. The sample for the AFI Participant Survey consisted of a randomly selected national sample of 600 AFI accountholders who opened their IDAs during calendar year 2001. The survey, conducted by Abt Associates, involved three annual waves of telephone interviews, at approximately the 12th, 24th, and 36th months after account opening, including individuals who were no longer AFI participants at that time. The 485 cases for which interviews were completed at the third wave—81 percent of the survey sample—represented the analysis sample of AFI participants.

The study adopted a nonexperimental evaluation design. Estimating the effects of the program required data not only on a national sample of AFI participants but also on a corresponding national sample of AFI-eligible nonparticipants in the general U.S. population. The data source for the nonparticipant sample was the 2001 panel of the U.S. Census Bureau’s Survey of Income and Program Participation (SIPP).

A statistical method called “propensity score matching” was used to identify a subsample of the 2001 SIPP panel that was well matched to the AFI participant sample. This comparison group sample was identified from among those in the 2001 SIPP panel whose annualized monthly household income at panel entry was below the AFI eligibility limit of 200 percent of the federal poverty level. The criteria on which AFI-eligible nonparticipants were matched with AFI participants were as follows: gender, race/ethnicity, age, marital status, education, ownership of a checking or savings account, homeownership, business ownership, employment status, monthly household earnings, receipt of means-tested benefits, and geographic location (by metropolitan/nonmetropolitan status and Census region/division).

For consistency, the AFI Participant Survey instrument was comprised of questions drawn primarily from the SIPP. Common survey questions produced the following types of data:

- *Outcome measures* with respect to employment status, earned income, savings, homeownership, business ownership, vehicle ownership, postsecondary educational attainment, consumer debt, and receipt of major means-tested benefits;
- *Explanatory variables* with respect to gender, age, education, race/ethnicity, marital status, household composition, presence of a checking or savings account, and baseline household earnings.

In addition to the AFI Participant Survey data and SIPP data, the analysis used data from the following sources:

- *Account-level data* on monthly IDA account histories for the AFI participants, including information on deposits, matched withdrawals, unmatched withdrawals, and account balances;

- *Project-level data* on features of the AFI project in which each participant opened their IDA, including agency type, maximum savings matched, match rate, maximum savings period for each qualified use, and minimum required hours of financial education;
- *Area-level data* from the 2000 Census describing the economic conditions in the area where each participant or nonparticipant sample member resided at the time of their sample entry, including median annual household income, household poverty rate, unemployment rate, and median value of owner-occupied housing units.

IDA Activity and Participant Outcomes

The initial data analysis focused entirely on the national sample of AFI participants opening accounts in 2001. The predominant characteristics of these individuals were as follows:

- 82 percent female;
- 46 percent non-Hispanic black, 31 percent non-Hispanic white, and 12 percent Hispanic;
- 43 percent of age 30 to 39;
- 39 percent never married;
- 55 percent with at least some postsecondary education;
- 53 percent with the accountholder as the only adult household member and 83 percent with at least one child in the household;
- 78 percent residing in a Metropolitan Statistical Area; and
- 42 percent with annualized household earnings below the poverty level.

The patterns of IDA account use of those opening accounts in 2001 were as follows:

- The average participant deposited \$483 into their IDA by the end of the first year. By the end of the second year, cumulative deposits averaged \$784, and by the end of the third year the average cumulative deposit was \$935.
- Through the first two years, unmatched withdrawals per participant (\$215) exceeded matched withdrawals per participant (\$190). But by the end of the third year, the cumulative unmatched withdrawal average (\$328) was less than the matched withdrawal average (\$377).
- The average monthly net deposit was \$19 (i.e., \$935 in gross deposits less \$328 in unmatched withdrawals, divided by 36 months). Dividing this by average monthly earnings of \$1,598 (the three-year earnings average) yields a net savings rate of 1.2 percent. (The gross savings rate, which takes no account of unmatched withdrawals, was 1.6 percent.)
- Through the third year, approximately one-third (31 percent) of participants had made a matched withdrawal.

With regard to asset-related outcomes, the main findings from the descriptive analysis of those opening accounts in 2001 were as follows:

- 23.4 percent of AFI participants already owned their home (or were in the process of buying it) at the time of their account opening. By the end of third year after account opening, the homeownership rate had increased by 17.8 percentage points, to 41.2 percent.
- 15.8 percent of AFI participants were already business owners upon opening their IDA. By the end of the third year after account opening, this percentage had risen to 24.1 percent, a rise of 8.3 percentage points.
- Three years after account opening, 46.3 percent of participants had engaged in some postsecondary classes or coursework, including evening classes in vocational or technical schools.

In multivariate analysis of asset-related participant outcomes, the significant findings with respect to project and area characteristics were as follows:

- Participants were more likely to become homeowners at year 3 in AFI projects with shorter maximum savings periods for homeownership and in projects operated by nongovernmental agencies;
- Participants were more likely to become business owners at year 3 in projects with higher match rates for business ownership and in areas with higher poverty rates;
- Participants were more likely to have engaged in postsecondary educational coursework within three years of their account opening in areas with lower unemployment rates.

In this analysis of participant outcomes, there were no significant associations found with respect to the AFI project's maximum amount of matchable savings or required hours of financial education, nor with respect to the local area's median household income or median housing price.

Estimated Program Effects on Participants

The above analysis was preliminary to addressing the more policy relevant question: *were the asset- and income-related outcomes observed among AFI participants better than they would have been without the program?* The answer is affirmative for most of the key outcomes, based on multivariate analysis of data from both the AFI participants and the comparison group nonparticipants from the SIPP panel.

The estimated third-year program effects were positive and statistically significant on all three forms of AFI-supported asset ownership. Specifically:

- The program is estimated to increase the rate of *homeownership* by the end of the third year by 10.9 percentage points above the level that would otherwise be expected based on the comparison group mean of 31.1 percent. The proportional effect (10.9 divided by 31.1) is thus 35 percent, meaning that participants were 35 percent more likely to be

homeowners at the end of the third year compared to demographically matched nonparticipants.

- The estimated program effect on third-year *business ownership* is to increase the rate of business ownership by 10.0 percentage points above the comparison group mean of 11.9 percent, such that participants were 84 percent more likely to own businesses at the end of the third year than were nonparticipants.
- The estimated effect of the program is to increase by 21.2 percentage points the share of participants engaging in *postsecondary education* during the three years, from a comparison group mean of 22.3 percent. The proportional effect is thus 95 percent, implying that the program nearly doubled the likelihood that an individual pursued postsecondary education.

These program effects indicate that AFI participants derived very substantial benefits from the program in the targeted forms of asset building. The estimate for homeownership is several percentage points higher than the estimate obtained by Abt Associates in its experimental evaluation of the Tulsa IDA program implemented under the American Dream Demonstration.

The program was found to increase slightly the probability of employment for AFI participants, relative to nonparticipants. It is important to note, however, that the employment rate declined for both participants and nonparticipants over the three-year observation period. Because the drop was only half as large for participants, the estimated program effect was positive and favorable, although small in magnitude and only marginally significant.

None of the estimated program effects were statistically significant on components of net worth: financial assets (interest-earning assets held at financial institutions, including the IDA balance for AFI participants), home equity (estimated house value less outstanding mortgage debt), and consumer debt (principally, credit card debt and vehicle loans). This is not altogether surprising, given the short-term follow-up period and the inherent variability of these dollar-measured outcomes. Additionally, the study found no significant short-term program effects on the amount of monthly earnings or on the receipt of major means-tested benefits. Only further investigation will determine the longer-term effects of IDA participation on these outcomes.

For the major program goals—homeownership, business ownership, and postsecondary education—the study also examined whether the program effects varied among demographically defined subgroups. The findings were as follows:

- The effects on homeownership differed significantly by geographic location, as the favorable third-year effect of the program was more pronounced for metropolitan cases in the East North Central region and for nonmetropolitan cases in the Midwest region.
- The effects on business ownership differed significantly by baseline marital status and household income. The favorable third-year program effect was less pronounced for never-married persons and more pronounced for persons with higher household incomes.
- The effects on postsecondary educational advancement differed significantly by baseline educational level. The favorable third-year effect was more pronounced for those with no more than a high school education or GED.

There is some risk that the impact estimates are over-stated. This is inherently the case with a nonexperimental evaluation, where the program under study involves participants who enter voluntarily (subject to both self-selection and agency screening) and where the comparison group is identified by a process other than random assignment. In particular, the estimates may inadvertently capture, and attribute to the program, innate differences between AFI participants and the matched nonparticipants in underlying, unobservable personal characteristics such as motivation to improve one's economic situation. With this caveat, the study provides important empirical evidence suggesting that AFI programs have favorable effects on the targeted forms of asset accumulation.

Chapter One: Introduction

This report estimates the effects of individual development accounts (IDAs) on participants in the largest federally funded IDA program: the Assets for Independence (AFI) Program. IDAs are personal savings accounts that encourage participants to save for specific types of asset building, providing matching funds when the accountholder withdraws funds for the allowable forms of asset purchase. This study examines the effects of AFI participation on saving behavior, the three forms of asset building that are targeted by the AFI Program (homeownership, business ownership, and postsecondary education), and other aspects of economic well-being. The study looks at the extent to which participant outcomes vary by the differing demographic characteristics of participants, features of the AFI projects, or local economic conditions.

This study is based on a three-year longitudinal survey conducted by Abt Associates on a nationally selected sample of AFI participants who opened their accounts during calendar year 2001. In order to estimate program effects, the study also used information from a matched comparison group of AFI-eligible nonparticipants from the 2001 panel of the Survey of Income and Program Participation (SIPP), conducted by the Census Bureau.

1.1 Asset Building as an Anti-Poverty Strategy

The conceptual underpinning to individual development accounts lies in the realization, during the early 1990s, that income transfers, the major mechanism of forty years of social welfare policy, had done much to ease the hardship of the poor, but had not helped great numbers of low-income families to become more economically self-sufficient. An alternative view was that the way out of poverty—as well toward a number of socially positive behaviors—was to promote asset accumulation. Sociologist Michael Sherraden made the case for asset-based social policy in his book *Assets and the Poor* (1991). The rationale lay in two arguments: first, *assets promote a longer planning horizon*, which promotes long-term investments (such as education) and more careful husbanding of resources. Second, *asset holdings promote a variety of positive attitudes and behaviors*, including household stability, personal efficacy, community involvement, and political participation. The assumption was that these behaviors would also lead to economic self-sufficiency (although the theory emphasized that the link is indirect and that these behaviors are valuable in and of themselves, even if self-sufficiency does not follow). Because certain assets, such as education and business capital, lead to better jobs and/or higher income, it is credible that they would directly promote economic self-sufficiency. The effect of other types of assets, such as housing, may be less direct. But to the extent that their possession provides low-income working people with a more stable situation, their effect on self-sufficiency would seem to be potentially strong as well.

The ideas articulated by Sherraden and others at the forefront of promoting asset-based social policy, including both the Center for Social Development at Washington University in St. Louis (directed by Sherraden) and CFED (formerly, the Corporation for Enterprise Development), appealed to policymakers who were searching for ways to incorporate self-sufficiency into American social welfare policy. The 1996 welfare reform act (Personal Responsibility and Work Opportunity Reconciliation Act) authorized States to administer and fund IDA projects with Temporary

Assistance to Needy Families (TANF) program funds, and it allowed a participant's IDA savings to be exempt from determining eligibility for federal means-tested government assistance.

1.2 Assets for Independence Program

The Assets for Independence program, established under the Assets for Independence Act (Public Law 105-285, enacted on October 27, 1998) provides federal funding for state and local IDA projects nationwide. Under the program, five-year grants are awarded competitively to non-profit organizations (or state or local agencies or tribal organizations that partner with a qualified non-profit entity). Two states with pre-existing statewide IDA initiatives, Indiana and Pennsylvania, were grandfathered into the AFI program and receive grants on a noncompetitive basis. The AFI program is administered federally by the Office of Community Services (OCS) within the Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services (HHS).

The Act authorized \$25 million for each of five fiscal years (FY1999 through 2003). The annual appropriation approved by the Congress was \$10 million in each of FYs 1999 and 2000, slightly less than \$25 million each for FY 2001 through FY 2003, and approximately \$24.5 million in FYs 2004 through 2007. Congress has appropriated \$24,025,000 for FY 2008.

Through FY 2007, HHS has awarded upwards of 500 grants, totaling nearly \$149 million. A total of 302 nonprofit organizations and governmental agencies have received the AFI grants. Many of them have received multiple awards. The grant amount has ranged from a low of \$4,000 to a high of \$1 million for 5-year project periods.

To receive funding, AFI projects must comply with the following list of guidelines.

- Participants either must have household income below 200 percent of the federal poverty level, must be income-eligible for the earned income tax credit (EITC), or must be receiving (or eligible for) benefits or services under a state's TANF program.² Participants must also have net assets valued at less than \$10,000 (excluding the value of one's primary dwelling and one motor vehicle).
- To receive matching funds on their savings, a participant must use the account for home purchase, business capitalization, or postsecondary education (or for the transfer to the IDA of another eligible person).
- The participant's deposits must be from earned income.
- Matching rates (including both the federal and nonfederal match) can range from \$1 to \$8 per dollar saved by the participants.

² AFI technical amendments that became effective on December 21, 2000 revised the income eligibility threshold from 150 percent to 200 percent of the federal poverty level. The annual income amounts corresponding to 200 percent of the poverty level (in the contiguous 48 states and D.C.) are as follows in 2007: two-person family, \$27,380; three-person family, \$34,340; and four-person family, \$41,300. For tax year 2006, the EITC annual income limits are as follows: \$32,001 for a nonmarried taxpayer with one child and \$36,348 for a nonmarried taxpayer with two or more children.

- Grantees must provide at least half of the project budget from non-federal sources.

The uses of the federal grant are constrained by the following limits:

- At least 85 percent of the grant must be used to match accountholders' deposits into their IDAs.
- Not more than 13 percent of the grant funds may be used for project administration and participant skills building.
- Not less than 2 percent of the grant funds must be devoted to the costs of collecting and providing the information necessary to conduct the AFI evaluation.³

Grantees that receive AFI funds have considerable latitude to design projects in ways that meet their local needs, but they must also contain certain project elements such as a Savings Plan Agreement and financial education. Typical project elements are listed below, in the order in which they are most often conducted. Individual projects may devote different levels of effort to these project elements (e.g., financial education courses may be lengthy or short, and case management may be intensive or cursory), and the sequence may vary slightly, but virtually all AFI projects contain the following programmatic elements:

- an ***eligibility determination*** to establish that applicants meet the federal eligibility requirements and any additional project-specific criteria for targeting particular population groups for prospective participants;
- an ***orientation session*** that presents the rules and policies of the project;
- a ***Savings Plan Agreement*** between the participant and the grantee organization that specifies a savings goal, schedule, intended use, and the corresponding match rate;
- ***financial education***, also referred to as financial literacy or money management training;
- ***asset-specific training*** relating to the type of asset that the participant intends to purchase, such as homeownership training, entrepreneurial assistance or training, and career counseling for those pursuing postsecondary education;
- ***case management and support services*** that may include the provision of (or referral to) financial services (such as credit counseling) or social services (such as child care, transportation, or crisis intervention); and
- use of a ***management information system***, most often the Management Information System for Individual Development Accounts (MIS IDA) or the more recent AFI² (“AFI-Squared”) system developed by OCS and provided free of charge to all AFI grantees, to track account activity and participant characteristics.

³ The December 2000 technical amendments raised the percentage earmarked for non-match uses from 9.5 percent to 15.0 percent, still subject to the requirement that not less than 2.0 percent be devoted to evaluation-related expenses.

1.3 AFI Evaluation

Section 414(a) of the Act calls for an evaluation of AFI projects to be carried out by an independent research organization under contract to HHS. The evaluation is to analyze the effects of incentives and services on participant savings; the extent to which participant savings differ by demographic characteristics; the economic, civic, psychological and social effects of savings; the effects of project participation on savings rates, homeownership, postsecondary educational attainment, and self-employment; the potential financial returns from IDAs to the Federal government and other public and private sector investors over a 5-year and 10-year period of time; and the lessons learned from the demonstration project and whether an IDA program should become permanent. The Act specifies further that the evaluation is to utilize a control group to compare AFI project participants with nonparticipants, and to utilize both quantitative and qualitative data. A final evaluation is to be completed within one year following the conclusion of all AFI projects funded under the Act.

HHS selected Abt Associates Inc. to begin the evaluation. Given the resources available to support the evaluation, HHS decided upon a process study and an impact study using a national comparison group as the first priorities in meeting the legislative requirements. These two components of the evaluation are described below. Funding constraints did not permit the study of civic, psychological, and social effects of savings, or financial returns from IDAs to the government and other investors, to be included in this phase of the evaluation. Other research in the IDA field is currently addressing these topics. HHS is considering possibilities for including these topics in the next phase of the evaluation.

Process Study

The *process study* provides a comprehensive picture of the development, planning, start-up, and on-going operations of selected AFI projects. It describes how the projects work and the factors influencing operations. In describing how clients interact with project staff and receive project services, the process study also helps interpret the findings of the nonexperimental impact study, presented in this report. The process study has drawn upon the observations of one-or two-day site visits conducted each year to five or six selected sites, starting in 2001 and ending in 2005. During the site visits, in-depth interviews were conducted with project staff, partnering organizations, and participants. The process study examined the experiences of the selected projects over a roughly two-year period, covering how projects evolved, what issues arose and how they were resolved, and how these issues may have affected participants' saving and asset building.

The process study sites were selected purposively—not randomly—in consultation with HHS to encompass diversity along characteristics important in understanding project operations. Among the selection criteria used were: type of grantee organization, AFI project size, region of the U.S., and urban or rural setting. Thus, the sites selected were not intended to be representative, but rather illustrative of the range of project models that exist among AFI grantees and of the ways in which project models may affect the experiences of IDA accountholders.

The process study activities led to completion of annual site visit reports that presented the findings of each year's process study activities.⁴ A series of project briefs and a final report have also been completed.⁵

Nonexperimental Impact Study

The *nonexperimental impact study*, the subject of this report, examines the effects of IDAs on AFI participants, based on a three-year longitudinal survey of 600 participants nationwide. This study provides the first national empirical evidence to date on the effects of the AFI program on participant outcomes. The analysis examines the effects of AFI participation on homeownership, business ownership, postsecondary education, employment status (whether employed or self-employed and the amount of monthly earnings), and key components of net worth (financial assets, home equity, and consumer debt). It also examines whether participant outcomes vary systematically among accountholders of differing demographic characteristics, among AFI projects with differing design features and organizational aspects, and among communities with differing economic conditions.

The impact study is nonexperimental. For most of the outcome measures, participant outcomes are compared to outcomes for AFI-eligible nonparticipants in the general population. As described in detail in Chapter Two of this report, comparison data on matched nonparticipants come from the Census Bureau's Survey of Income and Program Participation (SIPP).

1.4 Organization of This Report

The remainder of this report is organized into the following chapters:

- Chapter Two describes the data sources used in the study, including the AFI Participant Survey, the Survey of Income and Program Participation, account-level data, project-level data, and area-level data.
- Chapter Three provides basic descriptive information on the characteristics of AFI participants and measured participant outcomes over the first three years following the account opening. Findings are presented with respect to whether outcomes vary according to the characteristics of participants, projects, or local areas.
- Chapter Four examines the effects of AFI participation on the outcomes of the accountholders over the three-year follow-up period, as measured against the outcomes observed among comparable AFI nonparticipants selected from the 2001 SIPP panel over a similar three-year calendar period.

The Appendix shows the correspondence between items in the AFI Participant Survey questionnaire and items from the 2001 SIPP panel.

⁴ See the following: Ciurea, et al., 2002a; Ciurea, et al., 2002b; Mills, et al., 2003; Mills, et al., 2005a; and Mills, et al., 2005b.

⁵ See the following: DeMarco, et al., 2008.

Chapter Two: Data Sources

In this chapter we describe the data sources used to support the AFI national evaluation. These sources include the AFI participant survey data, Survey of Income and Program Participation (SIPP) data, account-level data, project-level data, and area-level data.

2.1 AFI Participant Survey

Survey Sample

The AFI Participant Survey sample consisted of a randomly selected national sample of 600 AFI accountholders who opened their IDA accounts during calendar year 2001. The sample was selected at two points in time. The first sample consisted of 300 randomly selected adults who opened their accounts in AFI projects nationwide during the six-month reference period January-June 2001. A “primary sample” of 300 and a “reserve sample” of 300 were selected. The second primary and reserve samples, each also 300 in size, were subsequently selected from accounts opened during July-December 2001.

For each six-month period, we constructed the sampling frame (the list of accounts from which the sample was selected) from lists of program participants provided by each AFI grantee that had received a FY1999 or FY 2000 AFI grant. After the close of the six-month period, each grantee provided a complete listing of their AFI accountholders and the date on which their IDA account was opened. The lists of accountholders provided by all grantees were then used to identify those who opened an account during January-June 2001 and July-December 2001. In compiling the sampling frame, we excluded accounts by the two “grandfathered” state grantees (Indiana and Pennsylvania) because their IDAs are administered under pre-existing state policies that differ from the AFI rules and regulations.

The sample was selected using a simple random sampling method, in which each account in the associated sampling frame had an equal probability of selection. For example, for the January-June 2001 sample we used a sampling frame that consisted of 1,227 accounts distributed by the month of account opening. Thus, the selection probability was $300/1,227$, or 24.4 percent. This selection probability was applied month by month, to ensure that the sample of 300 accounts was distributed by month in proportion to the incidence of account opening during the six-month period. Similarly, the July-December 2001 sample was selected from 1,356 accounts, with a selection probability of $300/1,356$ or 22.1 percent. Exhibit 2-1 and 2-2 present the distribution by month of account openings and selected sample cases.

Our sampling approach anticipated that some cases selected into the primary sample would be found ineligible for the survey. Cases were considered ineligible for the survey under any of the following circumstances:

- the respondent was less than 18 years of age at the time of the interview;
- the respondent had no recollection of opening an IDA with the identified grantee or subgrantee organization; and

- the respondent indicated that the month of account opening was more than two months prior to the listed month (i.e., the month indicated by the grantee or subgrantee organization).

Each case in the primary sample deemed ineligible for interviewing was replaced with another case randomly selected from the accounts opened in the corresponding listed month. To provide a source of these replacement cases, a “reserve” sample, equal in size to the primary sample, was selected for each month. In total, 21 cases from the reserve sample were used to replace cases in the primary sample that were found to be ineligible for the study.

Exhibit 2-1. January-June 2001 Sample Selection

	Month of Account Opening						Total
	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	
Sampling frame	128	162	240	212	253	232	1,227
Percentage distribution, by month	10.4%	13.2%	19.6%	17.3%	20.6%	18.9%	100.0%
Selected sample	31	40	59	52	62	57	300
Selection probability							24.4%

Exhibit 2-2. July-December 2001 Sample Selection

	Month of Account Opening						Total
	July-01	Aug-01	Sept-01	Oct-01	Nov-01	Dec-01	
Sampling frame	184	266	205	268	188	245	1,356
Percentage distribution, by month	13.6%	19.6%	15.1%	19.8%	13.9%	18.1%	100.0%
Selected sample	41	59	45	59	42	54	300
Selection probability							22.1%

Instrument Design

The AFI Participant Survey instrument, which draws questions primarily from the Survey of Income and Program Participation (SIPP) core module and selected SIPP topical modules, was designed to collect information for the following purposes:

- to obtain outcome measures with respect to employment status, earned income, savings, homeownership, business ownership, vehicle ownership, postsecondary education, consumer debt, and receipt of major means-tested benefits;
- to obtain explanatory variables with respect to race/ethnicity, marital status, presence of children, and household composition; and
- to identify IDA-related program services received and the participant-perceived factors promoting or hindering the use of their IDA.

The survey instruments used by the Census Bureau for the 2001 SIPP panel are of two types, the core module and the topical modules. The SIPP core module collects basic economic and demographic information and is administered to panel members at every interview wave (i.e., every four months). The instrument contains sections relating to: household demographics, education and training, employment status, income, assets, health insurance, and participation in various income support programs.

The SIPP topical modules, which collect information on specific topics relevant to income and program participation, are administered to panel members at periodic interview waves (e.g., at every third wave) or a single wave during the panel's three-year period. The topical modules cover a wide range of issues including: fertility, marital status, migration, child care, child support, health care, medical expenses, school enrollment and financing, asset ownership (e.g., businesses, real estate, financial investments, vehicles), liabilities, taxes, adult and child well-being, retirement and pension plans, employer-provided health coverage, work schedule, work disability, and work-related expenses. The AFI Participant Survey uses many of the questions found in the “Assets and Liabilities” topical module.

The AFI Participant Survey involved three annual waves of interviews with the national sample of accountholders. The interviewing occurred for each sample member at approximately the 12th, 24th, and 36th months after account opening, including those who were no longer project participants at that time. The survey questions pertained to the following topics:

- personal and household demographic characteristics;
- education and employment status (including self-employment);
- household income, including means-tested program benefits;
- interest-earning assets at financial institutions;
- homeownership, vehicle ownership, and consumer debt; and
- IDA project services and experiences.

The interview lasted approximately 40 minutes, and all interviews were conducted by telephone using computer-assisted telephone interviewing (CATI) technology. Each respondent received a \$35 payment for completing the annual interview.

Tracking of the Survey Sample

To achieve high survey response rates, we undertook a series of interwave tracking efforts. These include both passive tracking methods (involving no direct contact with the respondent) and active tracking methods. Passive tracking efforts included collecting contact information from sources such as postal address updates, directory assistance, reverse directories, and credit bureaus. Active tracking efforts consisted of periodic correspondence with the survey sample.

Each sample member received an initial advance letter prior to the first interview, and then a tracking letter at the tenth month between each wave. These letters were aimed at building goodwill and trust, explaining the voluntary nature of the survey, assuring confidentiality, encouraging sample members to cooperate with the interviewers, and identifying any individuals who had moved. Each letter requested updated address and telephone information for the respondent and for other individuals (friends or relatives) who could assist later, if necessary, in locating the respondent. Participants who responded to the tracking letter received a \$10 incentive payment.

For respondents who had moved, the tracking letters were sometimes returned by the post office with a forwarding address. Such “postal updates” provided valuable locating information. For those whose letters were returned as “undeliverable” (with no forwarding address noted), we undertook additional locating efforts. These included the use of secondary sources, such as telephone directory assistance and commercial services that compile address and telephone information from credit bureaus, and other automated lists.

At the close of each Wave 1 and 2 interview, the interviewer requested an update of the information on friends or relatives who might assist in locating the respondent. This information was in addition to, and was used in conjunction with, the information gained from the active and passive tracking activities described above.

Survey Response Rates

As shown in Exhibit 2-3, the response rates achieved at each wave of the AFI Participant Survey exceeded 80 percent. To achieve these response rates, we implemented a two-step CATI approach. We first attempted to contact the participant using telephone center staff to complete the interview. The telephone survey activities were conducted at the Abt Associates Telephone Center in Amherst, Massachusetts. Those sample members not interviewed by the telephone center staff were then assigned to an Abt Associates expert locator, experienced at pursuing information leads via telephone to find and interview hard-to-locate respondents. Wave 1 interviews took place during January 2002-March 2003, Wave 2 interviews took place during January 2003-March 2004, and Wave 3 interviews took place during January 2004-March 2005. The 485 cases for which interviews were completed at Wave 3—81 percent of the survey sample—represented the analysis sample of AFI participants.

To the extent that some of the 485 cases interviewed at Wave 3 were not interviewed at Wave 1 or Wave 2, the number of available observations was somewhat smaller than 485 for analysis at interim outcomes. (There were 423 cases with interviews completed at all three waves.) Note that interviews were attempted at each wave with the full sample of 600 cases, irrespective of their having been successfully interviewed previously.

Exhibit 2-3. Response Rates—AFI Participant Survey

Wave	Follow-up Month	Number of Completed Interviews		Total	Response Rate*
		By Telephone Center Staff	By Expert Locator Staff		
1	12	415	84	499	83%
2	24	406	99	505	84%
3	36	385	100	485	81%

* Based on total sample of 600 cases.

2.2 Survey of Income and Program Participation

Implementing the nonexperimental study design required data not only on a national sample of AFI participants but also on a corresponding national sample of AFI-eligible nonparticipants in the general population. The data source for the nonparticipant sample was the 2001 panel of the U.S. Census Bureau’s Survey of Income and Program Participation (SIPP). This panel survey was a national, longitudinal survey of adults, measuring their economic and demographic characteristics over a period of three years. Panel members were interviewed once every four months over the three-year life of the panel. At each of these intervals, the interview includes several “topical modules.” Once a year, panel members are asked to complete a topical module on “Assets and Liabilities.”

The 2001 SIPP panel was the best-suited data source for this analysis, compared to either previous or upcoming SIPP panels or other survey data, for the following reasons:

- The data collection period for the 2001 SIPP panel was similar to that for the AFI Participant Survey. Depending on the particular “rotation group” within the SIPP panel, the initial reference month occurred between October 2000 and January 2001 that was just prior to the 12-month period during which the sampled AFI participants began to open their accounts.
- Like participants in the AFI program, it was a large national panel, selected with an oversampling of the low-income population.
- It was administered over a 36-month follow-up period, with the Assets and Liabilities topical module was administered to this panel every year. The data thus provided a detailed, annual record of household saving and asset accumulation behavior that roughly matched the timing of data collected from for the AFI sample.

- Like the survey conducted by Abt Associates of the AFI sample, it was administered predominantly through computer-assisted telephone interviewing (CATI), with once-annual computer-assisted personal interviewing (CAPI).

As described in the following chapter, a “propensity score matching” approach was used to identify a sample of program-eligible nonparticipants that was well matched to the participant sample. The comparison group sample was identified from among those in the 2001 SIPP panel whose annualized monthly household income at panel entry was below the AFI eligibility limit of 200 percent of the federal poverty level.

There is some negligible probability, assumed here to be zero, that a member of the 2001 SIPP sample was a participant in the AFI program or some other IDA program. By the time the SIPP sample was first enrolled (with the initial reference months of October 2000-January 2001), the number of individuals who had opened accounts in AFI projects was very small nationwide: cumulatively, only 2,153 by September 2000 and 4,585 by September 2001.⁶ The only other major concentration of IDA participants was in the 14 local pilot projects of the American Dream Demonstration. These local projects enrolled 2,364 cases between July 1997 and December 1999.⁷ Given such small numbers of IDA participants nationwide, the probability of a case being in both the participant and nonparticipant samples (or the probability that a SIPP case was a participant in some other IDA program) was so low that the two groups may be considered independent. There is of course some probability that a SIPP sample member might be a recipient of some other form of financial assistance for homeownership, business ownership, or postsecondary education, but this would also have been the case for the AFI participant sample members, who were not barred from receiving such other forms of support.

Exhibit 2-4 shows the calendar alignment of the data collected on the participant sample and the nonparticipant sample. For sample entry and for each annual interval of the three-year follow-up period, the exhibit shows the associated reference month. To show this illustratively for both samples, we have used the middle rotation group for each sample—the sixth of the twelve rotation groups (or monthly cohorts) in the AFI participant sample and the second of the four rotation groups in the SIPP nonparticipant sample.

As indicated in the exhibit, there is generally an eight-month difference in the calendar alignment of the data. Specifically, the participant data pertained to a calendar interval that occurred typically eight months later than the nonparticipant data. This would have concern as a source of bias in the impact estimates, if the analysis focused on dollar-denominated outcomes that were not inflation-adjusted or if major economic shifts were occurring during this period. However, the analysis focused primarily on categorical outcomes, and economic conditions during this time period (2000-2004) were reasonably stable.

⁶ See U.S. Department of Health and Human Services, 2001, p. i.; and U.S. Department of Health and Human Services, 2002, p. iv.

⁷ See Schreiner, et al., 2002, p. iv.

Exhibit 2-4. Calendar Alignment of Participant and Nonparticipant Survey Data

	Sample Entry Month	First-Year Follow-up	Second-Year Follow-up	Third-Year Follow-up
AFI participant data	June 2001	June 2002	June 2003	June 2004
Nonparticipant data (SIPP)	November 2000	October 2001	October 2002	October 2003

Note: Indicated months are for the middle rotation group (i.e., monthly cohort) in each sample.

2.3 Account-level Data

To provide information on the use of IDA accounts by AFI participants, as ultimately necessary to measure the effect of AFI participation on asset ownership, we collected account-level administrative data about the members of the evaluation sample. The 57 grantees represented in the evaluation sample were contacted in March 2005 and asked to provide account-level data about their participants. Specifically, Abt requested data that would show the monthly account histories for the 600 sample participants. The requested data included the following information on a monthly basis:

- IDA deposits,
- IDA withdrawals,
- IDA match funds disbursed to participants, and
- IDA account balances.

Many grantees provided MIS IDA extracts containing this information. Others provided information using a template in Microsoft Excel created by Abt staff.

Of the 57 grantees contacted, a total of 47 grantees provided the requested information. These grantees accounted for a total of 442 of the 600 participants. Note that this number is less than the 485 cases in the analysis file. Cases with missing account-level information were deleted from any analysis of outcomes derived from account-level data.

The data were then accumulated to twelve-month periods for each participant: for months 1 to 12, months 13 to 24, and months 25 to 36, as measured following the account opening. For the accounts that were closed (i.e., with an indicated closing date or an indicated zero balance after a series of deposits and withdrawals), a final closure record was generated. The resulting dataset contained a total of 443 participants.

2.4 Project-level Data

In addition to the account-level data, we also collected project-level administrative data from the AFI sites represented in our sample. Grantees were asked to confirm the basic features (match rate, maximum amount matched) of the IDA projects for the participants represented in our sample.

In April 2005, project-level data were requested from each of the 135 project sites that had at least one of the 600 sample participants. (Many grantees have multiple project sites, which explains why there were 135 project sites represented in the sample, versus 57 grantees.)

The information obtained at the project level was used to construct the following explanatory variables:

- Agency type
 - Community development corporation (CDC) or community development financial institution (CDFI)
 - Community action agency
 - Government agency
 - Other (Social service nonprofit organization, microenterprise development organization, affordable housing organization, faith-based organization, educational institution, youth development organization, United Way agency, or other nonprofit organization)
- Maximum savings matched (\$)
- Match rates for each qualified use (including federal and nonfederal match, expressed as an integer value with a maximum value of 8)
 - Homeownership match rate
 - Business ownership match rate
 - Postsecondary education match rate
- Maximum savings period (in months) allowed for each qualified use
 - Homeownership savings period
 - Business ownership savings period
 - Postsecondary education savings period
- Minimum required hours of financial education (in hours)

Of the 135 project sites, data were received from 105 during this round of data collection. For an additional 7 sites, project features could be drawn from the Fifth Interim Report to Congress dataset,⁸ bringing the total project-level sample size to 112 sites.

2.5 Area-level Data

The final data source was the 2000 Census, which was used to describe the economic conditions in the area where each participant or nonparticipants sample member resided at the time of their sample entry. For individuals residing in metropolitan statistical area (MSA) at sample entry, each area-level variable pertained to the corresponding MSA. For nonmetropolitan individuals (members not residing in an MSA at sample entry), the variable pertained to the statewide value for the state of residence. (It was not feasible to assign values at the county level or some other sub-state level, because the nonmetropolitan cases in the SIPP sample were identified by state but not by county or other substate geographic identifiers.)

The following four area-level variables were used in the analysis:

- Median annual household income (based on money income in 1999);
- Household poverty rate (percentage of households with money income in 1999 below 100 percent of the federal poverty level);
- Civilian unemployment rate; and
- Median value of owner-occupied housing units.

These measures were used as additional explanatory variables in the impact analysis, to account for differences among localities in income characteristics, labor market conditions, and housing market conditions.

⁸ AFI grantees reported information to Abt Associates on project features as of September 2004 for the Fifth Interim Report to Congress. Because such reporting was done at the grantee level, only reports of single-site grantees could be used.

Chapter Three: Participant Characteristics and Outcomes

This chapter provides a basic demographic profile of AFI participants, as indicated by the characteristics of the sample of accountholders selected for this evaluation, all of whom opened their IDAs in calendar year 2001. We then examine the pattern of outcomes observed for these participants over the three-year follow-up period, including the pattern of account deposits and withdrawals (as measured from the account-level administrative data provided by grantees) and the pattern of asset outcomes (as measured by the AFI Participant Survey). The final section of the chapter presents findings from a multivariate analysis of participant outcomes, addressing the question of whether asset outcomes vary systematically according to the participant demographic characteristics, AFI project features, or local economic conditions.

3.1 Characteristics of Participants at Account Opening

As described earlier, for the purposes of conducting the impact study a random sample of AFI accountholders was selected from among those who opened their accounts in calendar year 2001. The members of this evaluation sample were interviewed at annual intervals over a three-year follow-up period. In a strict statistical sense, the findings from the impact study are generalizable only to this annual cohort of AFI participants. It is of some interest to know, however, whether the evaluation sample is also comparable to the national universe of all AFI accountholders—i.e., those who opened accounts over a longer multiyear period since the program’s inception. To the extent that the evaluation sample has characteristics that correspond to the national universe of accountholders, the findings from the impact study can also be regarded as relevant to the population-at-large of AFI participants.

To examine this issue, we compared key demographic, financial, and location characteristics of the survey respondents to those of the national universe of all AFI accountholders through September 30, 2004, encompassing the first five years of national program operations. The characteristics of the accountholder universe are based on grantee-reported data for all accounts opened during the five years after the inception of the AFI demonstration program.⁹ For both the evaluation sample and the national universe, the tabulation below includes those participants whose accounts may have been subsequently closed (due to either successful graduation or dropout from the program).

⁹ Note that these data pertain to those participants who had *ever* opened an AFI account through September 30, 2004, not just those whose accounts remained open on that date. This information was collected from grantees by Abt Associates and was reported in U.S. Department of Health and Human Services, 2005.

Exhibit 3-1 presents the comparison, based on the 485 members of the evaluation sample who completed the Wave 3 follow-up interview and the 21,038 accountholders in the five-year national universe. Because the grantee-reported data for the universe of AFI accountholders were collected using the Annual AFI Reporting Form developed by the Office of Community Services (OCS), the categorical breakdown for some characteristics is not identical to that available for the evaluation sample, as drawn from the AFI participant survey. For most characteristics, however, the data allow direct comparisons to be drawn. Wherever possible, comparably defined measures are presented for both groups.

As shown in the left hand columns of Exhibit 3-1, the predominant characteristics of the evaluation sample of AFI participants (as measured at the time of account opening) are as follows:

- Gender: 82 percent female;
- Race/ethnicity: 46 percent non-Hispanic black and 31 percent non-Hispanic white, and 12 percent Hispanic;
- Age: 43 percent of age 30 to 39;
- Marital status: 39 percent never married, 25 percent divorced, and 22 percent currently married;
- Educational attainment: 55 percent with at least some postsecondary education (including 10 percent with a bachelor's degree or higher);
- Household composition: 53 percent with the accountholder as the only adult member, and 83 percent with at least one child, including 59 percent with 2 or more children;
- Metropolitan location: 78 percent residing in a Metropolitan Statistical Area (MSA); and
- Household earnings (annualized monthly amount): 42 percent below the poverty level and another 29 percent in the range of 100 to 150 percent of the poverty level.

Chi-square tests were conducted to determine for each characteristic whether the distribution for the AFI participant sample differs significantly from the distribution for the 1999-2004 participant universe. By this test, using the 0.05 level of significance as one's threshold, the two sets of participants can be regarded as similar with respect to race/ethnicity, age, number of adults in the household, and metropolitan location. The distributions differ significantly for gender, marital status, education, number of children in the household, and household earnings.

The largest differences between the sample and the universe are with respect to earned income. While 42 percent of the sample has earnings below the poverty line, only 22 percent of the universe has earnings this low. At the other end of the distribution, while 29 percent of the sample has earnings above 150 percent of the poverty line, 48 percent of the universe falls into this range.

Exhibit 3-1. Profile of 2001 AFI Participant Sample Versus 1999-2004 Universe of AFI Participants

2001 AFI Participant Sample (n=485)		1999-2004 Universe of AFI Participants (n=21,038)	
Gender**		Gender**	
Male	18%	Male	22%
Female	82%	Female	78%
Total	100%	Total	100%
Race/Ethnicity*		Race/Ethnicity*	
Non-hispanic <i>White</i>	31%	Non-hispanic <i>Caucasian</i>	28%
Non-hispanic Black	46%	Non-hispanic Black	46%
Hispanic	12%	Hispanic	16%
Other	11%	Other	10%
Total	100%	Total	100%
Age		Age	
19 or less	2%	19 or less	3%
20-29	26%	20-29	26%
30-39	43%	30-39	37%
40-49	22%	40-49	24%
50+	8%	50+	9%
Total	100%	Total	100%
Marital Status***		Marital Status***	
Married	22%	Married	23%
Widowed	3%	Widowed	1%
Divorced	25%	Divorced	16%
Separated	11%	Separated	6%
<i>Never married</i>	39%	<i>Single, never married</i>	54%
Total	100%	Total	100%
Highest Education Completed***		Highest Education Completed***	
Less than high school	10%	Less than high school	15%
High school diploma/GED	35%	High school diploma/Vocational Degree	29%
Some post-secondary education	45%	Some post-secondary education	42%
Bachelor's degree or higher	10%	Bachelor's degree or higher	14%
Total	100%	Total	100%
Household Composition – Number of Adults*		Household Composition – Number of Adults*	
1 adult	53%	1 adult	60%
2 adults	35%	2 adults	31%
3 adults	7%	3 adults	6%
4+ adults	4%	4+ adults	3%
Total	100%	Total	100%
Household Composition – Number of Children**		Household Composition – Number of Children**	
0 children	17%	0 children	21%
1 child	23%	1 child	27%
2 children	32%	2 children	27%
3 children	16%	3 children	16%
4+ children	11%	4+ children	10%
Total	100%	Total	100%
Metropolitan Location		Metropolitan Location	
Metropolitan	78%	Metropolitan	81%
Non-metropolitan	22%	Non-metropolitan	19%
Total	100%	Total	100%
Household Earnings*** (annualized monthly amount, as percent of poverty level)		Household Earnings*** (annual amount, as percent of poverty level)	
Below 100%	42%	Below 100%	22%
100-150%	29%	100-150%	29%
150-200%	13%	150-200%	40%
200%+	16%	200%+	8%
Total	100%	Total	100%

Notes: Those in the 2001 AFI participant sample opened IDA accounts during January-December 2001. Those in the 1999-2004 universe of AFI participants opened their IDA accounts during October 1999-September 2004.

*** Distribution differs between the 2001 participant sample and the 1999-2004 universe, at $p < 0.01$, based on chi-square test.

** Distribution differs between the 2001 participant sample and the 1999-2004 universe, at $p < 0.05$, based on chi-square test.

* Distribution differs between the 2001 participant sample and the 1999-2004 universe, at $p < 0.10$, based on chi-square test.

One explanation for these large differences may be a difference in the income measure used. For the evaluation sample, the household earnings measure was an annualized amount for the month of account opening, versus the annual measure collected in the universe data. However, another possible explanation for these differences pertains to the higher AFI income eligibility limits adopted in the 2000 amendments to the AFI statute. These amendments allowed individuals to qualify if they met TANF eligibility criteria in their state or if their incomes were below *either* the federal Earned Income Tax Credit (EITC) income limit or 200 percent of the federal poverty guideline. (Previously, the income eligibility threshold was established by the TANF or EITC limit.)

The new income guidelines broadened eligibility especially for smaller households—which may also have contributed to the higher share of single adults and childless households in the universe compared to the sample. In 2001 the EITC annual income limits were \$10,700 for a taxpayer (single or married) with no children. The annual income amounts corresponding to 200 percent of the poverty guideline (in the contiguous 48 states and the District of Columbia in 2001) were \$17,180 for a one-person family and \$23,220 for a two-person family—i.e., higher than the \$10,700 that previously applied to either a single taxpayer with no children or a childless couple.

The AFI amendments became effective on December 21, 2000 and were thus in place for all grantees in the FY 2001 cohort and beyond. The evaluation sample, in contrast, was drawn from accounts opened during calendar year 2001, primarily by grantees in the 1999 and 2000 cohorts. While technically the 1999 and 2000 cohorts were allowed to use the newer standard for accounts opened after December 21, 2000, not all did so.¹⁰ Thus, a substantial share of the evaluation sample entered the program subject to the newer income standard. The national accountholder universe through September 2004 is even more dominated by those entering under the newer standard, incorporating the accounts opened by grantees in the 2001-2003 cohorts. These latter cohorts opened more than one-half (10,635 of 21,038, or 51 percent) of the national universe of accounts opened through September 2004. This would explain the lower proportion of one-adult and childless households in the evaluation sample, versus the national universe.¹¹

¹⁰ Although the technical amendments were not explicitly retroactive to the 1999 and 2000 cohorts, the amendments did not *preclude* these earlier grantees from adopting the newer eligibility limits. OCS did not formally adopt a policy on this matter, and grantees were allowed to decide at their own discretion whether to adopt the higher limits. It appears that many did so, based on grantee-reported information on the income characteristics of accountholders. Approximately one-third (34 percent) of the AFI participants through September 2001 were reported by grantees as having incomes in the range of 151 to 200 percent of the poverty level, at their account opening, which would not have been allowed under the earlier eligibility standards. See U.S. Department of Health and Human Services, 2002, p. 60.

¹¹ Another, more speculative explanation relates to the practices used by AFI grantees in recruiting and selecting participants. It is possible that, in recent years, grantees have increasingly focused their attention on recruiting unmarried participants from one- or two-person households. Based on our interviews conducted with project staff for the process study, some staff regard these households as more promising users of the program.

3.2 Year-by-Year Pattern of IDA Deposits and Withdrawals

The account-level data obtained from grantees for this evaluation provides detail on the amounts and timing of IDA deposits and withdrawals. This section presents cumulative information on account transactions for members of the participant sample, from the time of their account opening to the end of specified time periods: through the first year, through the second year, and through the third year. The following tabulations are based on 351 participants for which grantees were able to provide a complete account history, indicating the status of the account from its opening to its closing.

Note that this section and the following ones in this chapter are descriptive in nature. The indicated trends in participant savings, investments, and other outcomes should not be interpreted as program effects, for the following reason: if these individuals had not participated in the AFI program, they would nonetheless have engaged in some level of savings and asset accumulation. This initial analysis thus sets the stage for the impact estimates presented in Chapter Four, where the experiences of AFI participants are compared to those of the matched comparison group of AFI-eligible nonparticipants.

Cumulative Deposits

Exhibit 3-2 provides summary data on the cumulative deposits made by AFI participants into their accounts (including the corresponding interest). The average participant deposited \$483 into their IDA by the end of the first year. By the end of the second year, cumulative deposits averaged \$784. Over the three-year period, the average cumulative deposits were \$935.

Exhibit 3-2. IDA Deposits, by Time Since Account Opening

	Year 1	Years 1 - 2	Years 1 - 3
Average cumulative IDA deposits (including interest) per participant	\$ 483	\$ 784	\$ 935
Distribution of cumulative IDA deposits (percent of participants)			
\$100 or less	21.4%	18.2%	17.7%
\$101 to \$500	41.3%	26.5%	25.1%
\$501 to \$1,000	24.5%	25.1%	20.5%
More than \$1,000	12.8%	30.2%	36.8%
Number of AFI participants	351	351	351

This pattern of cumulative deposits indicates a decline in average monthly deposits as participants move from their first year to their second year and their third year. Compared to the first-year monthly average deposit of \$40, the second-year monthly average is \$25 (\$784 minus \$483, divided by 12). In the third year, the average monthly deposit drops further to \$13 (\$935 minus \$784, divided by 12). One reason for this is that some programs limit the period of matchable savings to 12 or 24

months. Even where the savings period is 36 months or longer, a participant's saving discipline may weaken as it becomes apparent that he or she will be unable to reach a goal (e.g., of making a down payment on a home).

It is important to note, however, that a substantial share of participants were able to maintain a regular savings pattern from one year to the next. A growing percentage, reaching 37 percent by the end of the third year, had deposited more than \$1,000 into their IDA.

Cumulative Withdrawals

Participant withdrawals can be for either matched or unmatched purposes. In AFI projects, matched withdrawals occur when the participant withdraws funds from their AFI account for homeownership, business ownership or expansion, postsecondary education, or transfer of funds to a family member's IDA. Unmatched withdrawals are withdrawals for uses other than those for allowable asset purchases (within the specified matchable limits). These include emergency withdrawals, closeout withdrawals for participants who either chose to leave the program voluntarily or were terminated for failing to meet program requirements, or withdrawals for allowable uses that exceed the matchable amount.

Exhibit 3-3 shows the pattern of average cumulative IDA withdrawals at the end of the first, second, and third years since account opening, for both matched and unmatched withdrawals. (For matched withdrawals, the amounts do not include the match funds received by the participant.) Through the first two years, unmatched withdrawals per participant (\$215) exceeded matched withdrawals per participant (\$190). But by the end of the third year, the cumulative unmatched withdrawal average (\$328) was surpassed by the matched withdrawal average (\$377). Matched withdrawals tend to occur in the latter stages of the participant's allowable savings period, after accountholders have accumulated a significant IDA balance and are able to make substantial use of their potential match funds.

Exhibit 3-4 shows the distribution of cumulative matched and unmatched withdrawals. Through the third year approximately one-third (31 percent) of participants had made a matched withdrawal, compared to 73 percent that made an unmatched withdrawal. In part, this may reflect the fact that the three-year follow-up period did not fully span the time period allowed for some participants to accumulate matchable deposits and then use these savings for allowable purposes. The three-year interval would certainly have captured a very sizeable proportion of IDA deposits, as the allowable savings period for nearly three-fourths of AFI projects is 36 months or less.¹² For some portion of cases in the evaluation sample, however, the allowable period for both savings and matched withdrawals might have been 48 months or more.¹³

¹² Among AFI grantees receiving grants through FY 2006, nearly three-fourths (73 percent) apply a matchable savings period of 36 months or less. This percentage is based on grantee-reported data compiled by Abt Associates in the fall of 2006 for the upcoming annual AFI report to Congress.

¹³ At the very extreme, if the account was opened in the fall of 2001 in a AFI project that had just received its grant (i.e., in the FY 2001 cohort of grantees), the participant might have been allowed to make matched withdrawals until the end of the project's five-year grant period. Most cases in the evaluation sample, however, were participating in projects funded by FY 1999 or FY 2000 grants.

Exhibit 3-3. Average Cumulative IDA Withdrawals per Participant, by Time Since Account Opening

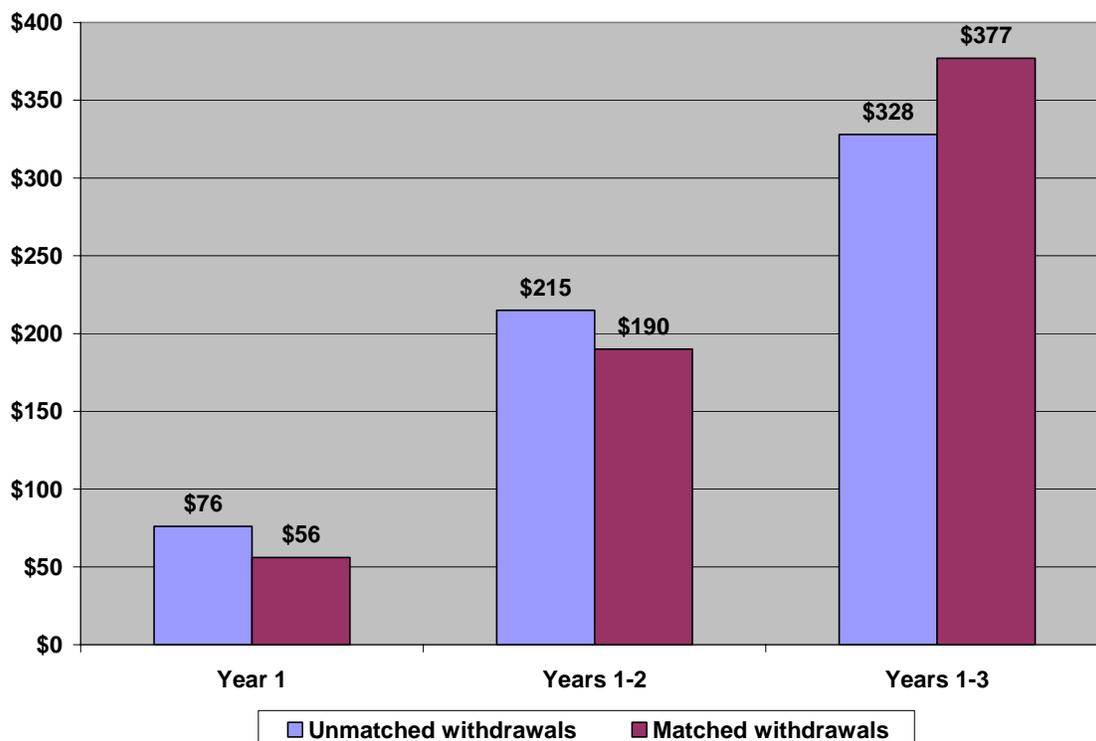


Exhibit 3-4. IDA Withdrawals, by Time Since Account Opening

	Months 1 to 12	Months 1 to 24	Months 1 to 36
Average amount of cumulative <i>matched</i> withdrawals (per participant)	\$ 56	\$ 190	\$ 377
Distribution of cumulative <i>matched</i> withdrawal amount			
\$0	91.7%	82.1%	69.0%
\$1 to \$500	3.1%	4.3%	5.1%
\$501 to \$1,000	4.6%	8.6%	12.8%
More than \$1,000	0.6%	5.1%	13.1%
Average amount of cumulative <i>unmatched</i> withdrawals (per participant)	\$ 76	\$ 215	\$ 328
Distribution of cumulative <i>unmatched</i> withdrawal amount			
\$0	69.8%	41.9%	27.1%
\$1 to \$500	25.1%	43.0%	52.7%
\$501 to \$1,000	3.4%	8.6%	9.7%
More than \$1,000	1.7%	6.6%	10.5%
Number of AFI participants	351	351	351

The percentage of AFI participants making one or more matched withdrawals within three years (31 percent) is consistent with the finding from the evaluation of the Tulsa experimental IDA program under the American Dream Demonstration (ADD). In that program, 39 percent of the 472 account-holders in the treatment group had made a matched withdrawal over the four- to five-year period observed in the administrative data.¹⁴ Similarly, for the 2,364 IDA participants across all 14 ADD programs (including the Tulsa experimental program), 32 percent of IDA participants had made one or more matched withdrawals.¹⁵

3.3 Year-by-Year Pattern of Asset-Related Outcomes

The three annual waves of the AFI Participant Survey provide information on year-by-year attainment of homeownership, business ownership, or postsecondary educational advancement by AFI accountholders. This section summarizes those outcome patterns. For these tabulations, we have used data from the 423 survey respondents who completed interviews at all three survey waves. Note that these findings are simply descriptive in nature, profiling the pattern of outcomes for AFI participants without comparing these outcomes to the pattern for nonparticipants (as is done in Chapter 4).

The major asset-related outcomes are defined as follows:

- **Homeownership:** whether, at the time of the survey, the participant's current living quarters were either "owned by you or someone in your household" or "being bought by you or someone in your household";
- **Business ownership:** whether, at the time of the survey, the participant owned one or more businesses, either alone or jointly; and
- **Postsecondary educational advancement:** whether, between the account opening and the time of the survey, the participant had engaged in any part-time or full-time college courses, graduate or professional school courses, or vocational, technical, or business school courses.

These outcomes, as measured at account opening and at the end of the first, second, and third years after account opening, are shown graphically in Exhibits 3-5, 3-6, and 3-7, respectively.

¹⁴ See Mills, et al., 2004, p. 27.

¹⁵ See Schreiner, et al., 2002, p. 18. The 32 percent finding covered the time period through December 2001, which was the end-month for matchable deposits. Matched withdrawals could have been made through June 2002.

Exhibit 3-5. Homeownership Rate for Participants, by Year Since Account Opening

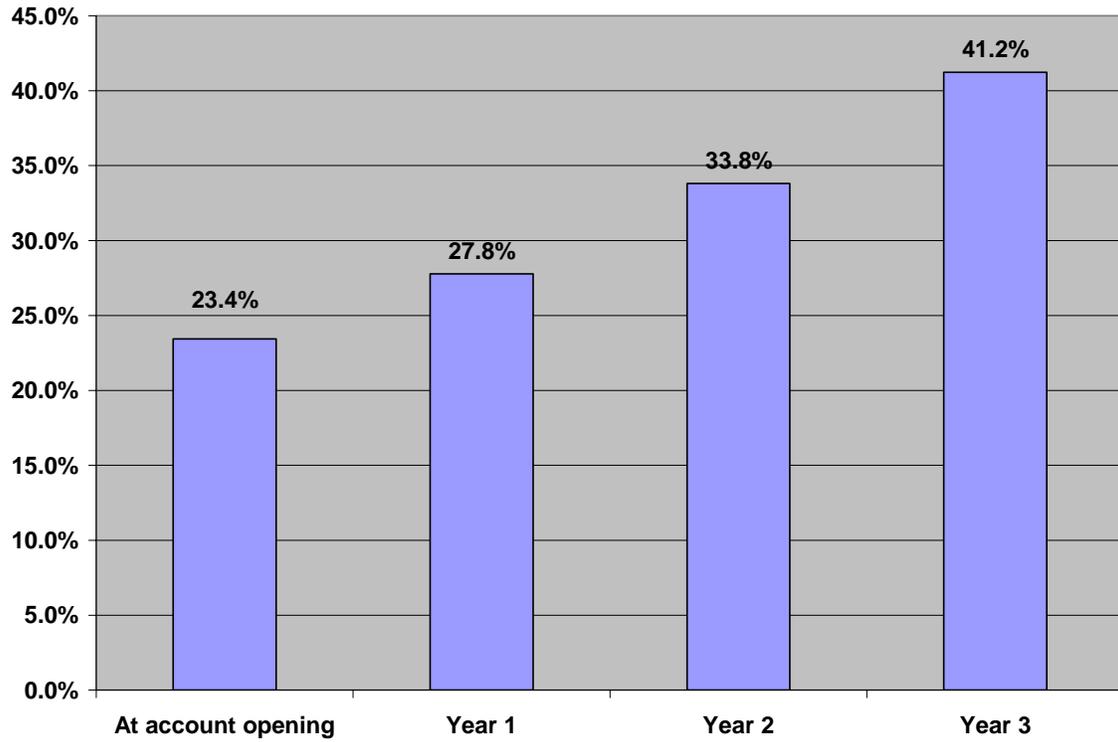


Exhibit 3-6. Business Ownership Rate for Participants, by Year Since Account Opening

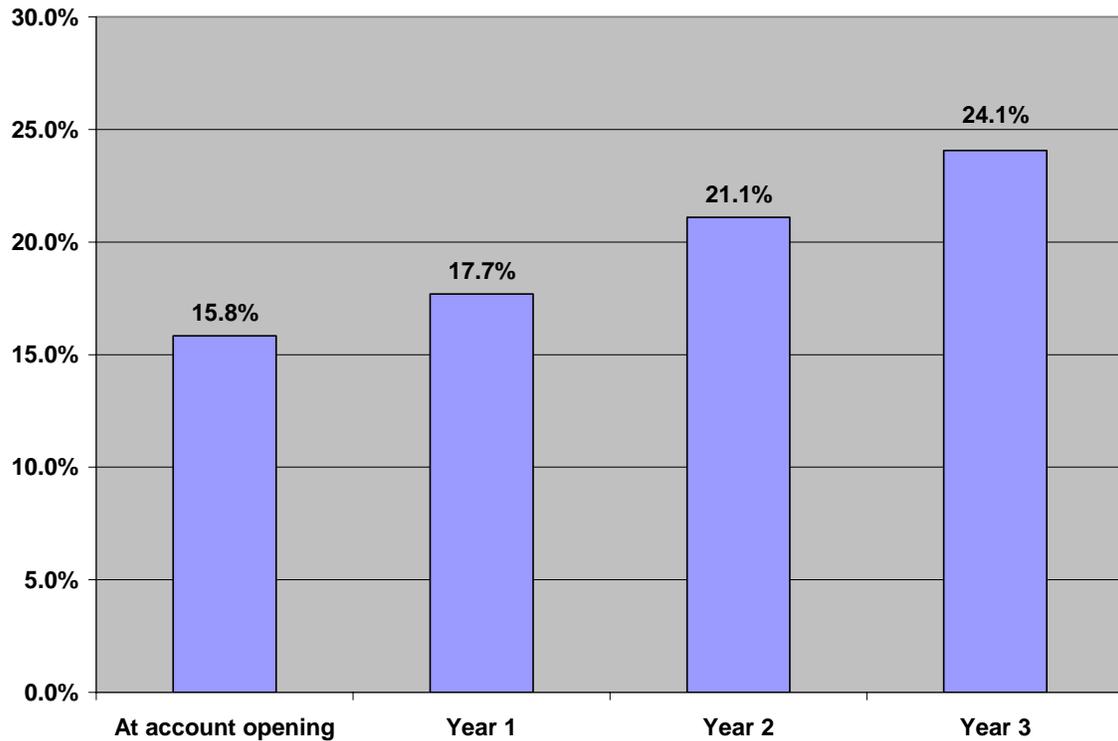
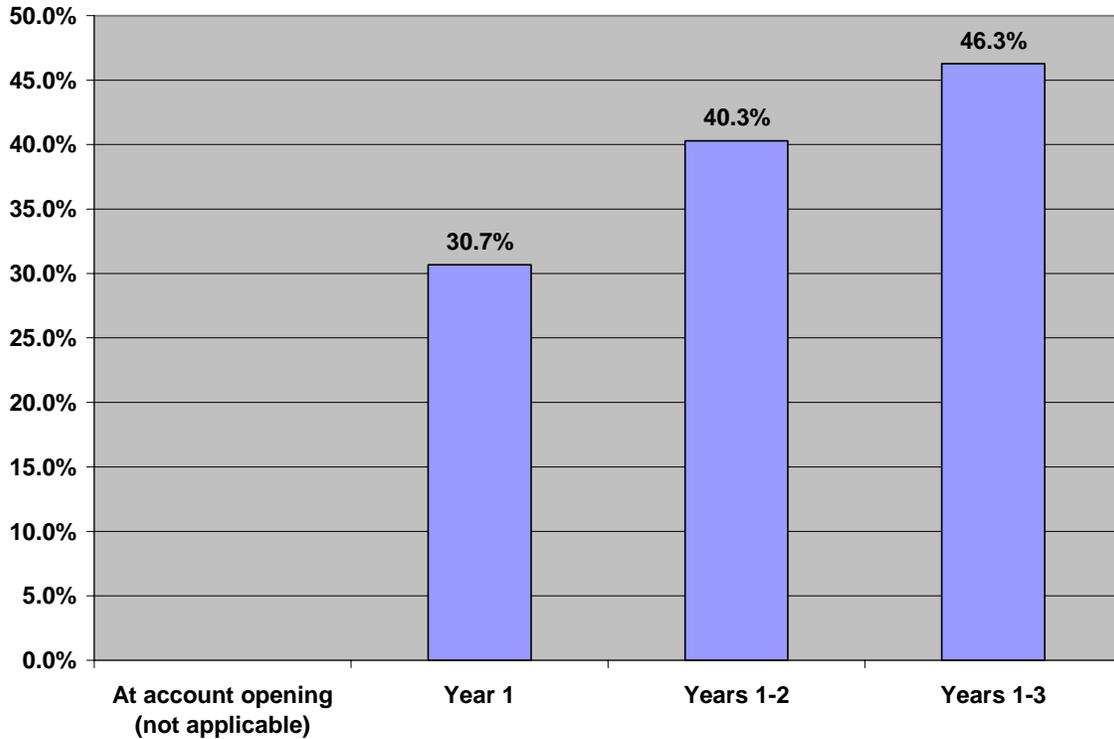


Exhibit 3-7. Cumulative Percent of Participants Who Engaged in Postsecondary Education, by Time Since Account Opening



Homeownership

As indicated in Exhibit 3-5, 23.4 percent of AFI participants already owned their home (or were in the process of buying it) at the time of their account opening.¹⁶ Such individuals were thus presumably intending to use their IDAs for business capitalization or postsecondary educational advancement. (Under AFI program rules, those in the process of buying their home would have been unable to make a matched withdrawal within six months of opening their account.)

By the end of third year after account opening, the homeownership rate had increased by 17.8 percentage points, to 41.2 percent. Stated otherwise, there was a 76 percent proportional rise in homeownership among AFI participants (0.178/0.234) over the three-year period. One should regard this as a *net* increase, with the net flows into and out of homeownership as follows (not shown in the exhibit): the purchase of homes among 28.5 percent of the baseline nonhomeowners (or 21.8 percent of all participants) was offset by 17.2 percent of the baseline homeowners (or 4.0 percent of all participants) ceasing to be homeowners by the end of the period. The net gains in homeownership

¹⁶ The baseline rate of homeownership for the analysis sample at the Tulsa experimental site was an identical 23.4 percent, as measured at the time of random assignment (Mills, et al., 2004, p. 22).

increased each year, from 4.4 percentage points in the first year, to 6.0 percentage points in the second year, to 7.4 percentage points in the third year.

Note that the magnitude of the program's effect on homeownership could, in principle, be even larger than the observed net increase in homeownership. At the upper extreme, if the three-year gross increase in AFI participant homeownership was entirely attributable to the program, the program's effect would be 21.8 percentage points—larger than the net increase of 17.8 percentage points. (This assumes little or no adverse program effect on home retention for those who already owned homes at account opening.)

Business Ownership

Exhibit 3-6 shows that 15.8 percent of AFI participants were already business owners upon opening their IDA.¹⁷ By the end of the third year after account opening, this percentage had risen to 24.1 percent. This net rise of 8.3 percentage points represented a proportional increase of 53 percent. Once again, there were flows into and out of business ownership, with 12.3 percent becoming business owners (among those who did not own businesses at their account opening, representing 10.4 percent of all participants) and 13.0 percent no longer owning business (among those who owned businesses at account opening, representing 2.1 percent of all respondents).

As noted above for homeownership, the program effect on business ownership by AFI participants could conceivably exceed the net increase of 8.3 percentage points, if (at the extreme) the gross increase of 10.4 percentage points was entirely a result of the program and if the program had little or no adverse effect on the retention of previously owned businesses.

Postsecondary Educational Advancement

Exhibit 3-7 indicates the share of AFI participants who, at any time since their account opening, engaged in some form of postsecondary education. This is a cumulative measure and thus necessarily will rise from one year to the next. The exhibit indicates that 30.7 percent were engaged in some postsecondary educational activity during the first year after account opening. Over the first three years after account opening, 46.3 percent had engaged in some postsecondary classes or coursework. This included evening classes in vocational or technical schools.

The high level of engagement in educational coursework among AFI participants may reflect the fact that, as indicated later in this chapter, more than one-third (38 percent) of the sample was receiving means-tested benefits (TANF, food stamps, or Medicaid) at the time of their account opening. The eligibility rules in for TANF and food stamps typically require the individual to be engaged in either work or some work-related educational activity. Given the intermittent pattern of employment among low-income workers and thus their need to meet the benefit rules through educational activity, it is

¹⁷ This rate of business ownership at account opening was substantially higher than the 6.8 percent found for the Tulsa experimental ADD site (Mills, et al., 2004, p. 22). This may reflect the fact that the Tulsa ADD program was more focused (than AFI programs generally) on business startup as an IDA use and thus attracted individuals who were *not already* business owners. It also may simply reflect regional differences in the rate of business ownership among low-income households (i.e., lower in Tulsa than elsewhere nationally).

thus not surprising that fully 31 percent of the sample reported some coursework during the 12 months following their account opening.

Another possible explanation for the high incidence of postsecondary educational coursework among AFI participants is that some respondents may have interpreted this survey question to include the financial education or asset-specific training classes that they have taken as part of the IDA program. The survey question read as follows:

Were you enrolled in school, either full or part time, at any time during the 12 months ending in [Reference Month]? Include any regular school, such as elementary, high school, or college, or any vocational, technical, or business school beyond high school.

It was not intended that IDA-related courses would be regarded as “regular” school enrollment, but it is certainly conceivable that some respondents would have mistakenly given a broader interpretation to the wording of this question.

3.4 Year-by-Year Pattern of Income-Related Outcomes

The AFI Participant Survey also provided information on the receipt of income by program participants at the end of the first, second, and third year after account opening. These outcomes were as follows:

- ***Employment***—whether the individual was employed in the reference month (typically, the month preceding the survey);
- ***Monthly earnings***—the amount of gross earnings received in the reference month, computed on the basis of the amount received per pay period and the frequency of payment (including zero amounts for those not employed in the reference month); and
- ***Receipt of means-tested benefits***—whether the individual received benefits from food stamps or public assistance (TANF or state public assistance) or was covered by Medicaid in the reference month.

Exhibit 3-8 shows the year-by-year pattern of these outcomes. Note that the earnings amount was not available for participants at the time of their account opening. Both the employment and earnings variables were computed using samples somewhat smaller than 423, because of missing information on one or more of the required data items.

Exhibit 3-8. Income-Related Outcomes for AFI Participants

	Sample Size	Mean Value
Employed		
At account opening	420	90.0%
One year after account opening	420	88.6%
Two years after account opening	420	87.2%
Three years after account opening	420	85.5%
Monthly earnings		
At account opening	na	na
One year after account opening	352	\$1,392
Two years after account opening	352	\$1,591
Three years after account opening	352	\$1,810
Received means-tested benefits^a		
At account opening	423	37.9%
One year after account opening	423	38.0%
Two years after account opening	423	37.1%
Three years after account opening	423	35.4%

^a Public assistance, food stamps, or Medicaid.
na = not available

Over the three-year period after account opening, there was a steady downward progression in the percent employed, from 90.0 percent at account opening to 85.5 percent at the end of the third year.¹⁸ The average monthly earnings amount (including zeroes for the unemployed) increased markedly, however, from \$1,392 at the end of the first year to \$1,810 at the end of the third year. This implies a substantial increase in average earnings for those employed.

The pattern of earned income, in conjunction with the findings reported earlier on cumulative IDA deposits, allows one to derive the savings rate for AFI participants. We compute this as the average monthly deposit divided by average monthly earnings. The savings rate declined each year, from 2.9 percent in the first year ($\$40/\$1,392$) to 1.6 percent in the second year ($\$25/\$1,591$) to 0.7 percent in the third year ($\$13/\$1,810$). Note that this decline reflects a downward trend in monthly savings, combined with rising monthly earnings.

¹⁸ This may reflect the fact that individuals tended to apply for the program at a time when they were employed or were about to enter employment. They then may have experienced a downward “regression to the mean” in their likelihood of employment in each subsequent month. In other words, the subsequently measured rate of employment would have reflected some degree of recent job loss, which was not a factor at program entry.

These implied savings rates are somewhat lower than those found in the American Dream Demonstration, where monthly *net* deposits (gross deposits less unmatched withdrawals) averaged 1.6 percent of average monthly household income.¹⁹ In the AFI sample, the average monthly net deposit was \$19 (\$935 in gross deposits less \$328 in unmatched withdrawals, divided by 36 months). Dividing this by average monthly earnings of \$1,598 (the three-year earnings average) yields a savings rate of 1.2 percent. This rate would be even lower if based on household income (including earned and unearned income for all household members, as in ADD) versus participant earnings. The higher savings rate in the ADD sites may reflect the fact that these organizations were generally recognized as having strong organizational capacity. These pilot demonstrations may thus have been able, for instance, to devote more staff resources to case management than in a typical AFI project.

The percentage of AFI participants receiving major means-tested benefits declined slightly over this period, from 37.9 percent at account opening to 35.4 percent three years later. This presumably reflects the loss of benefits among those who remained employed and whose monthly earning income rose substantially. The slow decline in benefit receipt suggests that three years is too short a period for one to expect increases in savings and asset ownership to translate into reduced dependence on government-funded income support.

3.5 Patterns of Variation in Third-Year Participant Outcomes

This section examines the question of whether the asset-related outcomes for AFI participants differ systematically according to the demographic characteristics of participants, local economic conditions, or project design features. We focus here on the three major asset outcomes—homeownership at year 3, business ownership at year 3, and postsecondary educational advancement during years 1-3. Regressions were estimated on each of the three asset outcomes. The same common list of explanatory variables was included in each regression, pertaining to characteristics of the participant (as measured at account opening), the local area, and the AFI project. The number of available observations (for which the outcome variable was nonmissing) was 424 for homeownership and 426 for both business ownership and educational advancement.

The findings are displayed in summary fashion in Exhibit 3-9 (for participant characteristics) and Exhibit 3-10 (for area and project characteristics).²⁰ Each exhibit shows whether the relationship between the indicated characteristic and the outcome variable was found to be significantly positive (**pos**), significantly negative (**neg**), or not statistically significant (ns). Where effects were estimated in a series of dummy variables (as with categories of race/ethnicity or agency type), one of the categories is designated as the reference group, and the estimated effects are relative to the indicated reference group (ref). As the threshold level of significance was 0.10, we could expect that one in ten such tests would show a significant effect even if the relationship between the indicated characteristic and the outcome variable was random.

¹⁹ See Schreiner, et al., 2002, p. 27.

²⁰ A number of additional explanatory variables were included in the regressions but are not listed in either exhibit, as follows: age squared, household earned income squared, geographic location dummy variables, and dummy variables for observations with missing information on race/ethnicity, age, marital status, presence of checking or savings account, or household earnings.

Exhibit 3-9. Relationship between Participant Characteristics and Asset-Related Outcomes

Characteristic	Homeownership at Year 3	Business Ownership at Year 3	Postsecondary Educational Advancement During Years 1-3
Gender			
Male	ref	ref	ref
Female	ns	ns	ns
Race/ethnicity			
Non-Hispanic White	ref	ref	ref
Non-Hispanic Black	ns	ns	ns
Non-Hispanic Other	ns	ns	ns
Hispanic	ns	ns	ns
Age	ns	ns	neg
Marital status			
Married	ref	ref	ref
Widowed	ns	neg	ns
Divorced	ns	neg	ns
Separated	ns	neg	ns
Never married	neg	neg	ns
Education			
Less than high school	ref	ref	ref
High school or GED	neg	ns	ns
Some postsecondary education	neg	ns	pos
Bachelor's degree or above	ns	pos	ns
Checking or savings account	pos	ns	ns
Household earnings	ns	ns	neg

ref = reference group (excluded category) in a series of dummy variables. For the characteristic in question (such as race/ethnicity), the effects for all categories are estimated relative to the reference group.

ns = not significant

pos = positive estimated effect, statistically significant at the 0.10 level or better.

neg = negative estimated effect, statistically significant at the 0.10 level or better.

Exhibit 3-10. Relationship between Area- or Project-Level Characteristics and Asset-Related Outcomes

Characteristic	Homeownership at Year 3	Business Ownership at Year 3	Postsecondary Educational Advancement During Years 1-3
<u>Area-level characteristic</u>			
Median household income	ns	ns	ns
Median housing price	ns	ns	ns
Unemployment rate	ns	ns	neg
Poverty rate	ns	pos	ns
<u>Project-level characteristic</u>			
Agency type			
Other	ref	ref	ref
CDC or CDFI	ns	ns	ns
Community action agency	ns	ns	ns
Government agency	ns	neg	ns
Match rate			
Homeownership	ns	ns	ns
Business ownership	neg	pos	ns
Postsecondary education	ns	ns	ns
Maximum amount of matchable savings	ns	ns	ns
Maximum savings period (months)			
Homeownership	neg	ns	ns
Business ownership	pos	ns	ns
Postsecondary education	ns	ns	ns
Required hours of financial education	ns	ns	ns

ref = reference group (excluded category) in a series of dummy variables. For the characteristic in question (such as agency type), the effects for all categories are estimated relative to the reference group.

ns = not significant

pos = positive estimated effect, statistically significant at the 0.10 level or better.

neg = negative estimated effect, statistically significant at the 0.10 level or better.

To reiterate, the findings discussed below are derived from a single regression equation for each major asset outcome. For ease of exposition, we display the findings separately in Exhibit 3-9 for the participant-level variables and in Exhibit 3-10 for the area- and project-level variables.

The significant findings for participant characteristics are as follows:

- Age: The older the participant, the lower the likelihood of showing postsecondary educational advancement.
- Marital status: Relative to those married at account opening, the never-married participants were less likely to be homeowners at year 3. All non-married categories were less likely than married participants to be business owners at year 3.
- Education: Relative to those with less than a high school education at account opening, the participants with a high school diploma (or GED) and those with some postsecondary education were less likely to be homeowners at year 3. In contrast, those with a bachelor's degree or above were more likely to be business owners at year 3. Not surprisingly, gains in postsecondary education were more likely among those already with some postsecondary education (below a bachelor's degree).
- Checking or savings account: Those who held a checking or savings account at the time of IDA account opening were more likely to be homeowners at year 3.
- Household earnings: The higher the level of baseline household earnings, the lower the likelihood of showing postsecondary educational advancement by year 3.

There were no significantly patterns according to gender or race/ethnicity for any of the three outcome variables.

The significant findings with respect to area and project characteristics were as follows:

- Unemployment rate: The higher the local unemployment rate, the lower the likelihood of a participant engaging in postsecondary educational coursework.
- Poverty rate: The higher the local poverty rate, the higher the likelihood of a participant being a business owner at year 3.
- Agency type: Those participating in AFI projects operated by a government agency (versus nongovernmental agencies) were less likely to be homeowners at year 3.
- Match rates: The higher the match rate for business ownership, the higher the likelihood of a participant being a business owner at year 3, and the lower the likelihood of being a homeowner.
- Maximum savings periods: The likelihood of being a homeowner at year 3 was lower for those in projects with longer maximum savings periods for homeownership, but was higher for those in projects with longer savings periods for business ownership.

There were no significant findings with respect to median household income, median housing price, maximum amount of matchable savings, or required hours of financial education.

3.6 Discussion

When one focuses on each of the three asset-related outcomes, it is perhaps surprising that one finds so few significant effects. As with many aspects of the lives of low-income households, however, these outcomes are inherently subject to many unpredictable circumstances. The explained variation in each estimated equation was as follows: 17 percent for homeownership, 26 percent for business ownership, and 21 percent for postsecondary educational advancement. Stated otherwise, approximately three-quarters or more of the variation in these outcomes is left unexplained by the lengthy list of included variables at the level of the participant, area, or project.

Wherever a finding was significant, the effect was normally in a direction that could be readily explained. With respect to homeownership, however, some of the effects were admittedly counterintuitive. For example, those with less than a high school education were more likely to be homeowners at year 3 than high school graduates or those with some postsecondary education below a college degree. This may reflect the fact that those with a high school education or above were more likely to want to use their accounts for business ownership or additional postsecondary education—and thus less likely to be pursuing homeownership. Another seemingly counterintuitive finding for homeownership was the negative effect of the associated maximum savings period. This may be explained by a finding from the process study component of the AFI evaluation: that programs with shorter savings periods for homeownership tend to be more selective in admitting program applicants, tending to favor those with credit records and employment histories that make them better candidates for homeownership.²¹

For the business ownership and postsecondary education outcomes, the effects of participant characteristics were in the expected direction—older or higher-earning participants less likely to show educational advancement (because of higher opportunity costs), married participants and those with college degrees more likely to own businesses, and those with some postsecondary education (below a college degree) more likely to show postsecondary educational advancement. The effects of area-level characteristics were seemingly counterintuitive: a greater likelihood of business ownership for participants in higher-poverty areas and a greater likelihood of postsecondary educational advancement in lower-unemployment areas. Higher-poverty areas may be ones where AFI participants tend to seek and find opportunities for community-level microenterprise. Lower-unemployment areas may be ones where the economic returns to additional postsecondary education are greater.

²¹ For example, the AFI program operated by the YWCA of Greater Pittsburgh gives every interested applicant the *opportunity* to work toward IDA participation, but admits only those who are reasonably close to being mortgage-ready. (This is a homeownership-only site.) After an initial consultation with a financial counselor, individuals are grouped into one of three categories based on their potential to become mortgage-ready within 6 months, 6 to 12 months, or more than 12 months. Only those who are considered to be mortgage-ready within 12 months are eligible to open IDAs, attend the homeownership course, and receive one-on-one credit counseling. The others receive a lower level of service. When they are ready, they can “graduate” into the IDA-eligible group and open accounts. See DeMarco, et al., 2008, p. 3-4.

Neither business ownership nor postsecondary education advancement showed any systematic relationship to project-level characteristics, with the notable exception that business ownership was more likely among those participating in AFI projects with higher match rates for business investments. Additionally, business ownership was less likely among those served by AFI projects operated by government agencies. The latter finding may reflect the fact that government-operated projects tend to be general in their focus and do not offer targeted support services for those seeking to start or expand businesses.

In the next chapter, we turn our attention to the more policy-relevant issue of whether the observed third-year outcomes among participants--compared to those among demographically-matched, program-eligible nonparticipants—indicate that the AFI program has significant effects in promoting homeownership, business ownership, and postsecondary education advancement.

Chapter Four: Program Effects on Participant Outcomes

This chapter provides estimates of the effects of AFI participation on key measures of economic well-being. The most important of these outcomes are the forms of asset building that are supported by the AFI program: homeownership, business ownership, and postsecondary education. Additionally, the analysis examined program effects on major components of net worth: financial assets, home equity, and consumer debt. Finally, impacts were also estimated on employment, monthly earnings, and receipt of means-tested benefits.

Within the three-year follow-up period, one expects positive effects of AFI participation on program-supported account uses: homeownership, business ownership, and postsecondary educational advancement. More uncertain are the short-term effects on financial assets, home equity, and consumer debt. For instance, to afford a first-time home purchase (even with a minimal downpayment), participants may in the short run draw down financial assets, acquire little home equity, and/or take on more consumer debt. The favorable effect of home appreciation on net worth will take time to play out. Similarly, the effects on employment and income are expected to occur over a prolonged period—for instance, as investments in business ownership or postsecondary education translate into higher income and reduced reliance on income support programs.

The empirical analysis described here used a propensity score matching approach to construct a comparison sample of AFI nonparticipants from the 2001 panel of the Survey of Income and Program Participation (SIPP). This comparison sample was used to represent the counterfactual outcomes for AFI participants—i.e., the outcomes that would have occurred for the members of the participant sample had they not become AFI participants. In the absence of an experimental design, the comparison sample thus provides an empirical basis for measuring the effects of program participation.

4.1 Identifying the AFI Nonparticipant Comparison Group

The three-year longitudinal sample enrolled by the Census Bureau for the 2001 SIPP was the source of the comparison group for this research. A propensity score matching approach was used to select comparison cases that were well matched in their observable baseline characteristics to the AFI participant sample of 485 cases, all of whom had completed the Year 3 AFI participant survey.

The first step in this process was to identify the SIPP sample cases who, at the time of their initial SIPP interview, had household incomes that would have made them eligible for AFI—i.e., less than 200 percent of the federal poverty level—based on their annualized monthly household earnings from the first reference month in their initial survey. (This first reference month occurred between October 2000 and January 2001, depending on the particular rotation group in the SIPP sample.) To enter the pool of potential comparison cases for this study, the SIPP sample case must also have completed the SIPP interviews at the end of the first, second, and third follow-up years. Of all cases in the SIPP sample, 5,689 cases met this criterion and were also AFI-eligible based in their household income.

Propensity score matching was the statistical method to select a comparison group as similar as possible to the participant sample along a set of observable, pre-treatment characteristics. In studies that do not use random assignment of subjects to treatment and control groups, estimation of treatment effects may be biased by the existence of confounding factors. Propensity score matching attempts to minimize this bias by constructing a comparison group that is extremely similar to the treatment group (except for, in this instance, their AFI participation). Because matching large numbers of subjects on many different characteristics simultaneously is usually infeasible, the propensity score method summarizes the observable characteristics of each subject into a single-index variable (the propensity score), which makes the matching feasible.²²

The propensity score model is simply a multivariate regression model with AFI participation (P) as its outcome variable and the list of matching criteria as the independent variables. All members of the AFI sample are assigned a value $P = 1$, and all members of the SIPP sample are assigned a value $P = 0$. Both samples were combined for the estimation of the propensity score model. Each observation's propensity score was the model-predicted probability of being an AFI participant. In the analysis presented here, we used a probit specification for the propensity score model.

The explanatory variables used in the propensity score model were the following characteristics of the household head, all measured at sample entry (i.e., at account opening for AFI participants and at the initial SIPP interview for those in the nonparticipant sample pool): gender, race/ethnicity, age, marital status, education, presence of a checking or savings account, homeownership, business ownership, employment, monthly household earnings, receipt of major means-tested benefits, and geographic location.

As indicators of geographic location, dummy variables were used for the following ten categories:

- Metropolitan cases, by Census division
 - New England and Mid-Atlantic
 - South Atlantic
 - East North Central
 - West North Central
 - East South Central
 - West South Central
 - Mountain and Pacific
- Non-metropolitan cases, by Census region
 - Northeast
 - Midwest
 - South
 - West

²² This description follows the summary provided in Becker and Ichino, 2002.

The propensity score model was then estimated, and propensity scores were assigned to each case, representing the estimated probability of AFI participation for the household head, given that individual's characteristics.

With the propensity scores thus computed, we used a method called "nearest-neighbor one-to-one matching without replacement" to match the SIPP cases to the AFI sample members. The nearest-neighbor method assigns to each AFI sample observation the one SIPP observation that has the closest propensity score.

Exhibit 4-1 presents the basic profile of the AFI participant survey respondents versus the SIPP comparison group members. The AFI survey respondents and the matched comparison group were generally very similar in their baseline characteristics, as indicated by the mean values of the respective samples:

- 80 to 82 percent female,
- 43 to 46 percent non-Hispanic black,
- 67 to 69 percent aged 25-44,
- 45 to 47 percent never married,
- 55 percent with education beyond high school or GED,
- 23 to 25 percent homeowners,
- 12 to 15 percent business owners,
- 88 to 89 percent employed,
- household monthly earnings averaging \$1,386 to \$1,465, and
- 33 to 36 percent receiving means-tested benefits.

The locational distributions of the two samples were also very similar.

For only two of the match criteria was there a statistically significant difference (at the 0.10 level or better) between participants and nonparticipants: AFI participants were at baseline more likely than nonparticipants to have a checking or savings account and to reside in the West North Central region.

Given that there are 40 separate variables compared in Exhibit 4-1, statistical chance would have led us to expect up to four of these comparisons to show significance (at the 0.10 level or better), even if the two samples were drawn from the very same distributions. With only two of the 40 variables (i.e., within the expected number) found to have a significant participant-nonparticipant difference, the propensity score matching technique thus appears to have provided a group of AFI-eligible nonparticipants that is reasonably comparable to the evaluation sample of AFI participants. The high degree of comparability between the two groups in their baseline characteristics establishes a strong basis for the estimation of program impacts. It is nonetheless important to note that the two groups may differ in unobservable characteristics such as motivation.

Exhibit 4-1. Comparative Profile: AFI Participant Sample Versus Matched Comparison Group

	AFI Participant Sample (n=485)	Matched Comparison Group (n=485)	
	Weighted %	Weighted %	Difference From AFI Sample
Gender			
Male	17.6%	18.8%	-1.2%
Female	82.4%	81.2%	1.2%
Total	100.0%	100.0%	
Race/Ethnicity			
Non-Hispanic White	30.8%	31.1%	-0.3%
Non-Hispanic Black	46.5%	42.3%	4.2%
Non-Hispanic Other	10.0%	11.6%	-1.6%
Hispanic	12.7%	15.0%	-2.3%
Total	100.0%	100.0%	
Age			
18 to 24	12.5%	13.9%	-1.4%
25 to 34	38.0%	33.6%	4.3%
35 to 44	31.5%	32.3%	-0.8%
45 or older	18.0%	20.2%	-2.2%
Total	100.0%	100.0%	
Marital status			
Married	22.4%	24.3%	-1.9%
Widowed	2.9%	2.6%	0.3%
Divorced	24.7%	25.3%	-0.6%
Separated	10.6%	9.6%	1.0%
Never married	39.4%	38.2%	1.2%
Total	100.0%	100.0%	
Education			
Less than high school	10.1%	11.0%	-0.9%
High school diploma/GED	34.7%	34.2%	0.5%
Some postsecondary education	44.9%	43.6%	1.3%
Bachelor's degree or above	10.4%	11.3%	-0.9%
Total	100.0%	100.0%	
Checking/Savings Account			
Yes	57.2%	51.8%	5.4% *
No	42.8%	48.2%	-5.4%
Total	100.0%	100.0%	
Homeowner			
Yes	22.9%	24.9%	-2.0%
No	77.1%	75.1%	2.0%
Total	100.0%	100.0%	

Exhibit 4-1. Comparative Profile: AFI Participant Sample Versus Matched Comparison Group (Continued)

	AFI Participant Sample (n=485)	Matched Comparison Group (n=485)	
	Weighted %	Weighted %	Difference From AFI Sample
Business Owner			
Yes	15.2%	13.3%	1.9%
No	84.8%	86.7%	-1.9%
Total	100.0%	100.0%	
Employed			
Yes	89.1%	90.7%	-1.6%
No	10.9%	9.3%	1.6%
Total	100.0%	100.0%	
Monthly household earnings			
Average	\$1,465	\$1,376	\$89
Receiving Means-Tested Benefits			
Yes	36.0%	33.9%	2.1%
No	64.0%	66.1%	-2.1%
Total	100.0%	100.0%	
Metropolitan Location (Census Division)			
New England, Mid Atlantic	13.0%	13.9%	-0.9%
East North Central	19.6%	17.9%	1.7%
West North Central	13.3%	8.3%	4.9%**
South Atlantic	7.8%	8.9%	-1.1%
East South Central, West South Central	12.9%	15.3%	-2.3%
Mountain, Pacific	11.4%	11.1%	0.3%
Non-metropolitan Location (Census Region)			
Northeast	3.6%	3.8%	-0.2%
Midwest	8.9%	9.3%	-0.4%
South	5.6%	7.6%	-2.0%
West	3.8%	3.9%	-0.1%
Total	100.0%	100.0%	

Notes:

** indicates that the difference is significant at $p < .05$.

* indicates that the difference is significant at $p < .10$.

4.2 Basic Estimates of Program Effects

Multivariate regression analysis was used to estimate the effect of the AFI program on the following third-year participant outcomes.

- Asset ownership
 - Homeownership
 - Business ownership
 - Postsecondary educational advancement
- Components of net worth
 - Financial assets (interest-earning)
 - Home equity
 - Consumer debt
- Employment and income
 - Employment
 - Monthly individual earnings
 - Receipt of means-tested benefits (public assistance, Food Stamps, and Medicaid)

The explanatory variables for this analysis included the baseline variables used for the propensity score matching, including:

- gender,
- race/ethnicity,
- age,
- marital status,
- education,
- checking/saving account,
- homeownership,
- business ownership,
- employment,
- monthly household earnings (as a percent of the poverty level),
- receipt of means-tested benefits, and
- geographic location.

Additional included covariates were the following area-level characteristics (using the MSA-specific value for metropolitan cases and the state-specific value for nonmetropolitan cases, from the 2000 Census):

- median annual household income,
- household poverty rate,
- civilian unemployment rate, and
- the median value of owner-occupied housing units.

Finally, a series of dummy variables were added to indicate missing information for each of the variables describing personal demographic characteristics.

The estimates shown below are based on ordinary least squares (OLS) regression equations. For binary outcomes, program effects were also estimated under an alternative logit specification. Because the latter estimates were generally similar in magnitude to the OLS estimates, we focus here on the OLS results, to be consistent across binary outcomes and dollar-measured outcomes.

The OLS results are presented in Exhibit 4-2. For each outcome variable, the exhibit shows the SIPP comparison group mean value, the point estimate (and standard error) of the program effect, and the program effect expressed as a percentage of the corresponding comparison group mean. In similar format, Exhibit 4-3 shows the logit estimates of program effects for binary outcomes.

Effects on Asset Ownership

The estimated third-year program effects are positive and statistically significant on all three forms of AFI-supported asset ownership.

- The program is estimated to increase the rate of *homeownership* by the end of the third year by 10.9 percentage points above the level that would otherwise be expected at the end of year 3, the comparison group mean of 31.1 percent. The proportional effect (10.9 divided by 31.1) is thus 35 percent, meaning that the number of individuals owning homes at year 3 is an estimated 35 percent higher than it would have been if those individuals had not participated.
- The estimated program effect on third-year *business ownership* is even larger (than for homeownership) in proportional terms. The effect is to increase the rate of business ownership by 10.0 percentage points above the comparison group mean of 11.9 percent, amounting to a proportional effect of 84 percent.
- For education, the estimated effect of the program is to increase by 21.2 percentage points the share of participants engaging in *postsecondary education* during the three years, from a comparison group mean of 22.3. The proportion effect is thus 95 percent, with the program estimated to nearly double the likelihood that an individual pursued additional postsecondary education.

These program effects are large and highly significant, indicating that AFI participants derived very substantial benefits from the program in the targeted forms of asset building.

Exhibit 4-2. Estimated Program Effects on Third-Year Participant Outcomes

Third-year Outcome	Comparison Group Mean	Program Effect	Program Effect as % of Comparison Group Mean
<u>Asset ownership</u>			
Homeownership	0.311	0.109 ** (0.034)	35%
Business ownership	0.119	0.100 *** (0.028)	84%
Postsecondary educational advancement	0.223	0.212 *** (0.034)	95%
<u>Components of net worth</u>			
Financial assets	\$1,495	-\$529 (\$445)	ns
Home equity	\$18,121	-\$1,484 (\$3,966)	ns
Consumer debt	\$8,698	-\$774 (\$1,278)	ns
<u>Employment and income</u>			
Employment	0.806	0.049 * (0.028)	6%
Monthly earnings	\$1,581	\$167 (\$123)	ns
Receipt of means-tested benefits	0.327	0.024 (0.034)	ns

Standard errors in parentheses.

*** indicates $p < 0.01$, ** indicates $p < 0.05$, * indicates $p < 0.10$.

“ns” indicates not statistically significant.

Exhibit 4-3. Logit Estimates of Program Effects—Binary Outcomes

Third-year Outcome	Comparison Group Mean	Program Effect	Program Effect as % of Comparison Group Mean
<u>Asset ownership</u>			
Homeownership	0.311	0.127 *** (0.038)	41%
Business ownership	0.119	0.094 *** (0.026)	79%
Postsecondary educational advancement	0.223	0.239 *** (0.037)	107%
<u>Employment and income</u>			
Employed	0.806	0.039 (0.028)	ns
Receiving means-tested benefits	0.327	0.036 (0.039)	ns

Standard errors in parentheses.

*** indicates $p < 0.01$, ** indicates $p < 0.05$, * indicates $p < 0.10$.

“ns” indicates not statistically significant.

The effect on the rate of homeownership at the third year (an increase of 10.9 percentage points) is higher than the fourth-year estimate obtained from the Tulsa ADD site. That estimate, adjusted to a treatment-on-treated basis to be consistent with the findings here, was 6.9 percentage points.²³ The fourth-year impact estimate in Tulsa for business ownership was significant for the non-Hispanic white subsample and equaled 6.8 percentage points, on an adjusted basis.

Effects on Net Worth

None of the estimated program effects were statistically significant on components of net worth. This was the case for financial assets (interest-earning assets held at financial institutions, including the IDA balance for AFI participants), home equity (estimated house value less outstanding mortgage debt), and consumer debt (principally, credit card debt and vehicle loans). These dollar measures are all subject to large variation, making it unlikely that systematic effects could be found with these sample sizes.

²³ The Tulsa finding (on an intent-to-treat basis) was 6.2 percent. To adjust for the 10 percent rate of treatment group nonparticipation, one divides the estimate by $1/(1-0.10)$, which yields 6.9 percent. See Mills, et al., 2004, pp. 37-38.

With respect to financial asset holdings, the dynamics of IDA use are such that the program may cause a short-term rise in financial assets, as IDA balances are accumulated. As homes or businesses are purchased or educational costs are incurred, these financial assets will typically be drawn down. Indeed, the point estimate of the program effect on this outcome was negative, but not statistically significant.

With the significant impact on the rate of homeownership noted earlier, it might appear surprising that no favorable effect was found on home equity. One must bear in mind, however, that in the short run the only equity established in the home is the amount of one's downpayment, which may have been 5 percent or less of the purchase price for many of these homebuyers.

One might expect IDA participants to show a reduction in consumer debt, as a result of efforts to become more credit-worthy by consolidating and paying down credit card debt or other unsecured loans. This effect might be later reversed, however, if a homebuyer deferred credit card payments to meet their mortgage payment. The estimated program effect on consumer debt was favorably negative, but not statistically significant.

Effects on Employment and Income

One hypothesis regarding IDAs is that, by raising the returns to savings and thus the returns to paid labor, such programs may promote increased labor supply.

The program was found to increase the probability of employment at the end of year 3, although this effect was only marginally significant in the OLS specification (and was not significant at all under the logit specification). The OLS-estimated increase in the likelihood of employment was 4.9 percentage points. The proportional effect, relative to the comparison group mean, was very small—only 6 percent.

One must be careful in interpreting this finding, as it appears to have resulted from a distinct downturn in employment among the comparison-group cases. Recall from Chapter Three that the participant sample showed a drop in its employment rate from 90 to 85 percent over the three-year period. The estimated program effect of 4.9 percentage points implies an even larger drop for the comparison group, to about 80 percent by the end of year 3. The favorable effect of the program on the job situation of participants was thus to prevent an even steeper drop in their employment rate than they actually experienced.

The program was estimated to have no significant effect on participants' monthly earnings amount.

4.3 Subgroup Variation in Program Effects

For the major asset outcomes—homeownership, business ownership, and postsecondary educational advancement—we examined whether the program effects varied among demographically defined subgroups. Statistical tests were conducted for each of the following baseline characteristics as mediating factors: gender, race/ethnicity, marital status, education, presence of checking or savings account, household income, or geographic location.²⁴

The findings were as follows:

- Homeownership—Program effects differed significantly by geographic location, but not other baseline characteristics. The favorable third-year effect of the program was more pronounced for metropolitan cases in the East North Central region and for nonmetropolitan cases in the Midwest region.
- Business ownership—Program effects differed significantly by baseline marital status and household income. The favorable third-year program effect was less pronounced for never-married persons (versus those married at baseline) and more pronounced for persons with higher household incomes.
- Postsecondary educational advancement—Program effects differed significantly by baseline educational level. The favorable third-year effect was more pronounced for those with a high school education or GED.

Thus, only in limited instances did baseline characteristics appear to serve as intervening factor influencing the program effects on major asset outcomes. Geographic location was an intervening factor for homeownership, perhaps reflecting more favorable home prices for first-time homebuyers in the indicated regions. As one might expect, the program’s effect on business ownership was more favorable for married persons and for those with more income. Also as expected, those with a high school diploma or GED (but with no years of college) took greater advantage of the program in advancing their postsecondary education.

4.4 Interpretation of Estimated Program Effects

As with any nonexperimental evaluation where the program under study involves participants who enter voluntarily (subject to both self-selection and agency screening) and where the comparison group is identified by a process other than random assignment, there is some risk that the impact estimates are over-stated. In particular, the estimates may inadvertently capture (and attribute to the program) some inherent differences between AFI participants and the matched nonparticipants in underlying, unobservable personal characteristics such as motivation. With this caveat, the study

²⁴ To conduct these tests, we interacted the treatment dummy variable with participant demographic characteristics and added these variables to the basic estimating equation. We then performed an F test of the hypothesis that the coefficients on the treatment-interaction terms were jointly equal to zero. This allowed us to apply a rigorous statistical test of whether each demographic factor (gender, race/ethnicity, etc.) had any systematic influence on the size of the treatment effect.

provides important empirical evidence that AFI programs have favorable effects on the targeted forms of asset ownership and on other aspects of economic well-being for program participants.

Our judgment is that the estimated program effects reported here should be regarded as upper-bound estimates. The value of having constructed the comparison group and having estimated program effects with these cases as the benchmark is that one does not attribute to the program the entire amount of the gains in homeownership, business ownership, or postsecondary educational advancement observed among AFI participants over the three years following their account opening.

This report is the first systematic assessment of the effectiveness of AFI programs nationwide in promoting homeownership, business ownership, and postsecondary education among low-income individuals. This research suggests that these programs make a substantial difference in key participant outcomes within three years of account opening, by increasing the extent to which participants are able to invest in homes, businesses, and education.

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Appendix: AFI Participant Survey and SIPP

SIPP Variable Name	AFI Survey Question	AFI Survey Values
ESEX	Just to confirm, are you...?	1 – Male 2 – Female 7 – Refused 8 – Don't know
EMS	What is your current marital status?	1 – Married 2 – Widowed 3 – Divorced 4 – Legally Separated 5 – Separated (WAVE 3 ONLY) 6 – Never Married 7 – Refused 8 – Don't know
EORGIN	What is your ethnicity?	1 – Hispanic or Latino 2 – Not Hispanic or Latino 7 – Refused 8 – Don't know
ERACE	Which of the following categories best describes your race?	1 – White 2 – Black 3 – American Indian, Aleut, or Eskimo 4 – Asian or Pacific Islander 20 – Mixed Race 95 – Other 97 – Refused 98 – Don't know
TAGE	In what year were you born?	Reported value or -1 – Don't know -2 – Refused
EEDUCATE	What is the highest level of school you have completed or the highest degree you have received?	31 – Less than 1 st grade 32 – 1 st , 2 nd , 3 rd , or 4 th grade 33 – 5 th or 6 th grade 34 – 7 th or 8 th grade 35 – 9 th grade 36 – 10 th grade 37 – 11 th grade 38 – 12 th grade, no diploma 39 – High school graduate or equivalent (GED) 40 – Some college but no degree 41 – Certificate from a vocational, technical trade or business school (beyond HS level) 42 – Associate degree – occupational/vocational program 43 – Associate degree – academic program 44 – Bachelor's degree (BA, AB, BS) 45 – Master's degree (MA, MS, MENG, MED, MSW, MBA) 46 – Professional school degree (MD, DDS,

SIPP Variable Name	AFI Survey Question	AFI Survey Values
		DVM, LLB, JD) 47 – Doctorate degree (PhD, EdD) 97 – Refused 98 – Don't know
RENROLL	Now I'm going to ask about school enrollment. Were you enrolled in school, either full or part time, at any time during the 12 months ending in [Reference Month]? Include any regular school, such as elementary, high school, or college, or any vocational, technical, or business school beyond high school.	1 – Yes, full-time 2 – Yes, part-time 3 – No 7 – Refused 8 – Don't know
EENLEVEL	At what level or grade were you enrolled?	1 – Elementary Grades 1-8 2 – High School Grades 9-12 3 – College Year 1 (Freshman) 4 – College Year 2 (Sophomore) 5 – College Year 3 (Junior) 6 – College Year 4 (Senior) 7 – College Year 5 (First Year Graduate–or Professional School) 8 – College Year 6+ (Second Year or higher in Grad. or Prof. School) 9 – Vocational, Technical, or Business School beyond high school level 10 – Enrolled in college but not working towards degree 97 – Refused 98 – Don't know
EPDJBTHN	Now we have some questions on employment. Did you have at least one paid job, either full or part time, at any time during [Reference Month]?	1 – Yes 2 – No 7 – Refused 8 – Don't know
TPEARNS	What was the total amount of income you received from your “other arrangement” in the month of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TPEARNS	How many hours per week did you usually work at all activities for [Employer Name] during the weeks that you worked during [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TPEARNS	Were you paid by the hour?	1 – Yes 2 – No 7 – Refused 8 – Don't know
TPEARNS	What was your regular hourly pay rate?	Reported value or -1 – Don't know -2 – Refused

SIPP Variable Name	AFI Survey Question	AFI Survey Values
TPEARN	How often were you paid?	1 – Once a week 2 – Once every two weeks 3 – Once a month 4 – Twice a month 5 – Unpaid in family business or farm 6 – On commission 95 – Some other way (specify) _____ 97 – Refused 98 – Don't know
TPEARN	Each time you were paid by [Employer name] in [Reference Month] how much did you receive before deductions, including any tips, bonuses, overtime pay or commissions?	Reported value or -1 – Don't know -2 – Refused -3 – No longer working at employer
EBUSCNTR	The next few questions are about any businesses you may own. How many businesses did you own, alone or jointly, during [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TPEARN	In [Reference Month], how many hours per week did you usually work at all activities for [Business name]?	Reported value or -1 – Don't know -2 – Refused
EBUSCNTR	Do you still own this business?	1 – Yes 2 – No 7 – Refused 8 – Don't know
TPEARN	What was the total amount of income you received from [Business name] in the month of [Reference month]?	Reported value or -1 – Don't know -2 – Refused
EFSYN	Did you receive Food Stamps in [Reference Month]?	1 – Yes 2 – No -1 – Don't know -2 – Refused
	<i>Did you receive:</i>	
EPATYP1	Public Assistance such as AFDC, TANF or state public assistance?	1 – Yes 2 – No 7 – Refused 8 – Don't know
RCUTYP57	At any time in [Reference Month] were you covered by Medicaid?	1 – Yes 2 – No 7 – Refused 8 – Don't know
	<i>Now I would like to ask you some questions about accounts owned during past month. During [Reference Month], did you own, either alone or jointly, any of the following?</i>	

SIPP Variable Name	AFI Survey Question	AFI Survey Values
EAST2A	An interest-earning checking account?	1 – Yes 2 – No 7 – Refused 8 – Don't know
EAST2B	A savings account?	1 – Yes 2 – No 7 – Refused 8 – Don't know
TIAJTA	What is your best estimate of the amount of money that you and your [wife/husband] had in these interest-earning checking account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAITA	What is your best estimate of the amount of money that you had in these interest-earning checking account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAJTA	What is your best estimate of the amount of money that you and your [wife/husband] had in these savings account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAITA	What is your estimate of the amount of money that you had in these savings account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAJTA	What is your best estimate of the amount of money that you and your [wife/husband] had in these money market deposit account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAITA	What is your best estimate of the amount of money that you had in these money market deposit account(s) as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAJTA	What is your best estimate of the amount of money that you and your [wife/husband] had in these certificate(s) of deposit as the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused
TIAITA	What is your best estimate of the amount of money that you had in these certificate(s) of deposit as of the last day of [Reference Month]?	Reported value or -1 – Don't know -2 – Refused

SIPP Variable Name	AFI Survey Question	AFI Survey Values
ETENURE	Are your living quarters...	1 – Owned by you or someone in your household 2 – Rented 3 – Occupied without payment of cash rent 4 – Being bought by you or someone in your household 7 – Refused 8 – Don't know
TPROPVAL	TENURE1=1 What is the current value of the property; that is, how much do you think it would sell for on today's market if it were for sale? Include rental properties attached to or located at this residence. TENURE1=4 What is the current value of the property, that is, how much is the estimated price that the property will be purchased for? Include rental properties attached to or located at this residence.	Reported value or -1 – Don't know -2 – Refused
TMOR1PR	How much principal is currently/will be owed on the first (second, third) mortgage or loan?	Reported value or -1 – Don't know -2 – Refused
	<i>As of the last day of [Reference Month], did you and your (wife or husband) together owe any money for...</i>	
	<i>How much was owed as of the last day of [Reference Month] for...</i>	
EALJDAB	Store bills or credit cards?	Reported value or -1 – Don't know -2 – Refused
EALJDAL	Loans obtained through a bank or credit union, other than car loans or home equity loans? Do not include any business or student loans here.	Reported value or -1 – Don't know -2 – Refused
EALJDAO	Any other debt we have not yet mentioned, including medical bills not covered by insurance, money owed to private individuals, or any other debt not covered? Do not include any business or student loans here.	Reported value or -1 – Don't know -2 – Refused
	<i>As of the last day of [Reference Month], did you owe any money in your own name for...</i>	
	<i>How much was owed as of the last day of [Reference Month] for...</i>	

SIPP Variable Name	AFI Survey Question	AFI Survey Values
EALIDAB	Store bills or credit cards?	Reported value or -1 – Don't know -2 – Refused
EALIDAL	Loans obtained through a bank or credit union, other than car loans or home equity loans? Do not include any business or student loans here.	Reported value or -1 – Don't know -2 – Refused
EALIDAO	Any other debt we have not mentioned, including medical bills not covered by insurance, money owed to private individuals, or any other debt not covered? Do not include any business or student loans here.	Reported value or -1 – Don't know -2 – Refused
THEARN	In [Reference Month], what is the total amount of earned income, before taxes, received by you and other members of your household? Please include earnings from employment, as well as any earnings from self-employment.	Reported value or -1 – Don't know -2 – Refused