

Assets for Independence Act Evaluation

Process Study: Final Report

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Executive Summary

This report provides key findings from case studies developed on 14 Assets for Independence (AFI)-funded individual development account (IDA) projects. 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; 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.

The objective of the process study is to explore how AFI projects are planned, implemented, and operated. The insights developed from the process study are useful in the following ways:

- To indicate whether projects were implemented as intended—and if not, why not.
- To identify the key operational challenges typically faced by grantees and how (and with what success) these issues were addressed by them and their organizational partners.
- To better understand how the design, organizational, and operational features of an AFI project may influence the experiences of participants—in particular, their ability to save and successfully use these savings (plus the IDA match funds) to purchase assets.

Insights of the latter type have proven especially useful in interpreting the findings of the impact study component of the evaluation. That component empirically estimated the effects of participation on key outcomes relating to accountholders' savings and asset accumulation.¹

The projects chosen for the process study were selected to encompass wide variation in project characteristics and local settings, rather than as a representative sample of AFI projects nationwide. This report is based on information collected on 14 of the 17 selected grantees and their AFI projects that were visited either once (four sites), twice (eight sites), or three times (two sites) during the period 2001 to 2005. The first visit to each selected site was typically conducted in the second year of operations of its AFI project. The selected sites were the subjects of case studies presented in a series of five reports prepared for the evaluation.² They are also described in project briefs presented in the appendix of this volume.

The 14 AFI projects discussed in this report are:

- Mt. Hope Housing Company (Bronx, New York)
- Social Development Corporation (Milwaukee, Wisconsin)
- YWCA of Greater Pittsburgh (Pittsburgh, Pennsylvania)
- Williamsburg Enterprise Community Commission (Kingstree, South Carolina)
- Community Action Partnership of Sonoma County (Santa Rosa, California)
- Tulane University (New Orleans, Louisiana)
- Manchester Neighborhood Housing Services (Manchester, New Hampshire)
- International District Housing Alliance (Seattle, Washington)
- Great Rivers Community Reinvestment (St. Louis, Missouri)
- Total Action Against Poverty (Roanoke, Virginia)
- Jefferson Economic Development Institute (Mt. Shasta, California)
- Partners for Self-Employment (Miami, Florida)
- AJFC Community Action Agency (Natchez, Mississippi)
- Allegany County Human Resources Development Commission (Cumberland, Maryland)

The three visited sites found not to have a sufficient scale of operations to warrant inclusion in this report were: Community Services Agency (Reno, Nevada); Mercy Housing (Sacramento, California); and Student Alternatives (Hidalgo, Texas).

¹ Gregory Mills, et al., *Assets for Independence Act Evaluation: Impact Study: Final Report*, Abt Associates Inc., Cambridge, Mass., February 2008.

² The following series of annual site visit reports have been completed under the process study: Michelle Ciurea, et al., *Assets for Independence Act Evaluation: First Annual Site Visit Report*, Abt Associates Inc., Cambridge, Mass., June 2002; Michelle Ciurea, et al., *Assets for Independence Act Evaluation: Second Annual Site Visit Report*, Abt Associates Inc., Cambridge, Mass., December 2002; Gregory Mills, et al., *Assets for Independence Act Evaluation: Third Annual Site Visit Report*, Abt Associates Inc., Cambridge, Mass., March 2004; Gregory Mills, et al., *Assets for Independence Act Evaluation: Fourth Annual Site Visit Report*, Abt Associates Inc., Cambridge, Mass., March 2005; and Gregory Mills, et al., *Assets for Independence Act Evaluation: Fifth Annual Site Visit Report*, Abt Associates Inc., Cambridge, Mass., September 2005.

This report is thematic and cross-site in nature. It discusses the differing approaches grantees used to address seven common challenges:

- Raising nonfederal funds
- Achieving administrative efficiencies
- Forging organizational partnerships
- Recruiting and selecting participants
- Providing financial education
- Supporting program participants
- Adapting to feedback and shifting conditions

Since the initial site visits were conducted for this study in 2001, there have been enormous gains in collective knowledge and experience among IDA practitioners. These gains in understanding have come through the growth and maturity of the AFI program itself, with a new set of grantees awarded funds each year and early cohorts of grantees completing their projects.

During this time, some aspects of AFI projects appear to have become less problematic to grantees than was previously the case. Collective learning has enabled more recent grantees to spend less of their energy and resources in surmounting the following challenges:

- Setting the basic design features of an AFI project, such as match rates, minimum deposit requirements, and rules for emergency withdrawals
- Moving from grant award to project startup
- Limiting the needs for one-on-one case management and support services

Conversely, issues that remain challenging for AFI projects are as follows:

- Attracting sufficient numbers of participants
- Assisting participants in attaining realistic savings goals
- Navigating the regulations of diverse funding sources and requirements
- Raising nonfederal funds
- Coping with limited funds for administrative costs

These contrasting sets of issues—the challenges that no longer pose difficulty and those that continue to do so—are discussed in the report. Also presented are some additional sources of information and assistance for AFI grantees and organizations that are administering other forms of IDA projects.