February 24, 2023

Senator Chip Curry, Senate Chair
Representative Tiffany Roberts, House Chair
Joint Standing Committee on Innovation, Development, Economic Advancement and Business
100 State House Station
Augusta, ME 04333

Senator Joseph Baldacci, Senate Chair
Representative Michele Meyer, House Chair
Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Dear Senators Curry and Baldacci and Representatives Roberts and Meyer:

I am pleased to present to the Joint Standing Committee on Innovation, Development, Economic Advancement and Business and to the Joint Standing Committee on Health and Human Services, the annual report of the Advisory Committee on Family Development Accounts, as required pursuant to 20-A MRSA § 10985(3)

We would be happy to address the Committees to discuss the content of the report and any other aspects of the Family Development Account Program. Please contact me by phone or email should you have any questions, or if you would like to arrange for a discussion of the report.

Sincerely,

Jean Dempster

Jean Dempster, Chair
Advisory Committee on Family Development Accounts
Phone: 207-621-3434
Email: dempster@maine.edu

Enclosure

Report to the Joint Standing Committees
on
Innovation, Development, Economic Advancement and Business
and
Health and Human Services

Submitted by

The Advisory Committee on Family Development Accounts

February 24, 2023

This report fulfills the requirements of 20-A MRSA § 10985(3) which requires the Advisory Committee on Family Development Accounts ("Advisory Committee") to report on its activities annually by March 1 to the Joint Standing Committees on Innovation, Development, Economic Advancement and Business, and Health and Human Services. The membership roster of the Advisory Committee is attached.

About the Program

As of December 31, 2022, there were 117 income-eligible Maine individuals saving toward a major asset purchase through the Family Development Account (FDA) program. From the beginning of the program, account holders saved toward the goal of buying a home, starting a small business, or paying for college classes. Beginning in August 2016, additional goals were available to households with a minor child:

- Major home repair for principal residence
- Vehicle purchase of a vehicle to be used for transportation to work or to attend an education or training program
- Vehicle repair of a vehicle used for transportation to work or to attend an education or training program
- Emergency savings for expenses that may cause loss of shelter, employment, or other necessities.

In addition to establishing a routine of regular saving, FDA participants gained skills by attending financial education classes. Before making a purchase, account holders completed asset-specific training such as homebuyer education, small business training, or career/education planning sessions.

The FDA program enables low-income individuals to establish savings accounts that will be used for targeted purposes. Participating individuals establish a savings account at a participating financial institution to be used toward their identified goal. These savings will be matched, generally at a 4:1 ratio, by public or private contributions when withdrawn to meet the savings goal. In 2021, all matches were made at a 4:1 ratio.

Individuals who are eligible for Temporary Assistance for Needy Families (TANF) or the Earned Income Tax Credit usually qualify to open an FDA. Based on 200% of the 2022 Federal Poverty Levels, household income must be at or below $25,760 for one person; $34,840 for two people; and $43,920 for three people, etc.

Education and microenterprise participants can save up to $1,000 in an FDA for a maximum match of $4,000. For home ownership, the maximum savings is between $1,000 and $2,000 with a maximum match of $4,000 to $8,000. The greatest amount of match a saver can earn is $8,000, and the maximum total of savings plus match is $10,000.

The length of participation depends upon the identified savings goal and the amount an individual agrees to save each month. In order to obtain the match, an individual must save for a minimum of 180 days.

Individuals interested in participating begin by working with a local Community Development Organization (CDO), which assists them with the process and informs them of participating financial institutions. The program is designed to support goals that will contribute toward the building of assets and lifelong savings behavior for participating individuals. The Maine Family Development Account Coalition (MFDAC) steering committee, made up of representatives of six member CDOs,

For existing account holders, emergency withdrawals were allowed to meet family needs even if the minimum savings goal had been met. Account holders were allowed to postpone making deposits without penalty. These temporary policy changes supported the account holders and encouraged them to continue in the program.

The statewide Advisory Committee on FDAs met three times in 2022. All meetings included updates from member organizations and program reports from Penquis.

At the meeting on January 18, 2022 the Advisory Committee members approved the annual report, and discussed potential new members.

At the meeting on May 5, 2022 the members discussed updating some of the guidelines in the financial institution agreements so that we could get updated agreements from each of the participating financial institutions.

At the meeting on October 27, 2022 the members shared updates from their organizations, and heard reports on existing grants.

The contract with Maine Department of Health and Human Services (DHHS) with an original effective date of June 1, 2018, ended on May 31, 2021. A new contract was executed and made effective June 1, 2021. The contract includes funds not yet disbursed from the prior contract along with additional funds for a total of $836,000.00 in support received by DHHS for the development of future accounts.

On April 30, 2022, the grant received from the U.S. Department of Health and Human Services (Grant # 13) that had previously received a no-cost extension in 2021 came to an end.

Additional match funding was received from Maine State Housing Authority effective July 1, 2022 in the amount of $50,000 for home ownership accounts.

Goals

Committee goals for 2022 have been extended into 2023:

In 2023 the statewide Advisory Committee on FDAs will focus on working with the Maine FDA Coalition (MFDAC) steering committee member agencies to:

1) Explore ways to engage public and private state and local partners to support, fund, and expand the FDA program.

2) Provide technical assistance and support to CDOs managing FDAs. Develop strategies to assist home ownership participants with the home buying process.

3) Increase outreach to additional financial institutions to increase awareness of the FDA program. Continue to reach out to participating financial institutions to review policy, procedures, and best practices.

4) Continue to recruit new committee members and complete the nomination and approval process.

Advisory Committee on Family Development Accounts Membership Roster December 31, 2022				
Member's Name	**Appointment Date**	**Expiration Date**	**Appointing Authority**	**Membership Requirements**
Laurie Glidden Maine State Housing Authority	*Ex officio*	*Ex officio*	Governor of Maine	Representative of the Maine State Housing Authority
Timothy Sturtevant Department of Health and Human Services	*Ex officio*	*Ex officio*	Governor of Maine	Representative of the Department of Health and Human Services
Vacant			Governor of Maine	Representative of a financial institution participating in the program
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Jennifer Giosia Penquis/Maine Stream Finance	2/15/2017	12/31/2020	President of the Senate	Representative of a statewide community development organization
Jessica McLaughlin Individual eligible for the FDA program	pending		President of the Senate	An account holder, program graduate, or individual eligible to be an account holder
Jay Muth Bangor Savings Bank	pending		President of the Senate	Representative of a financial institution participating in the program
Vacant			Speaker of the House	An account holder, program graduate, or individual eligible to be an account holder
Jean Dempster New Ventures Maine	09/07/2017	12/31/2020	Speaker of the House	Representative of a contributor of matching funds
Janice deLima Norway Savings Bank	pending		Speaker of the House	Representative of a financial institution participating in the program

Family Development Accounts

Account Activity per Community Development Organization

	2022				2021				2020			
Participating Agency	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions	New Account Holders During the Year	Active Accounts Open	Account Holder Contributions	Matching Fund Contributions
Aroostook County Action Program (ACAP)	0	4	$5015.91	$20,063.64	0	4	$5013.00	$20000.00.00	2	10	$10918.25	$43673.00
Downeast Community Partners (DCP)	0	1	$88.00	$352.00	0	2	$2119.00	$8476.00	1	4	$3749.23	$14996.92
Midcoast Maine Community Action (MMAC)	0	1	$2006.08	$8024.32	0	2	$4289.51	$8000.00	0	2	$4089.44	$16357.76
New Ventures Maine (NVME)	8	62	$44,500.88	$178,003.52	2	59	$45,285.16	$161277.52	24	89	$76518.59	$306074.36
Penquis Community Action Program (PCAP)	0	36	$41,570.69	$166,282.76	3	42	$46724.01	$167225.28	3	56	$57538.78	$230155.12
York County Community Action Corp. (YCCAC)	3	22	$17,342.59	$69,370.36	1	22	$16885.24	$59615.44	2	25	$17543.70	$70174.80
TOTAL OF ALL AGENCIES:	11	128	$110,524.15	$442,096.60	6	131	$120,315.92	$420,595.24	32	186	$170,357.99	$681,431.96

Family Development Accounts
Transaction Activity
January 1 - December 31, 2022

Participating Agency	Number of Accounts Open	Total Number of Withdrawals * (partial or complete)	Total # Withdrawals with Match *	Withdrawals by Asset Goal	Total # Withdrawals without Match **	Value of Account Withdrawals	
						Account Holder Savings	Match Amount
Aroostook County Action Program (ACAP)	4	5	5	3- Emergency Savings 1- Vehicle purchase 1- Home Purchase	0	$3,319.62	$13,278.30
Downeast Community Partners (DCP)	1	0	0	0 - Home Purchase	0	$0.00	$0.00
Midcoast Maine Community Action (MMCA)	1	0	0	0 - Emergency Savings	0	$0.00	$0.00
New Ventures Maine (NVME)	63	21	18	8 -Vehicle Purchase 3 -Vehicle Repair 7 - Home Ownership 2 - Emergency 1 – Micro Business	3	$10,423.77	$41,695.05
Penquis Community Action Program (PCAP)	37	21	12	5 - Home Ownership 1 – Home Repair 7 – Vehicle Repair 1 - Vehicle Purchase 4 - Emergency Savings 3 - Micro Business	9	$3,772.97	$15,091.46
York County Community Action Corp. (YCCAC)	22	1	1	1 -Vehicle Purchase	0	$1000.00	$4000.00
TOTAL OF ALL AGENCIES:	**128**	**48**	**36**	**13 - Home Ownership** **0 - Education** **4 - Micro** **1 - Home Repair** **11 - Vehicle Purchase** **10 -Vehicle Repair** **9 - Emergency Savings**	**12**	**$18,516.36**	**$74,064.81**
						includes total of all individual savings	**includes dollar amount appliedonly to matched withdrawals**

* FDAs with certain asset goals may make multiple partial withdrawals throughout their identified savings goal timeframe.

** Reasons for withdrawal without match vary and include loss of employment, divorce or a move.

Family Development Accounts

Account Activity per Financial Institution

Financial Institution	2022		2021		2020	
	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions	Account Holders During Year	Account Holder Contributions
Androscoggin Savings Bank	12	$6,798.20	12	$6798.20	16	$11735.32
Bangor Savings Bank	35	$27,812.31	34	$33555.04	54	$45894.51
Bar Harbor Banking & Trust Co.	1	$88.00	1	$88	1	$88.00
Bath Savings Bank	5	$7,319.50	7	$9369.96	10	$12563.73
Camden National Bank	13	$8,819.96	14	$9008.13	20	$14146.97
Capital Area Federal Credit Union	0	$0.00	0	$0.00	0	$0.00
Casco FCU	0	$0.00	0	$0.00	0	$0.00
Franklin Savings Bank	1	$1,077.18	2	$2077.16	2	$2076.06
Kennebec Savings Bank	0	$0.00	0	$0.00	0	$0.00
KSW	0	$0.00	1	$1603.01	2	$2627.10
Machias Savings Bank	10	$12,708.31	5	$9846.59	17	$20247.94
Maine Savings FCU	4	$4,998.06	7	$8329.96	10	$13009.38
NorState Federal Credit Union	0	$0.00	0	$0.00	0	$0.00
Norway Savings Bank	10	$7,748.02	6	$5361.47	7	$6791.06
Partners Bank	22	$17,342.59	22	$16885.24	25	$17543.70
TD Bank	13	$12,807.49	17	$14250.75	20	$22451.82
The First, N.A.	2	$3,004.53	3	$3142.41	2	$1182.40
TOTAL:	128	$110,524.15	131	$120315.92	**186**	**$170357.99**

Total Number of Families Served in 2022: 128

Total Dollars Saved in 2022: $110,524.15